



## Investor Update

December 13, 2016

Prism Cement Limited today announced un-audited standalone financial results for the quarter ended September 30, 2016

Financial Overview (Un-audited for the quarter ended September 30, 2016)

*(Figures in ` Crores unless mentioned otherwise)*

Particulars	Q2 '16-17	Q1 '16-17	Q2 '15-16
Net Sales (excluding Excise)	1,260	1,406	1,414
Profit / (Loss) before Other income, finance cost, tax, depreciation, and exceptional items	32	98	35
Profit / (Loss) before tax	-21	22	-52
Net Profit / (Loss) after tax	-21	16	-37
EPS (`)	-0.42	0.31	-0.74

## Segmental Results

*(Figures in ` Crores)*

Particulars	Q2 '16-17			Q1 '16-17			Q2 '15-16		
	Cement	TBK	RMC	Cement	TBK	RMC	Cement	TBK	RMC
Segment Revenue	512	455	305	635	446	335	565	546	313
Segment Results	27	(18)	(3)	82	(18)	11	20	(15)	2
Capital Employed	1,557	681	179	1,483	690	170	1,695	746	182

## Performance Review and key developments

After a good beginning to the year, the results for the quarter ended September 2016 were impacted by heavy monsoons. More particularly there was heavy floods in all the three markets (Eastern UP, MP and Bihar) where Cement is sold. The Cement and RMC Division reported lower profitability as compared to quarter ended June 30, 2016 while TBK segment is still in the consolidation phase reporting similar loss. During the first half of FY17, the company reduced standalone debt by nearly ₹ 159 Crores, reflecting in lower interest cost for the period.

During the quarter under review as per mandated Indian Accounting Standards (IND-AS), Cement EBITDA stood at ₹350/ton. On comparable basis and including operating income Cement EBITDA for the quarter was at ₹441/ton, up from ₹329/ton during the quarter ended September 30, 2015. For the Quarter ended September 30, 2016, the Company sold 11.8 lac tons of cement and clinker as against 13.5 lac tons for the quarter ended September 30, 2015. Overall volumes were down by ~12.6% mainly due to heavy monsoons and sand mining ban in UP. All the three relevant markets where cement is sold saw flood situation for most part of the quarter. The Satna belt saw 1693 mm during Q2FY17 as compared to 785 mm received during Q2FY16.

Further to the Division's successful bid for 120,000 tons per annum of coal from South Eastern Coalfields Limited, it has signed fuel supply agreements. Coal supply is expected to commence during Q3FY17.

The company had taken various cost rationalization measures over the last couple of years such as resorting to imported coal, increase in pet-coke consumption, reduction in power consumption amongst others. However the international prices of pet-coke and coal have firmed up significantly adversely affecting the overall costs.

H & R Johnson (India) (HRJ) Division operates in the TBK (Tile Bath Kitchen) Segment. The Division's sales revenues during the quarter were ₹455 Crores as compared to ₹546 Crores in the corresponding quarter last year, declining by ~17% yoy. The Division continued to scale-up its marketing activities through various initiatives like strengthening of distribution network, merchandising and has also taken various initiatives to optimize the costs.

The RMC Readymix (India) (RMC) Division's sales turnover decreased by ~3% as compared to the corresponding Quarter of last year.

## Industry Scenario / Future Outlook

Demonetization is an unprecedented reform undertaken by the Government of India with significant implications for the Indian economy and market. This single path breaking step by the government has potentially changed the way business shall be done in India.

In the near term we expect better crops for farmers on the back of good monsoons, higher minimum support prices and ongoing thrust of government spending on infrastructure to drive demand for cement industry. However the same could be partially negated in the short term due to demonetization. As a Company, we have taken several initiatives to overcome the cash crunch (at dealers end) by educating / helping dealers on use of POS & mobile apps as alternate mode of payment. Further we have contracted e-wallets companies for registration of dealers and with banks for installing POS device at dealers point.

The H & R Johnson (India) Division continues to possess robust distribution network, strong brand equity, wide-spread manufacturing locations, and a comprehensive product portfolio of tiles, baths, and kitchens. The focus is on increasing the utilization levels and better working capital management. The past few quarters has seen renewed focus on marketing, strengthening channel distribution and continuing the initiatives to rationalize costs. The Division intends to further improve the product display of value added products.

Going forward, we expect the unorganized segment to increase their prices, have inadequate/interrupted supplies, and face significant working capital crunch. This presents the organized tile sector including HRJ with a unique opportunity to recapture market share from the large unorganized tile market in India, comprising ~60% of overall market.

Demonetization coupled with other historic reforms like GST in due course would result in significant benefit for organized sector including your company.

The Ready-mixed Concrete Industry in India is over 20 years old and was growing at a healthy rate till four years back. With the Mega Projects Vertical, RMC Division is focusing to cater the infrastructure segment, which is showing strong signs of revival. The markets in tier 2 & tier 3 cities have also been showing maturity which will help industry's growth.

### **About Prism Cement Limited**

Prism Cement Limited is one of India's leading integrated Building Materials' Company, with a wide range of products from cement, ready-mixed concrete, tiles, bath products to kitchens. The Company has three Divisions, viz. Prism Cement, H & R Johnson (India), and RMC Readymix (India). Prism Cement Limited also has a 51% stake in Raheja QBE General Insurance Company Limited, a JV with QBE Group of Australia.

The equity shares of the Company are listed on the Bombay and National Stock Exchanges.

## ***Prism Cement***

Prism Cement commenced production at its Unit I in August, 1997 and scaled up capacity with Unit II in December, 2010. It manufactures Portland Pozzolana Cement (PPC) with the brand name 'Champion' & 'Champion Plus' and premium quality grade of cement under 'HI-TECH' and 'DURATECH' brand. Prism Cement has the highest quality standards due to efficient plant operations with modern state of the art automated controls. It caters mainly to markets of Eastern UP, MP and Bihar, with an average lead distance of 405 kms for cement from its plant at Satna, MP. It has a wide marketing network with about 3,900 dealers serviced from ~159 stock points.

## ***H & R Johnson (India)***

Established in 1958, H & R Johnson (India) is the pioneer of ceramic tiles in India. For over five decades, HRJ has added various product categories to offer complete solutions to its customers. Today, HRJ enjoys the reputation of being the only entity in India to offer end-to-end solutions of Tiles, Sanitaryware, Bath Fittings, Kitchens, and Engineered Marble & Quartz. All the products are sold under 4 strong brands, viz. Johnson, Johnson Marbonite, Johnson Porselano and Johnson Endura. In ceramic / vitrified tiles, HRJ along with its Joint Ventures and subsidiaries has a capacity of over 61 million m<sup>2</sup> per annum spread across 11 manufacturing plants across the country which is one of the largest in India.

## ***RMC Readymix (India)***

RMC Readymix (India) is one of India's leading ready-mixed concrete manufacturers, set-up in 1996. RMC currently operates 79 ready-mixed concrete plants in 38 cities/towns across the Country. Further, the Division has been able to secure new positions in its existing markets which will help it to maintain its growth. RMC has also ventured into the Aggregates business and operates large Quarries and Crushers. At present, RMC has 6 Quarries across the country. RMC has been at the forefront in setting high standards for plant and machinery, production and quality systems and product services in the ready-mixed concrete industry.

## **Investor Relations**

Prism Cement Limited is committed to creating long-term sustainable shareholder value through successful implementation of its growth plans. The company's investor relations mission is to maintain an ongoing awareness of its performance among shareholders and financial community.

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**Safe Harbor**

Certain statements in this release concerning our future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.