



Complete Concrete Solutions



AMONGST INDIA'S LEADING INTEGRATED BUILDING MATERIALS COMPANY

# Prism Cement Limited Investor Presentation

May'17

# Our Brands



**JOHNSON**



**JOHNSON TILES**  
REDEFINING LIFESTYLES, WORLDWIDE.

**JOHNSON ENDURA**  
INDUSTRIAL TILING SOLUTIONS

**JOHNSON KITCHENS**  
KITCHENS TAKE CENTRESTAGE

**JOHNSON BATHROOMS**  
FIND CLARITY

**JOHNSON MARBLE & QUARTZ**  
NATURE, REINVENTED

**JOHNSON PORSELANO**  
BEAUTIFUL IMPRESSIONS. FOREVER.

**JOHNSON MARBONITE**  
PREFERRED OVER ITALIAN MARBLE



# Integrated Building Materials Company



## Prism Cement

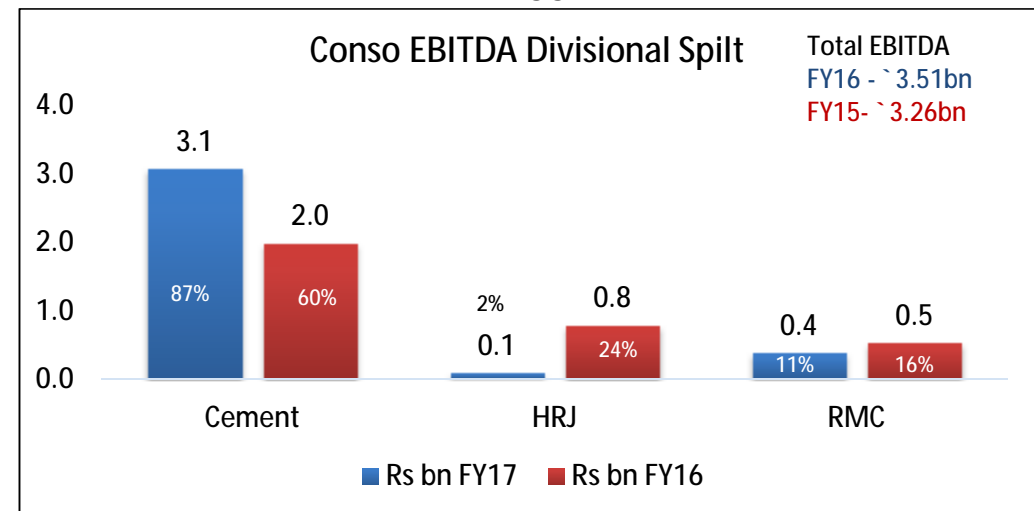
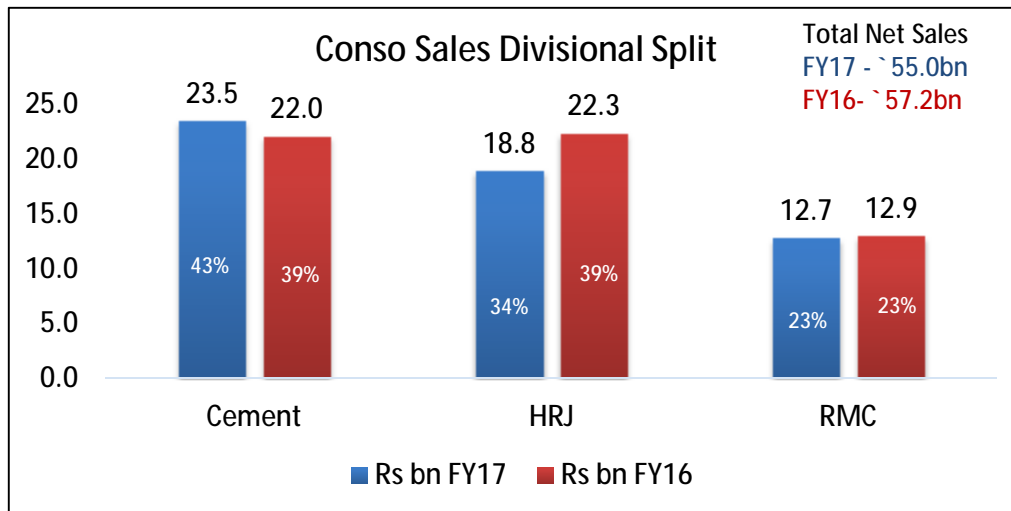
- ✓ PPC
  - ✓ Champion
  - ✓ Champion Plus
  - ✓ Hi-tech / Duratech
- ✓ OPC

## RMC Readymix

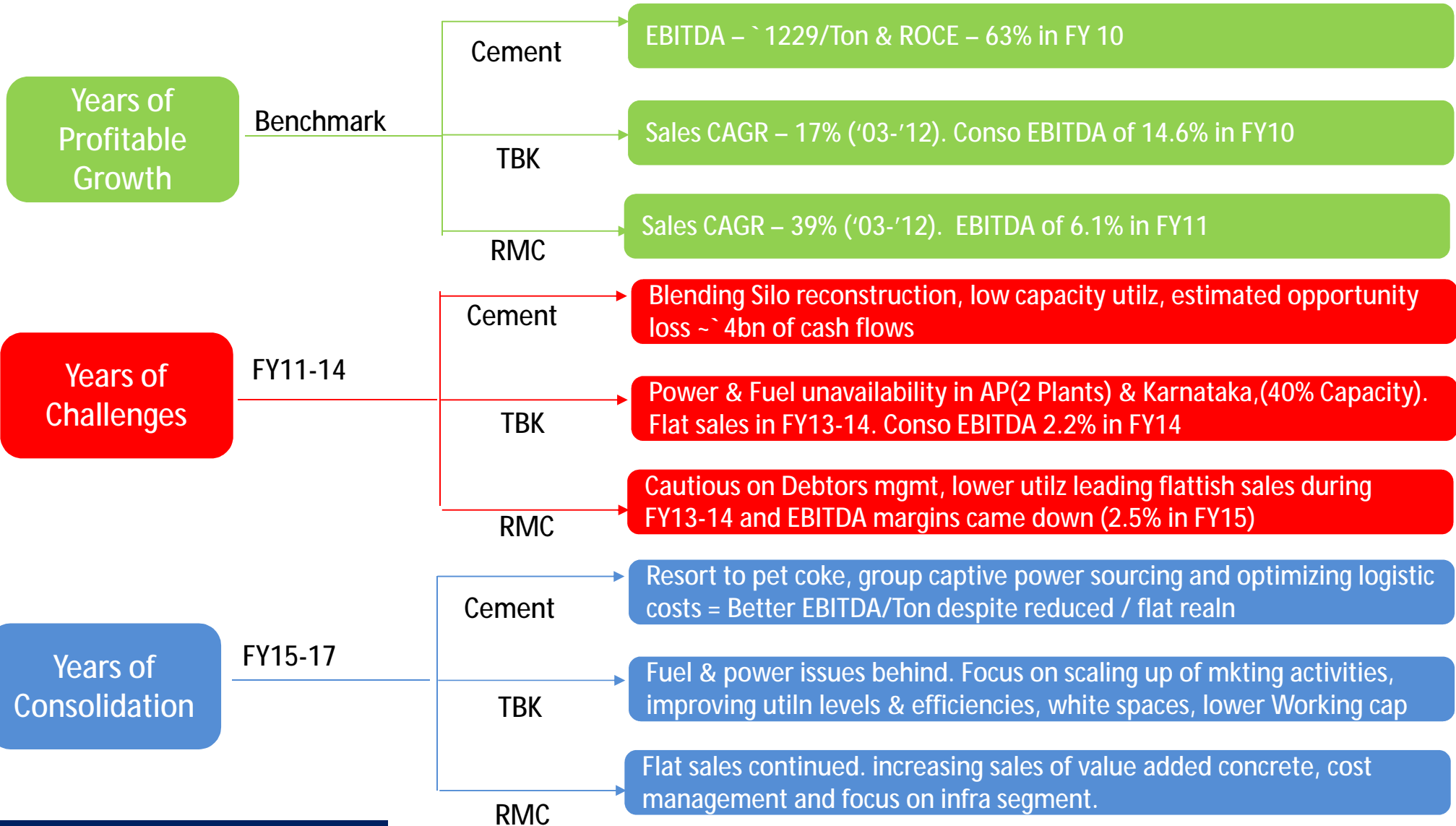
- ✓ Ready-mixed concrete
- ✓ Aggregates
- ✓ Manufactured Sand

## H&R Johnson (India)

- ✓ Tiles (Ceramic, Vitrified, Industrial)
- ✓ Sanitaryware & Faucets (Bath Fittings)
- ✓ Modular Kitchens
- ✓ Construction Chemicals
- ✓ Engg. Marbles & Quartz



# Prism Cement- Efforts towards re-creating history



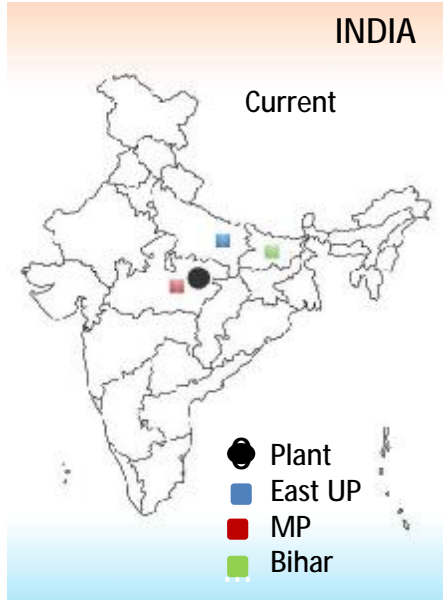
# Business Environment – expect better demand environment



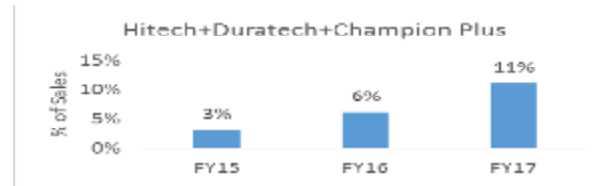
- Infrastructure activities likely to pick up further– especially road construction (concretization), railways incl dedicated freight corridors, ports, airports and power
- Focus on Housing for all Program. Affordable housing emerging as growth driver. Sops to developers and end-users
- Most States have cleared the Real Estate Bill. Bring in transparency and better execution leading to demand in the medium to long term
- Continued thrust on core schemes such as Smart Cities, Swacch Bharat Abhiyan amongst others. More cities covered under Smart Cities development program
- States re-aligning with Central Government thrust on development. Increasing spend on infra and housing in State Budgets. Focus on execution / delivery
- GST likely to benefit overall economy, especially sectors with significant unorganized presence, e.g Tiles and Ready mixed concrete
- Benign interest and inflation rates
- Key concerns: Monsoons, Geo-Political scenario and Execution delays at customer end



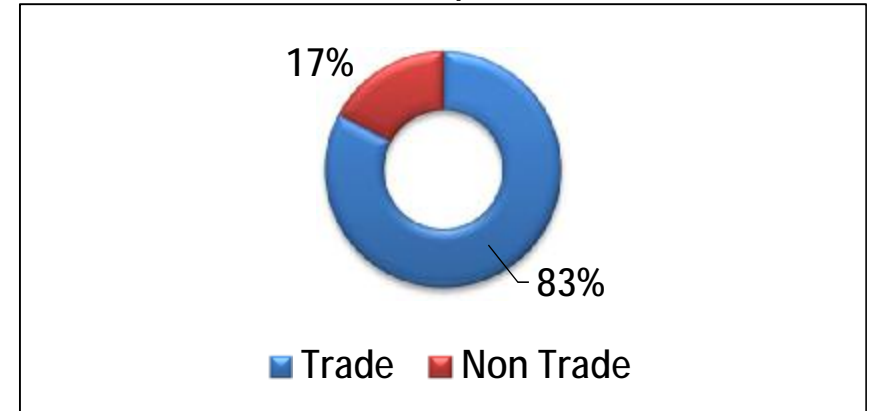
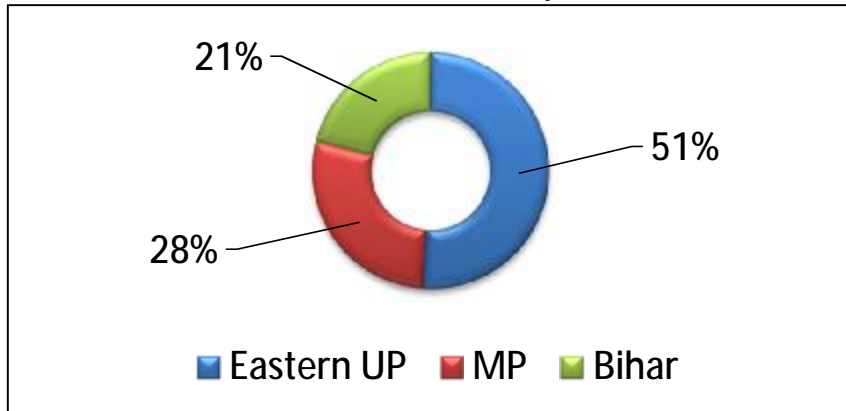
# Cement Overview



- 2 Modern Plants in Satna, MP(Central India) with effective capacity of 7mn ton
- Superior Capital Employed < ~US\$ 36/ton
- No significant capacities planned in Cluster. Consolidation happening in the cluster
- Wide network of ~3810 dealers and ~165 stocking points
- Savings in power and logistic costs during FY17 mitigating higher fuel costs
- Superior Product Mix –



- Medium term Growth plans – Greenfield expansion in Kurnool District, AP. ~3000 acres of land in possession, limestone reserves secured and environment clearance in place



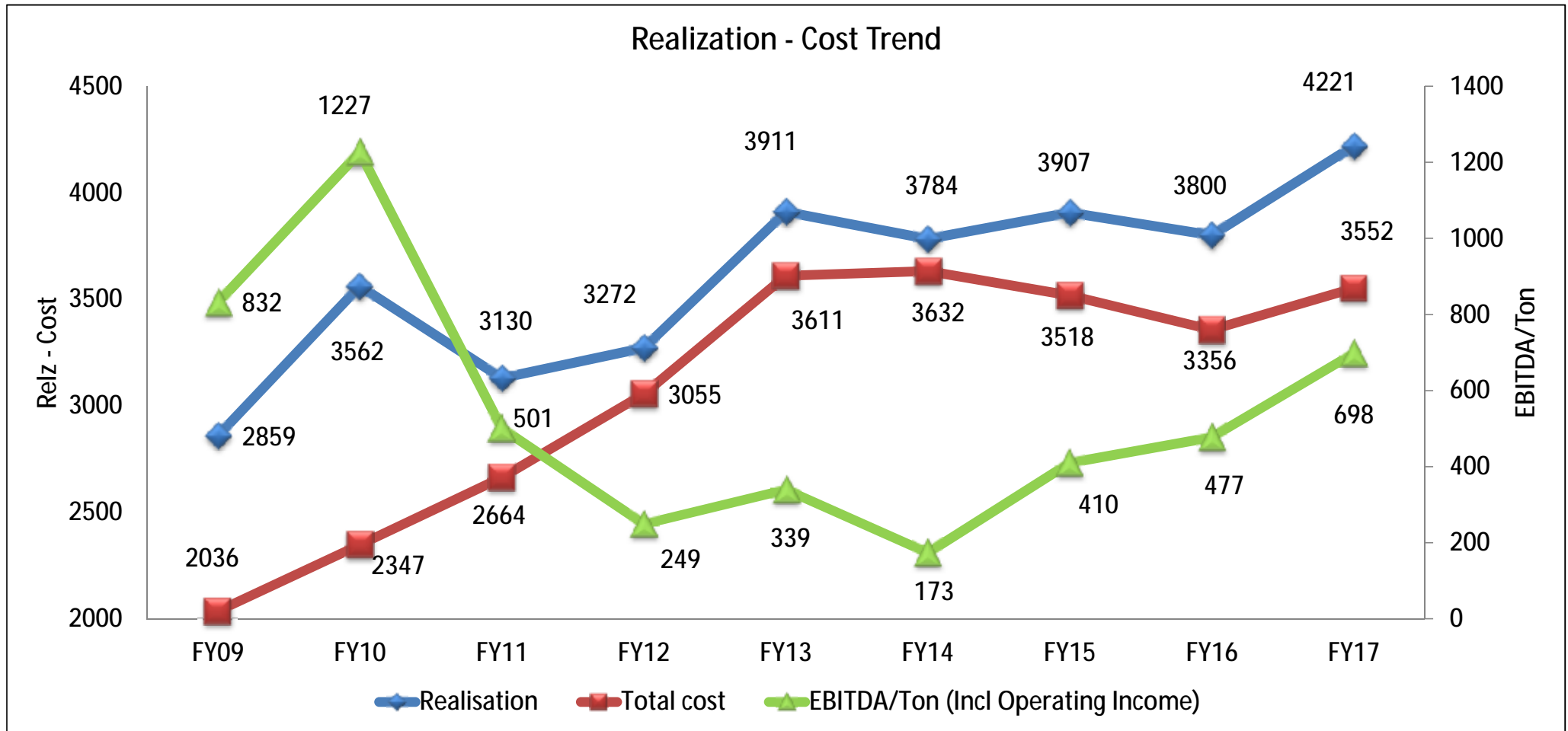
# Cement – Financial & Operational Highlights



Particulars	Unit	FY17	FY16	FY10
Cement & Clinker Sales Volume *	Mn Ton	5.21	5.29	2.86
Net Sales	Rs in bn	22.0	20.1	10.2
Net realization incl clinker	Rs/Ton	4221	3800	3562
Total cost	Rs in bn	18.5	17.7	6.7
Total cost	Rs/Ton	3552	3356	2347
EBITDA incl operating income (As per IGAAP)	Rs/Ton	698	477	1229
EBITDA incl operating income (As per IND AS)	Rs/Ton	588	372	NA
<b>Freight &amp; forwarding</b>	<b>Unit</b>	<b>FY17</b>	<b>FY16</b>	<b>FY10</b>
Lead Distance	Kms	406	405	377
Mode Mix				
Railway	%	63	63	73
Road	%	37	37	27
<b>Power and fuel</b>	<b>Unit</b>	<b>FY17</b>	<b>FY16</b>	<b>FY10</b>
Power consumption per ton of cement	Kwh	73	71	72
Fuel Mix (On Calorific Value)				
Pet-Coke	%	65	59	0
Coal	%	35	41	100
Note: * Excluding Clinker sales for third party processing				



# Cement – Realization and Cost Trend

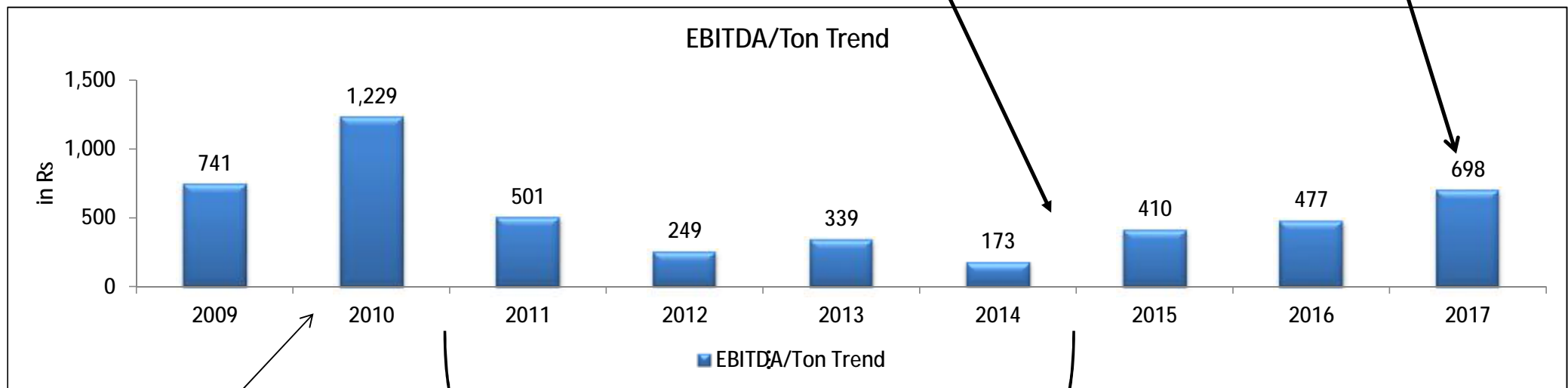


As per IGAAP

# Cement EBITDA/Ton



✓ Q4 FY17 ROCE: 30% Annualized  
 ✓ EBITDA / ton as per Ind AS at ₹ 588



- ✓ New Blending Silo
- ✓ Pet Coke

ROCE: 63%

✓ Subdued Markets

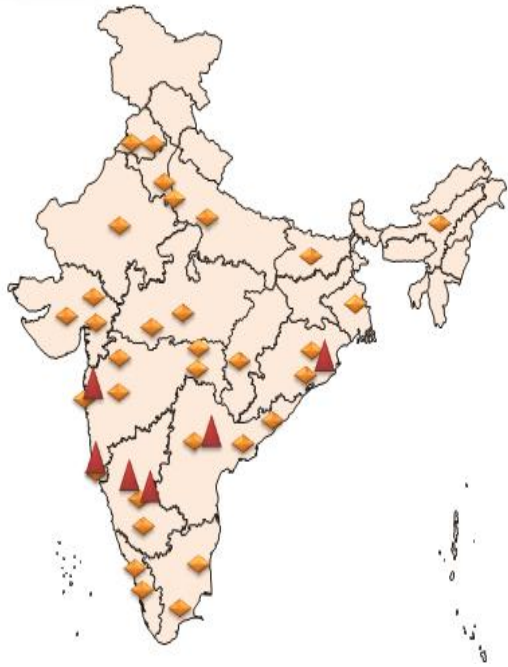
✓ Blending Silo Re-construction

✓ Low Capacity Utilization (Capacity increased from 3 MTPA to 7 MTPA)

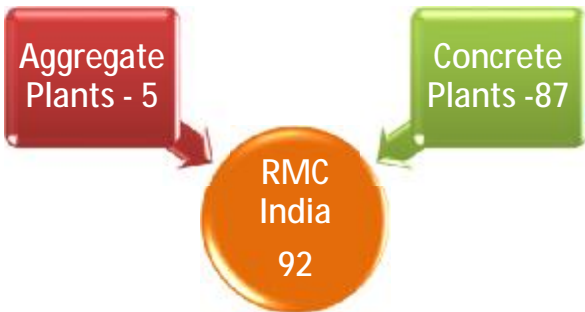


Complete Concrete Solutions

# RMC Overview



- Ready mixed concrete is concrete in ready to use form. It is one of the most versatile building material used in construction. Benefits such as consistent quality, saving of site space, reduced labour, safety etc
- Started in mid-90s : ~10% of total cement used for concrete in India is through RMC route (Metros / Tier1 ~35% & Tier2 ~20%) v/s 50-70% in developed economies
- Industry Structure
  - Barriers to entry : Location and permission in cities
  - ~60% unorganized. GST implementation would shift market towards organized players



RMC to gain further on account of Real Estate Bill being cleared.

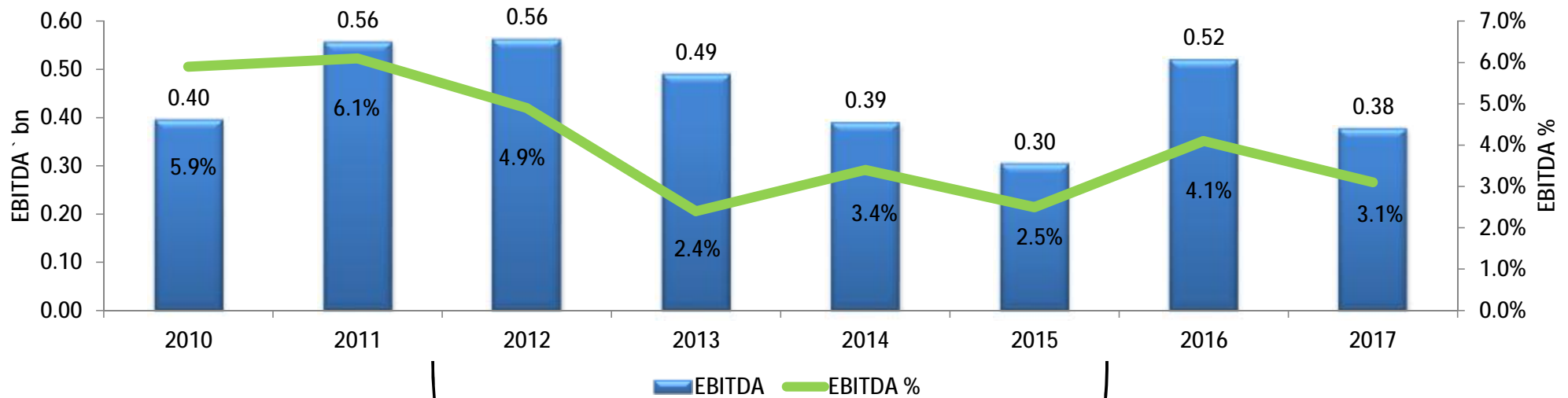
Evolution in construction technology should also aid in growth momentum

# RMC Readymix (India)



- ✓ 2nd largest player : pan India presence with 87 Plants in 40 Cities/towns
- ✓ Backward integration: 5 plants of aggregates & manufactured sand
- ✓ NABL Accredited Labs
- ✓ Growth to pick up after five years of flattish growth. FY03-12 sales CAGR of 39%
  - ✓ Demand drivers – Urbanization & Infrastructure. Affordable housing offers growth opportunity. Infra order book at historical highs. Expansion in Prism catchment areas.
- ✓ EBITDA margins bottoming out (3.1% in FY17). Levers for margin improvement
  - ✓ Improvement in capacity utilization (~35% in FY17)
  - ✓ Increase in sales of Value Added products and focus on IHB
  - ✓ Focus on O&M segment and cost management program in place
- ✓ ROCE to improve (~10.7% in FY17)
  - ✓ EBITDA margin: 3-7%
  - ✓ Asset turnover: >7x (Capital Employed – ~Rs1.7bn and Sales ~Rs12.3bn)

# RMC EBITDA – Performance



- Subdued Economy
- Extra Cautious on Debtors Management
- Low Capacity Utilization

FY16 & FY17 as per IND AS



### Enviroprotectcrete™

It is a High Performance and Sustainable concrete. Used in mass foundations, underground structures etc



®

Thermocrete™ is temperature controlled concrete used for mitigating thermal tensile cracks



Perviouscrete™ is "Rain water harvesting" concrete.

## RMC Specials Value-added Concrete

Dycrete™ comprises an eye catching array of concrete that are colourful & textured. →



FRCcrete™ is fibre reinforced concrete. Fibres include steel, glass or synthetic fibres. Used in terrace slabs, warehouses, container yards, railway platforms etc.







# TBK Overview



- Set up in 1958, offering wide range of tiles, sanitary ware, bath fittings, modular kitchens and construction chemical
- 11 Manufacturing plants (Own & JVs) with capacity of ~61mn m2 pa. Asset light business model through seven manufacturing JVs contributing ~70% of capacity with 5 JVs in Gujarat & 2 JVs in AP
- Large national trade network of ~1000 dealers
- 25 "House of Johnson" chain of retail outlets across India contributing ~8% of Division's total sales
- Complimentary businesses to leverage Brand and Distributions



## Construction Chemicals

- 50% Stake in Ardex Endura—JV with Ardex, Germany
- R&D Driven
- Pioneer in tile fixing adhesives
- Added industrial flooring and waterproofing
- Plants in Bengaluru, Baroda, Durgapur and Alwar; Pan India presence



## Bathrooms

- Sanitaryware, Taps, Bath Fittings, wellness products
- Healthy industry structure; Brand and after sales service play key role
- 2 Manufacturing plants for Fittings—Baddi, HP & Samba, J&K



## Modular Kitchens

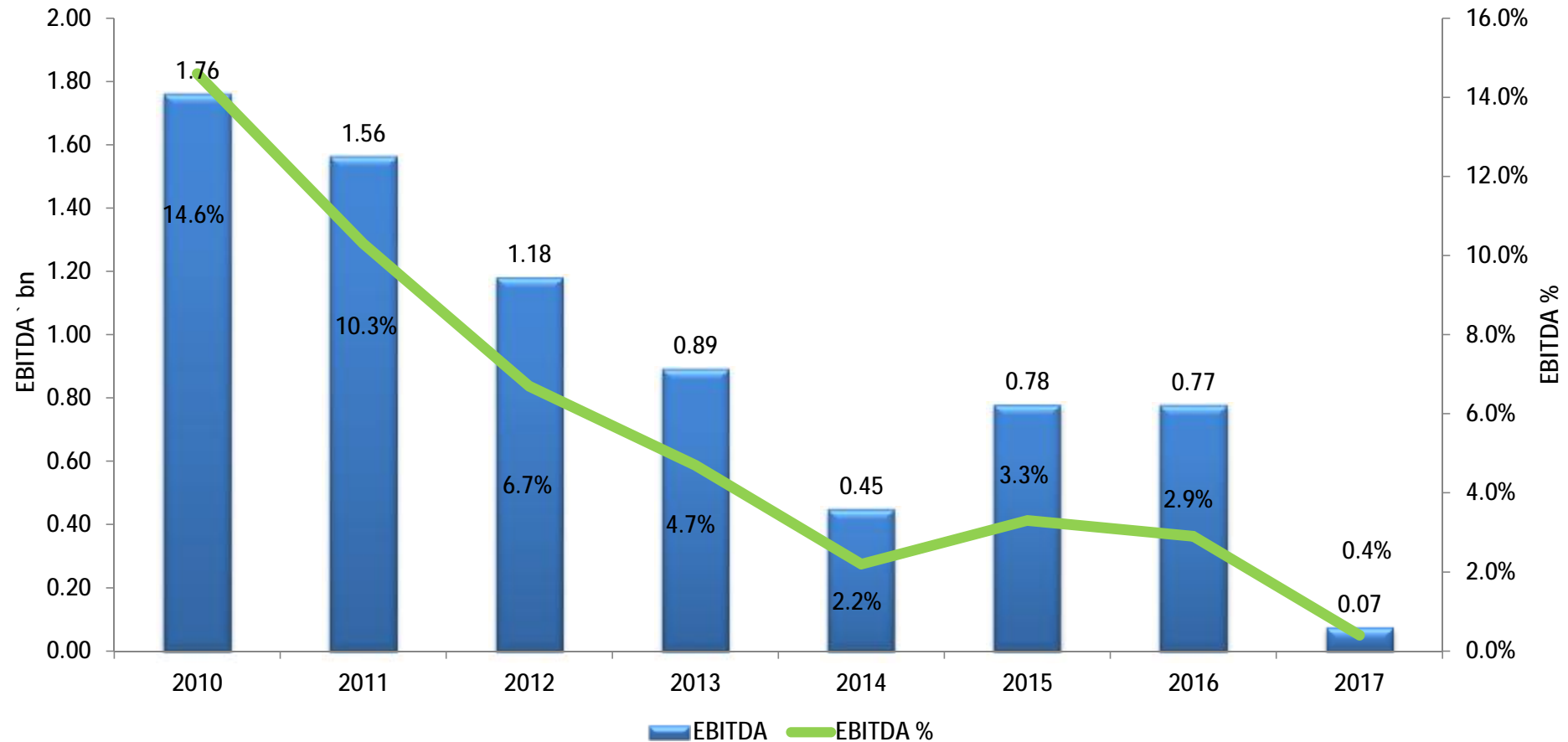
- Sunrise industry
- High growth potential
- Offers complete range of products including installation
- Tie-up with a German company for sourcing

# On recovery path...



- ✓ Enjoyed leadership position with '03 -'12 (Sales CAGR 17%)
- ✓ FY10 consolidated EBITDA margins of 14.6%
- ✓ FY11-14, Challenging years as 40% of total capacity in AP and Karnataka suffered on account of power and fuel availability
- ✓ Addressed Power and fuel issues in South by
  - ✓ Installing 3 coal gassifiers in AP plants and winning bids for onshore micro gas wells
  - ✓ Natural gas pipeline connectivity completed for Karnataka plant
- ✓ Scaled up marketing activities, distribution channels amongst other
- ✓ FY17 saw market share loss, EBITDA losses however working capital curtailed. Market Share / Margin recovery expected going forward
  - ✓ Operating leverage as capacity utilization levels go up, especially in own plant manufacturing
  - ✓ Expanding product ranges, new product launches and focusing on display centres
  - ✓ Product mix improvement
  - ✓ Sales team to generate demand for dealers through strong influencer connect
  - ✓ Covering White Spaces
  - ✓ Cost management program

# TBK EBITDA - Performance



FY16 & FY17 as per IND AS

## Strategic Investment – Raheja QBE General Insurance



- ✓ JV with QBE Group of Australia
- ✓ Focus on speciality products like liability insurance, marine liability and trade credit
- ✓ Prism's investment : 51% stake at book value of ` 1.05bn
- ✓ FY17 financials:
  - ✓ Gross written premium : ` 0.68bn
  - ✓ Profit before tax: ` 0.04bn



## Mr. Vijay Aggarwal, Managing Director

- ✓ B. Tech (Elec.) from IIT, Delhi and PGDM from IIM, Ahmedabad
- ✓ Tenure in Company: 23 years
- ✓ Past experience includes SBI Capital Markets
- ✓ On the Board of various companies including Exide Industries, Exide Life Insurance Co, Aptech, Asianet Satellite Communications, Ardex Endura (India), Raheja QBE General Insurance Co etc

# Management Profile



## Mr. Atul Desai, Executive Director & CEO – RMC

- ✓ B.E. (Chemical) from Gujarat University and MBA (Marketing) from South Gujarat University.
- ✓ Tenure in Company: 9 months
- ✓ Past experience includes Reliance Cement, Ambuja Cement and GSFC



## Mr. Joydeep Mukherjee, Executive Director & CEO - HRJ

- ✓ PGDM in Marketing Management, IGNOU, Kolkata and EMIB - International Business and Marketing from IIFT, New Delhi.
- ✓ Tenure in Company: 18 months
- ✓ Past experience includes ACC and Hindalco



## Mr. Vivek K. Agnihotri, Executive Director & CEO - Cement

- ✓ M.B.A. from F.M.S., University of Delhi
- ✓ Tenure in Company: 22 months
- ✓ Past experience includes Ambuja Cements and ACC

# Management Profile



## Mrs. Aneeta Kulkarni – Company Secretary

- ✓ Company Secretary, LLB, PGDAM (NMIMS) and FIII (Fellow of Insurance Institute of India)
- ✓ Tenure in Company: 22 years
- ✓ Past experience includes New India Assurance, Thirumalai Chemicals and Vijayshree Chemicals



## Mr. Pramod Akhramka , CFO

- ✓ Cost and Works Accountant, Chartered Accountant, Company Secretary and Executive Management courses
- ✓ Tenure in Company: 3 Years
- ✓ Past experience includes Ashok Piramal Group and Vaibhav Global Group



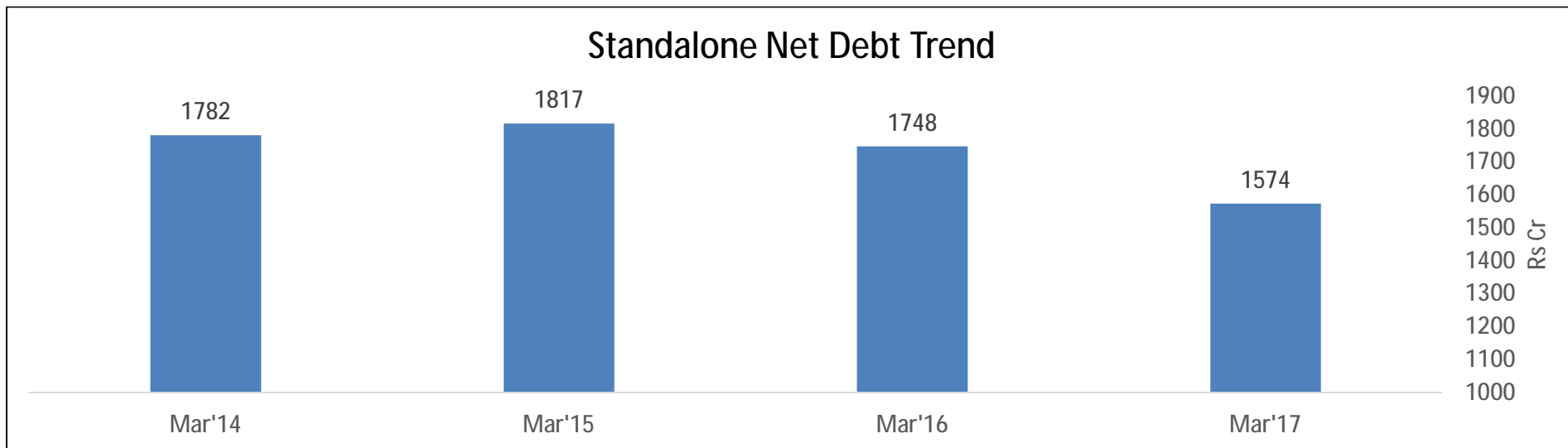
## Mr. Rajnish Sacheti, Group President Legal & Indirect Taxes

- ✓ Company Secretary
- ✓ Tenure in Company: 19 years
- ✓ Past experience includes Grasim Industries

# Focus on de-leveraging...to accelerate further

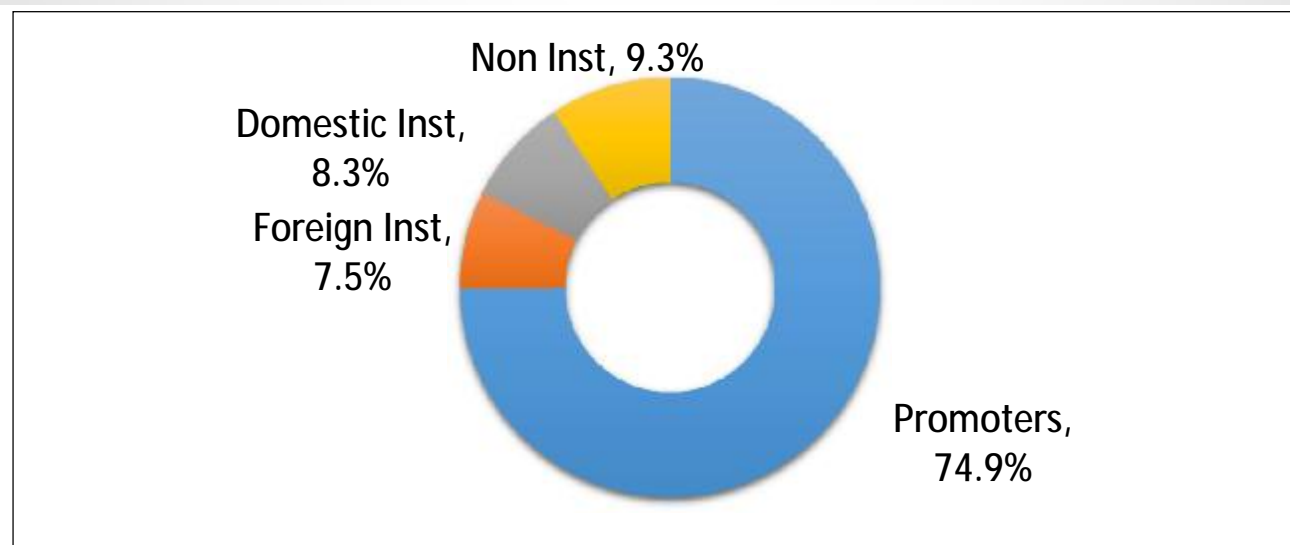


- ✓ Borrowings as on 31st March'17
  - ✓ Net standalone ₹ 15.7bn, down by ~ ₹ 1.7bn
- ✓ Average cost of Standalone debt: 10.4%





# Shareholding Pattern as on 31<sup>st</sup> Mar '17



Public category holding over 1% of total shares

Shareholder	%
HDFC Trustee Company Ltd	7.6
National Westminster Bank Plc as Trustee of the Jupiter India Fund	1.6
CLSA Global Markets PTE Ltd	1.2
Morgan Stanley Asia (Singapore) PTE	1.0

# THANK YOU

For further information, please contact:

Munzal Shah

[investorrelations@prismcement.com](mailto:investorrelations@prismcement.com)

+91 22 6675 4142-46

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