

INVESTOR PRESENTATION



PRISM CEMENT LIMITED



May, 2015

Integrated Building Materials' Company



Cement (Champion)
Cement (OPC)
Cement (Hi Tech)



Ready-mixed Concrete
Aggregates
Manufactured Sand



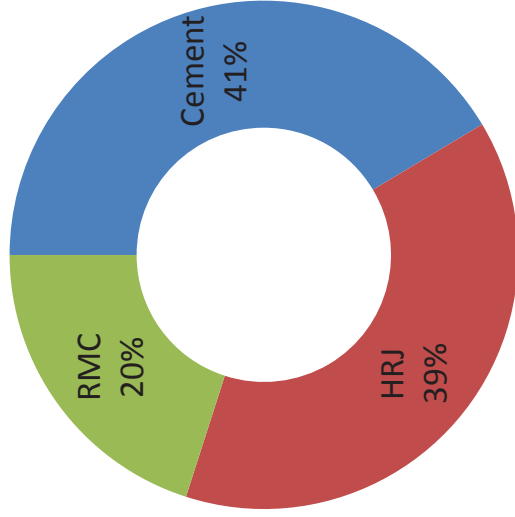
Tiles (Ceramic, Vitrified, Industrial)
Sanitaryware, Faucets, and Bath Fittings
Modular Kitchens
Construction Chemicals

Business Environment

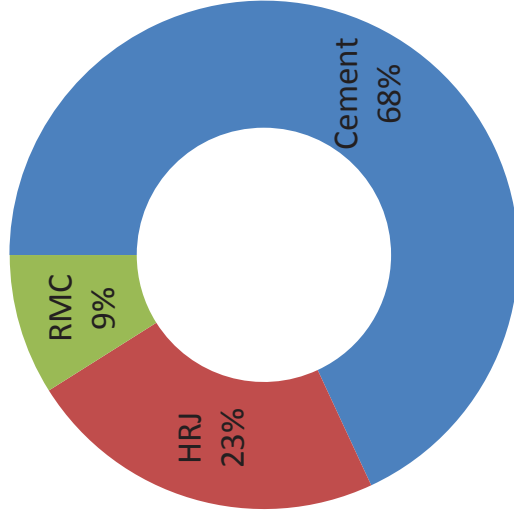
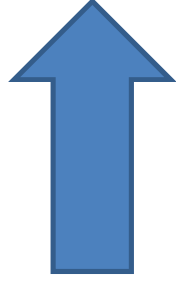
- The Company to benefit in medium term from strong tailwinds due to following key initiatives:

Initiative	Cement	RMC	TBK
Goods and Services Tax	✓	✓	✓
Make in India	✓	✓	✓
Swachch Bharat Abhiyaan	✓	✓	✓
100 Smart Cities	✓	✓	✓
Industrial Corridors	✓	✓	
Roads	✓	✓	

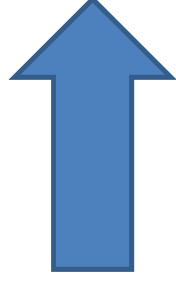
Divisional Split: FY 2015



Total Sales: ₹ 6,117 crores
(\$ 971 Mn)

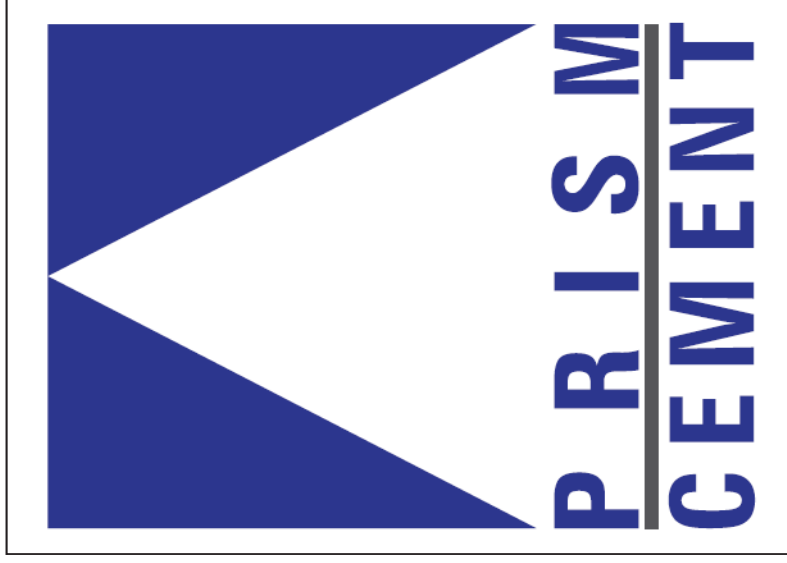


Total EBITDA: ₹ 335 crores
(\$ 53 Mn)



All Conso numbers excluding RQBE

US\$ 1 = ₹ 63⁴



Cement - Overview

- 2 Modern Plants (set-up in 1997 and 2010) in Satna, MP,

Central India

- Effective Capacity: 7 mn tons cement and clinker

- Superior Capital Employed: < US\$ 35 / Ton

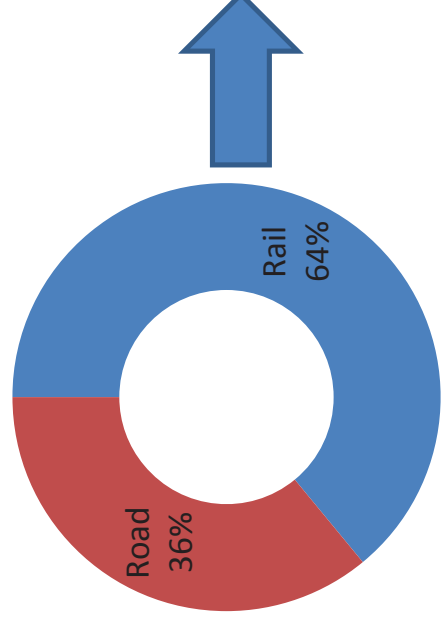
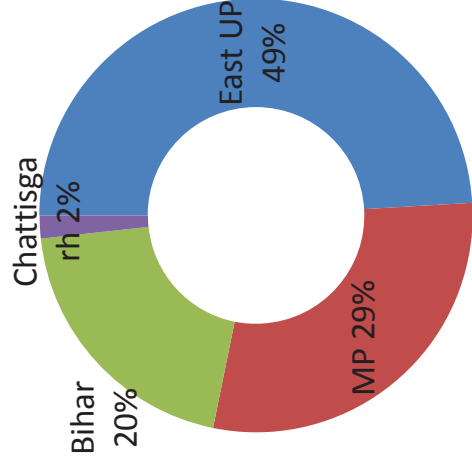
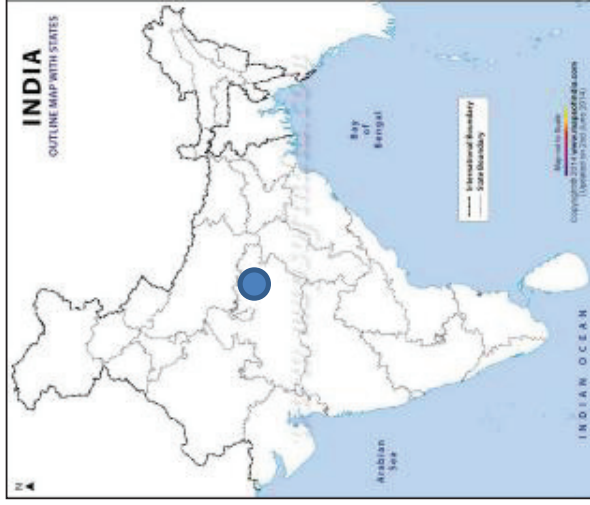
- Cluster demand

growth > 1.5x national

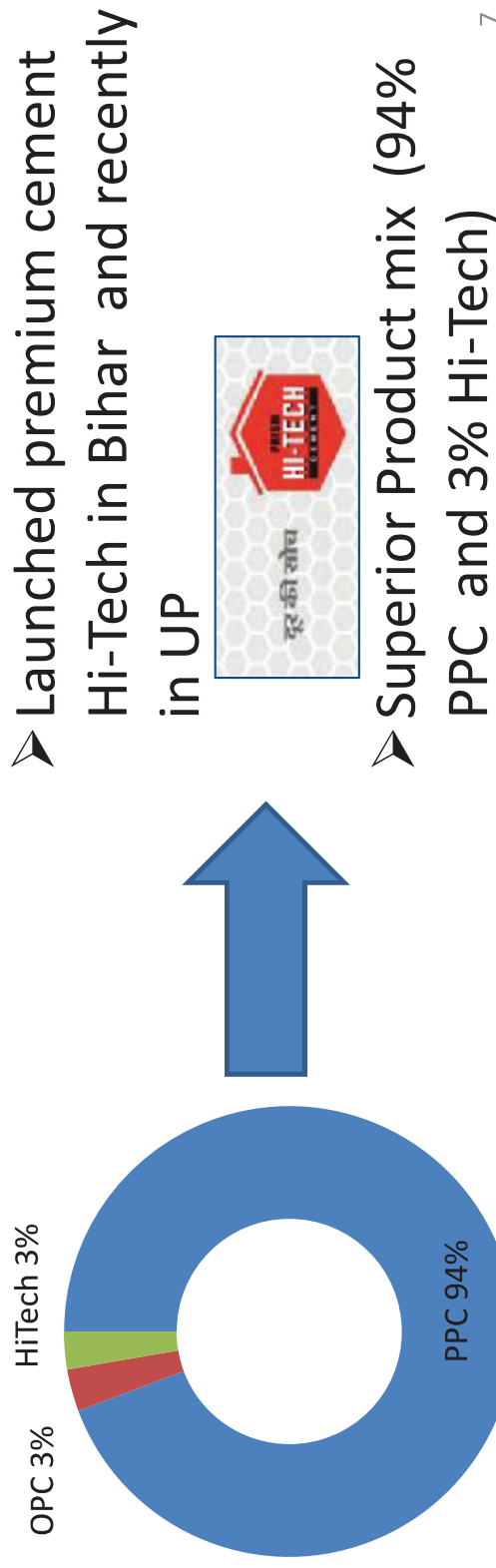
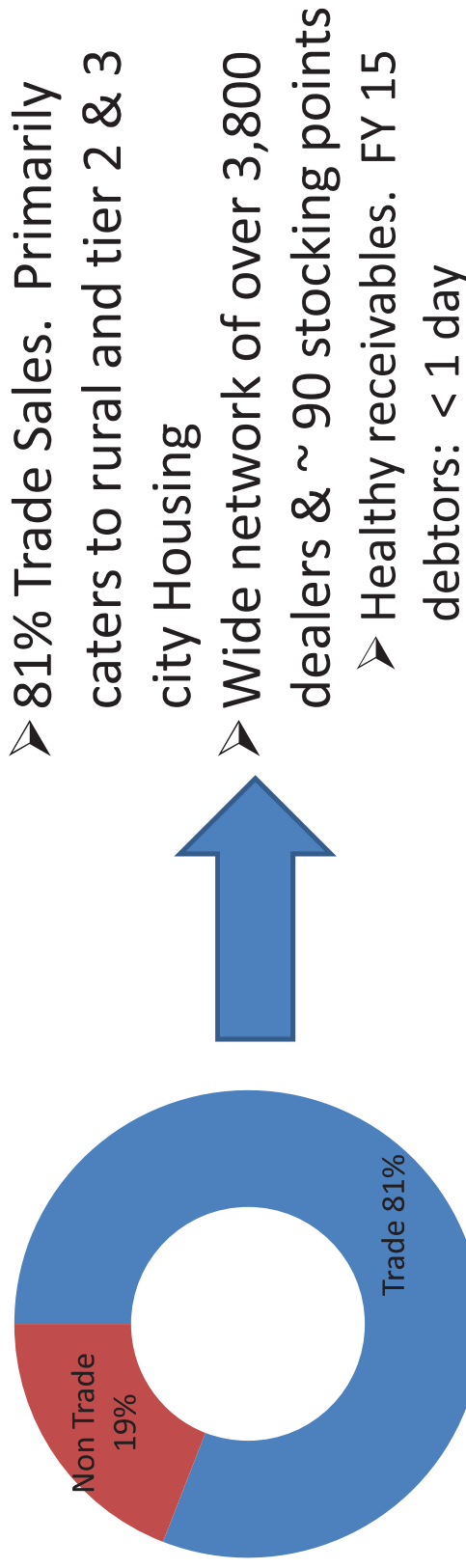
- No new capacities in progress in Cluster

- Cement avg lead distance = 399 KMs

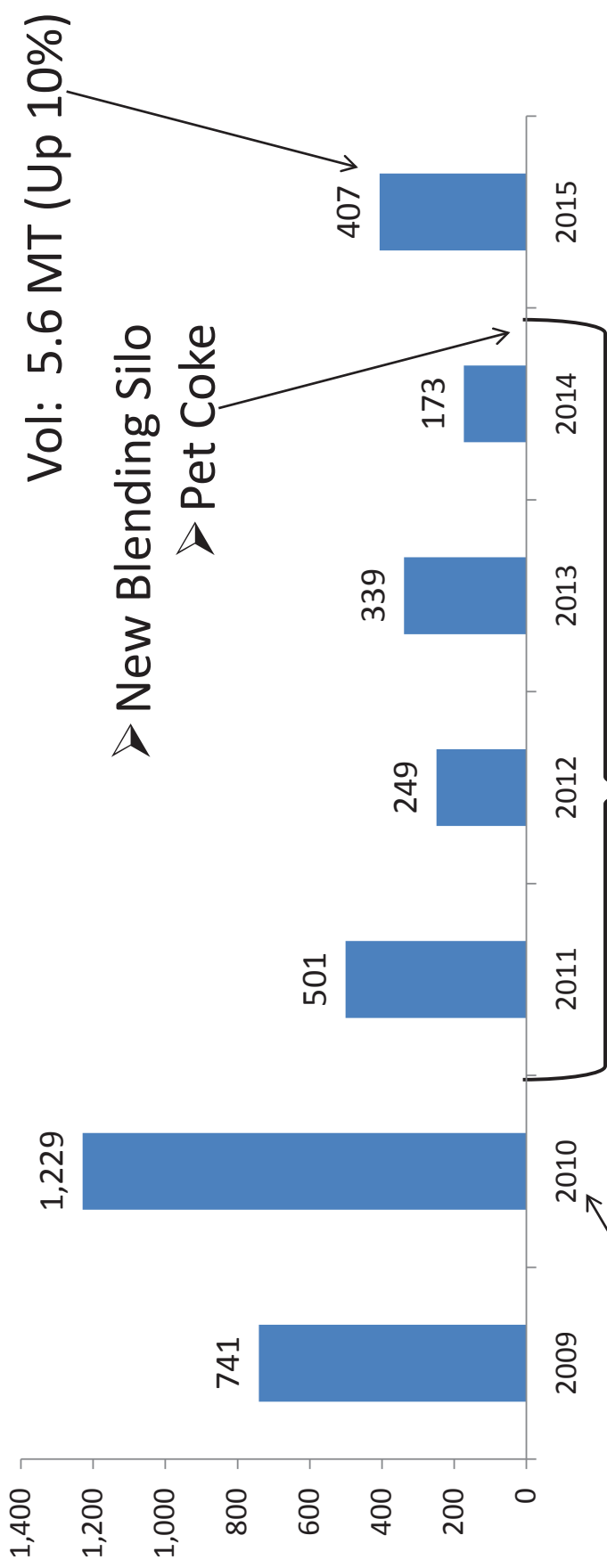
- Superior Rail : Road mix



Cement - Overview



EBITDA / Ton trend



ROCE: 63%

- Subdued Markets
- Blending Silo Re-construction
- Low Capacity Utilization (Capacity increased from 3 MTPA to 7 MTPA)

Cement - Expansion

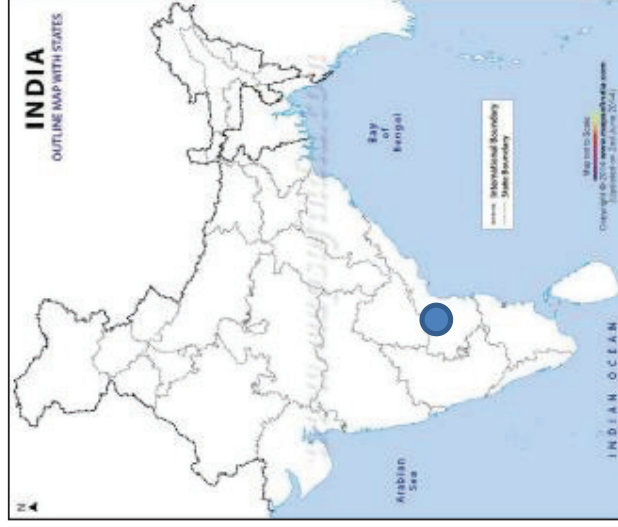
➤ Green-field plant to come up in Kurnool District, Andhra Pradesh:

❖ Cement Capacity: 4.8 MTPA

❖ ~ 3,000 acres of land acquired

❖ Large limestone reserves secured; Mine development activities in progress

❖ Bengaluru, Chennai, and Hyderabad within 300 KMs radius from the Site



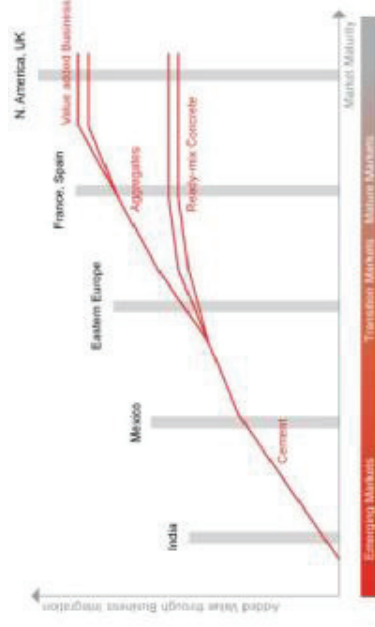


Mix with the Best

Ready-mixed Concrete



- Ready-mixed concrete is strategic route to market for cement
- Modern channel of cement distribution
- As markets mature, higher value in Ready-mixed concrete business and aggregates as compared to cement

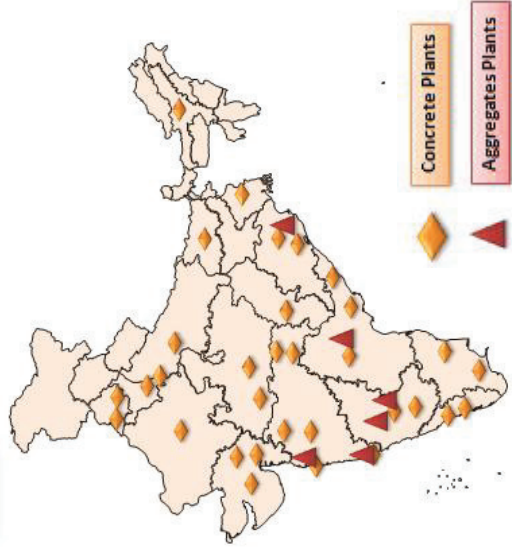


Source: Espirito Santo Investment Bank Research

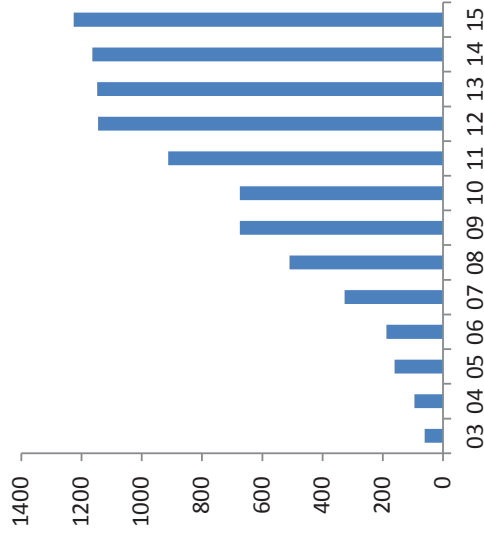
Ready-mixed Concrete Industry

- Started in mid-90s; Penetration increasing
- ~ 10% of total cement used for concrete in India is sold through RMC Channel
 - Metros / tier 1 (~35%) and tier 2 (~20%)
 - In developed countries: 50% - 70%
- Several benefits such as assured quality, speed, saving of site space, reduced labor, reduced wastage, safety etc
- Industry volume: ~ 30 million m³ per annum
 - Residential 45% ; Commercial 35% ; Infrastructure 20%
- Steady-state Industry growth rate > 20% per annum due to:
 - ❖ Growth of cement consumption in India
 - ❖ Conversion from site-mix to ready-mix

RMC Readymix (India)

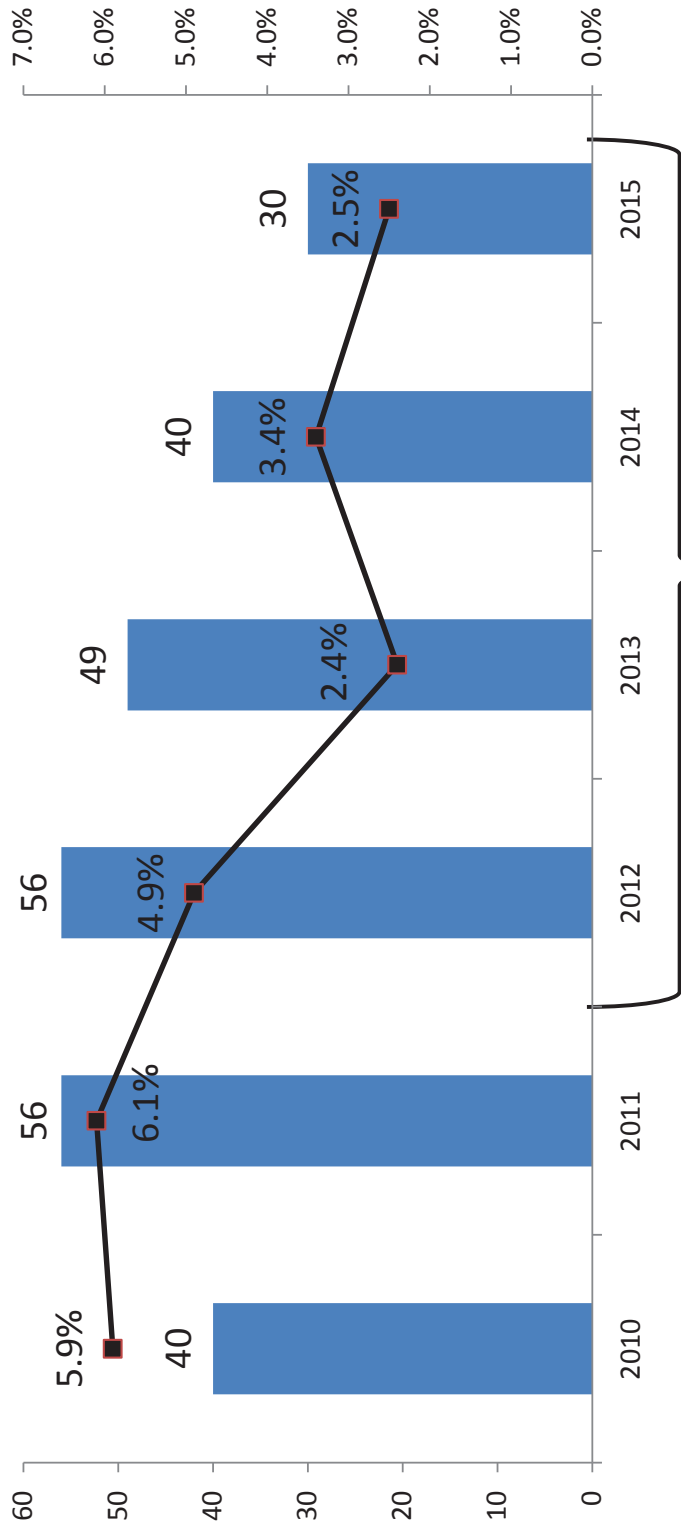


- 2nd largest player in India with national footprint
- 81 Plants in 35 cities / towns
- Backward Integration: 8 Plants – Aggregates and Manufactured Sand



- '03 – '12 Sales CAGR: 39%
- Flattish for last 3 years, on account of subdued economy
- Demand drivers: Urbanisation and Infrastructure

RMC – Performance



- Subdued Economy
- Extra Cautious on Debtors Management
- Capacity Utilization dropped to 40%

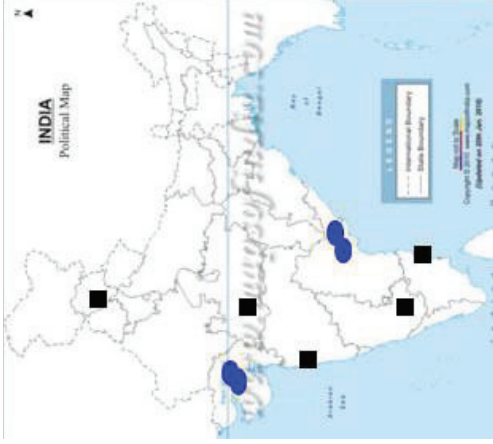
RMC Dynamics

- EBITDA Margins: 3 – 7%
- Asset Turns: > 6x
 - Capital Employed: ₹ 198 crores (\$ 31 Mn)
 - Sales: ₹ 1,226 crores (@ 40% utilization) (\$ 195 Mn)
- Industry Structure
 - Barriers to Entry: Location and permission in cities
 - ~ 60% unorganized. GST implementation would shift the market towards organized sector
 - RMC's share of the market will likely grow from less than 10 percent of total cement demand today to as high as 25 percent by 2025 (Source: *Cement Vision 2025, a Report by Confederation of Indian Industry-AT Kearny, 2014*)

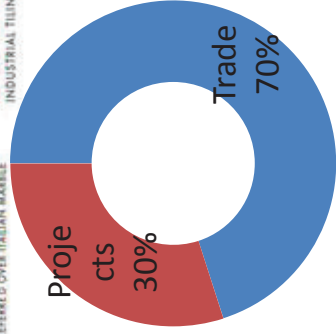
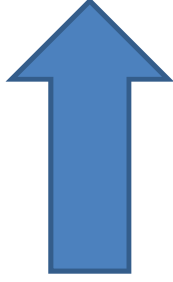
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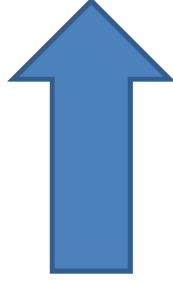
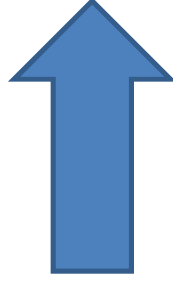
H & R Johnson (India)



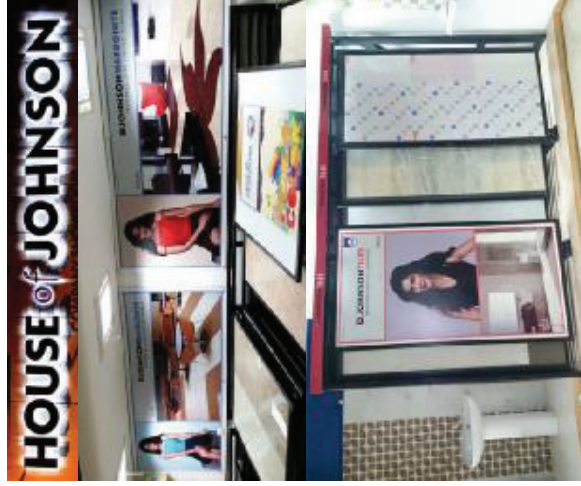
- Set-up in 1958; Pioneer of Ceramic tiles in India
- Wide range: Tiles, Sanitary ware, Bath fittings, Modular Kitchens, Construction Chemicals
- 11 Manufacturing Plants (Own & JVs) with largest capacity of over 54 mn m² / annum



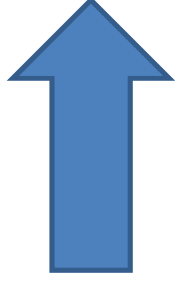
- Strong brand equity
- Large, national Trade network of ~10,000 retail points
- 70% sales from Trade channel



HRJ: Business Model



- “House of Johnson” chain of Retail Outlets
 - 28 across the country
 - Selling complete range of products
 - Contributes ~10% of Division’s total sales



➤ Manufacturing Joint Ventures



- Asset Light business model
- 5 Manufacturing JVs contributing to 65% of the capacity
 - Gujarat: 3
 - AP: 2

HRJ: Business Model

- Built complimentary businesses to leverage Brand and Distribution



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 Begaluru and Vadodara; Pan India presence

Bathrooms



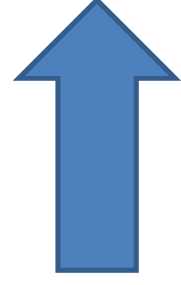
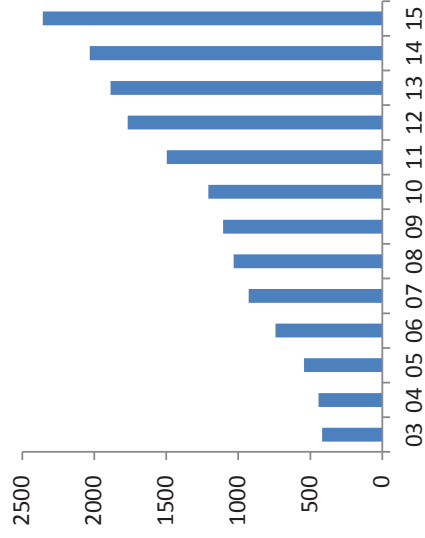
- Sanitaryware, Taps, Bath Fittings, wellness products
- Healthy industry structure; Brand and after sales service play key role
- 2 Manufacturing plants for Fittings—Baddi, HP & Samba, J&K

Modular Kitchens

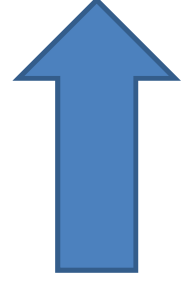
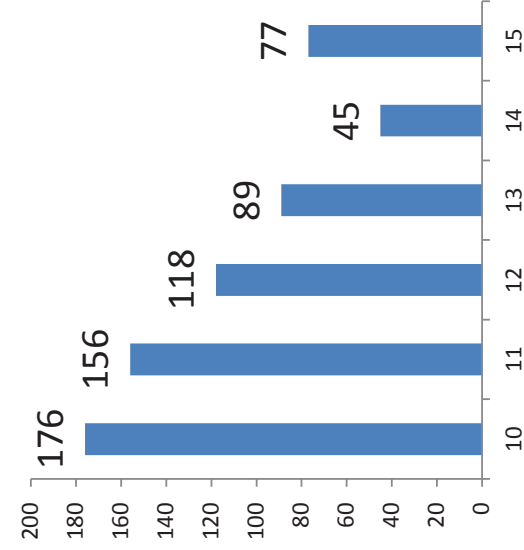


- Sunrise industry
- High growth potential
- Offers complete range of products including installation
- Tie-up with a German company for sourcing

HRJ: Financial Trend



- '03 – '12 Sales CAGR: 17%
- Flattish in FY 13 and 14:
 - 40% of total capacity in AP & Karnataka which suffered on account of power and fuel unavailability
- EBITDA (Conso) declined till FY 14:



- FY 10: ₹ 176 crores (14.6% of sales) (\$ 28 Mn)
- FY 14: ₹ 45 crores (2.2% of sales) (\$ 7 Mn)
- In FY 15, Sales and EBITDA recovery started:
 - Sales up 16%
 - EBITDA up 73%

HRJ: Key Initiatives

- Addressed Power and Fuel issues in South by:
 - Installing 3 Coal Gassifiers in 2 Plants in AP
 - Winning bids for onshore micro Gas wells in AP
 - Natural Gas pipeline connectivity completed for Karnataka plant
 - Started purchasing Traded power
- Further strengthening Brand leadership
 - Scaling-up marketing activities
 - Signed Ms. Katrina Kaif as brand ambassador and started TV advertising



Strategic Investment



RAHEJA QBE

- 74% stake in 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: ₹ 153 crores (\$ 24 Mn)
- FY 15 financials:
 - Gross written premium: ₹ 29 crores (\$ 5 Mn)
 - Profit before tax: ₹ 17 crores (\$ 3 Mn)

Management Profile

Management Profile

➤ Mr. Vijay Aggarwal, 46 years, Managing Director



- ❖ B. Tech (Elec.) from IIT, Delhi and PGDM from IIM, Ahmedabad

- ❖ Tenure in Company: 21 years

- ❖ Past experience includes SBI Capital Markets

- ❖ On the Board of various companies including Exide Industries, Aptech, Asianet Satellite Communications, and Ardex Endura (India)

Management Profile



- Mr. Ganesh Kaskar, 55 years, Executive Director – HRJ
 - ❖ M. Tech (Civil) from IIT, Mumbai
 - ❖ Tenure in Company: 18 years
 - ❖ Past experience includes ACC and Tata Consulting Engineers



- Mr. Venugopal M Panicker, 50 years, Executive Director – RMC
 - ❖ Chartered Accountant, Company Secretary and a Member of the Institute of Company Secretaries & Administrators, UK (AICSA-UK)
 - ❖ Tenure in Company: 18 years
 - ❖ Past experience includes Walchandnagar, Tatas and Williamson Magor

Other Information

Borrowings

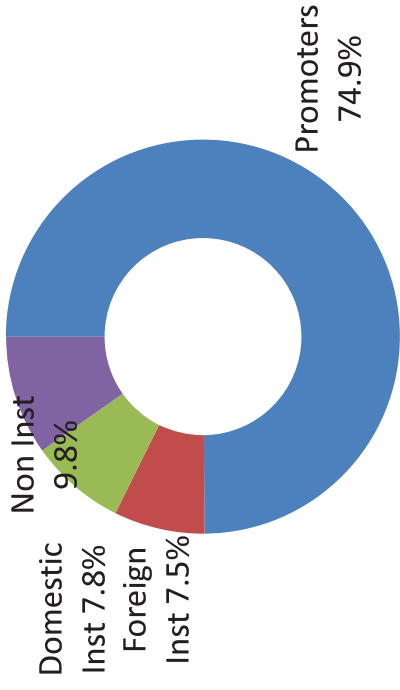
Shareholding

Borrowings

- Borrowings
 - Status (As on 31.03.2015)
 - Consolidated: ₹ 2,236 crores (\$ 355 Mn)
 - Stand-alone: ₹ 1,895 crores (\$ 301 Mn)
 - Average cost of Debt: 11 %
- Replacing expensive bank borrowings with NCDs in a phased manner
- Short-term rating enhanced from A2 to A1 and for Term Loan / NCD from A- (Negative outlook) to A- (Stable Outlook) by ICRA

Shareholding

- Market Cap (As on 13.05.2015): ₹ 5,099 crores (\$ 809 Mn)
- Shareholding Pattern (As on 31.03.2015)



- Public category holding over 1% of total shares

Shareholder	%
HDFC Trustee Company Ltd - HDFC Equity Fund	2.7
Goldman Sachs India Fund Ltd	1.7
ICICI Prudential Discovery Fund	1.4
Morgan Stanley Asia (Singapore) PTE	1.4
National Westminster Bank Plc as Trustee of the Jupiter India Fund	1.2

THANK YOU

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