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Initiating Coverage

Prism Johnson Ltd.

11-June-2021

RETAIL RESEARCH

Prism Johnson Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Cement	Rs. 132.10	Buy at Rs.124 & add more on dips to Rs 109	Rs. 138.5	Rs. 150	2 quarters

HDFC Scrip Code	PRIJOHEQNR
BSE Code	500338
NSE Code	PRSMJOHNSN
Bloomberg	PRSMJ:IN
CMP June 10, 2021	132.10
Equity Capital (cr)	503
Face Value (Rs)	10
Eq- Share O/S(cr)	50.3
Market Cap(Rscr)	6649
Book Value (Rs)	24
Avg.52 Wk Volume	615102
52 Week High	149.35
52 Week Low	38.20

Share holding Pattern % (March, 2021)	
Promoters	74.87
Institutions	10.36
Non Institutions	14.77
Total	100.0

Fundamental Research Analyst

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Our take

Prism Johnson Ltd (Prism) was incorporated in 1992 and is promoted by the Rajan Raheja Group. It is a key cement player in the central Indian region. It has 7 MTPA of cement capacity, a 22.4 MW captive Waste Heat Recovery System (WHRS) and 22.5 MW solar power plant. The company has an established presence in eastern Uttar Pradesh (revenue contribution of ~53%), Madhya Pradesh (revenue contribution of ~25%), and Bihar (revenue contribution of ~22%) markets.

Prism's cement business contributes ~46% of overall revenues, which is followed by HR Johnson (tiling and building material business) contributing ~33% while ready-mixed concrete (RMC) and insurance contribute ~16/5% respectively. The company has been focusing on increasing its captive power plant capacity, which should improve its operating efficiency.

Also, we believe further volume growth will be driven by increase in capacity – cement to 7.9 MTPA and tiles to 68 mn m2 – by 2023. Prism has also been working on reducing the debt burden on its balance sheet. Debottlenecking at Satna plant in Madhya Pradesh will increase cement capacity by 0.9 MTPA and clinker capacity by 1.1 MTPA by June'22. The company further plans to increase grinding capacity (1.0 MTPA at Satna by Sep'23 for a capex of Rs.250 cr)

We expect COVID-led lockdown and slowdown in the economy to lead to subdued growth in volumes for Prism in FY22E but buoyant cement prices and aggressive control on variable costs are likely to drive EBITDA growth. The industry has high dependence on real estate and infra, which are likely to be impacted by the economic slowdown. The key growth drivers of demand are likely to be rural housing, Pradhan Mantri Awas Yojana (rural), Pradhan Mantri Gram Sadak Yojana and increased spending on infrastructure development.

Valuation and recommendation

We expect the company to benefit from strong regional presence, improving utilization, and cost efficiencies, apart from industry triggers like higher realizations. We prefer Prism due to its improving margins on the back of substantial ongoing cost reduction and future growth visibility on the back of expansion plans. However, in the short to medium term, demand recovery in core markets continues to be the key monitorable. Also, the divestment of the insurance business should help improve liquidity and profitability.

Prism Johnson Ltd.

We expect 11% CAGR in the topline and 32% EPS CAGR over FY21-23E. At the LTP, the company is trading at 22.4x FY23E EPS, 10.2x FY23E EV/EBITDA. **We believe the base case fair value of the stock is Rs.138.5 (23.5x FY23E EPS, 10.6x FY23E EV/EBITDA) and the bull case fair value is Rs.150 (25.5x FY23E EPS, 11.4x FY23E EV/EBITDA). Investors can buy the stock at Rs.124 (21.0x FY23E EPS, 9.7x FY23E EV/EBITDA) and add on dips to Rs.109 (18.5x FY23E EPS, 8.8x FY23E EV/EBITDA).**

Financial Summary

Particulars (Rs cr)	Q4FY21	Q4FY20	YoY-%	Q3FY21	QoQ-%	FY19	FY20	FY21	FY22E	FY23E
Total operating income	1850	1483	25%	1525	21%	6,194	5,956	5,587	6,244	6,836
EBITDA	230	135	70%	191	20%	601	539	582	705	787
APAT	166	-23	-818%	56	198%	139	1	170	235	297
Diluted EPS (Rs)	3.3	-0.46	-817%	1.11	197%	2	0	3	5	6
RoE-%						11	0	15	18	20
P/E (x)						57.1	NA	39.0	28.3	22.4
EV/EBITDA						13.4	14.9	13.8	11.4	10.2

(Source: Company, HDFC sec)

Q4FY21 result update

- Revenue of the company grew by 25% YoY to Rs.1850 cr. Due to tight cost controls, fall in employee costs (-7.9%), and lower growth in other expenses (2.1%), EBITDA came in at Rs.230 cr vis-à-vis Rs.135 cr in the same quarter in the previous year (70% growth YoY). The company has posted a profit of Rs.166 cr (vs loss of Rs.23 cr in the same quarter previous year).

Segment-wise

- Revenue of the cement segment has grown 24% YoY to Rs.828 cr while EBIT grew 16% YoY to Rs.132 cr. Volume was 1.90 MTPA in Q4FY21, growing of 26.7% YoY (at 109% capacity utilization). Volume was ~5.82 MTPA in FY21 vs 5.72 MTPA in FY20, ~1.7% growth YoY. Realization declined by 2% YoY to Rs.4,356/T on the company's change in policy to sell cement ex-depot.. EBITDA/t declined 13.9% YoY to Rs.875/t.

- Revenue of HRJ segment posted 45% YoY growth to Rs.614 cr and EBIT of this segment posted profit (vs loss earlier) to Rs.28 cr. Revenue from sanitary ware & bath fittings grew 11.9% YoY in FY21. Tile exports revenue grew 54.1% YoY in FY21.

- Revenue of RMC segment has posted 6% YoY degrowth to Rs.332 cr and EBIT of this segment has posted profit from loss to Rs.46 cr. The company is focusing on improving plant utilization levels, increasing the sales of value-added products and IHB (Individual home builders) segment.

- Revenue of insurance segment has posted 60% YoY growth to Rs.87 cr and EBIT of this segment is a flat loss of Rs.14 cr. It has launched products including Group Premier Personal Accident Insurance and Saral Suraksha Bima – Raheja QBE General Insurance (Standard Personal Accident Insurance) during Q4FY21. RQBE has added 213 partners in Q4FY21, taking the number of total partners to 2,690, including agents, brokers, POSP, IMF, MISP and web aggregators. Gross written premium: Rs.104 cr, growth of 57% over Q4FY20.

- The cement division's volume and the RMC's EBIT were the highest ever in Q4FY21.

Long-term triggers

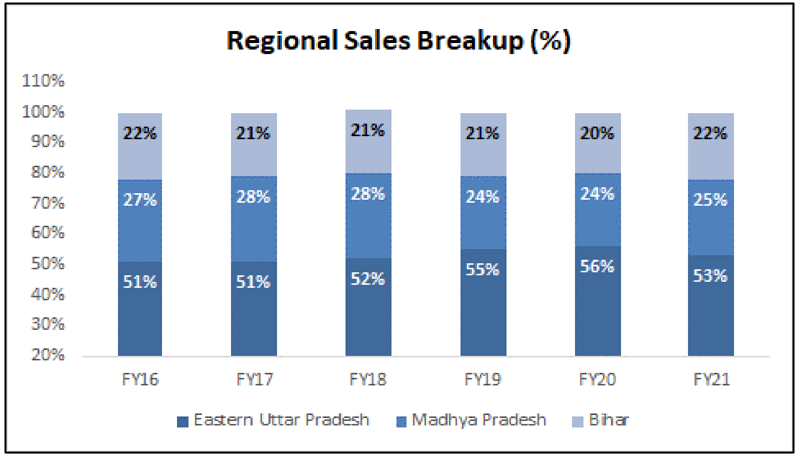
An established player with different revenue streams

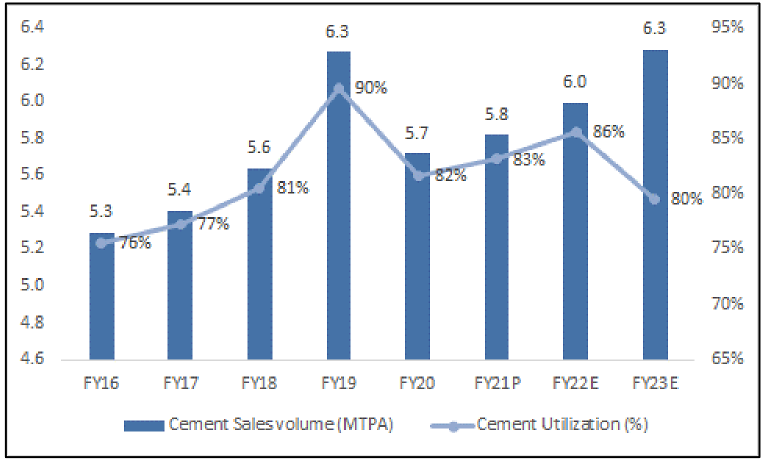
The company has diverse revenue streams, which help its growth and reduce its dependence on any single segment.

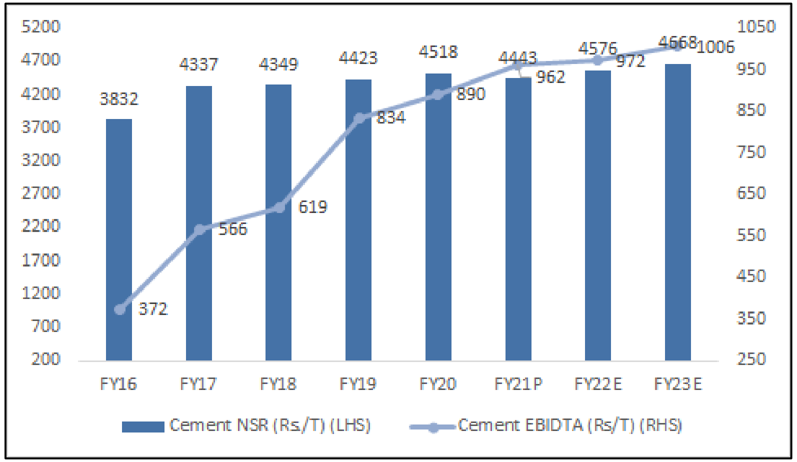
Source – Company, HDFC sec Research

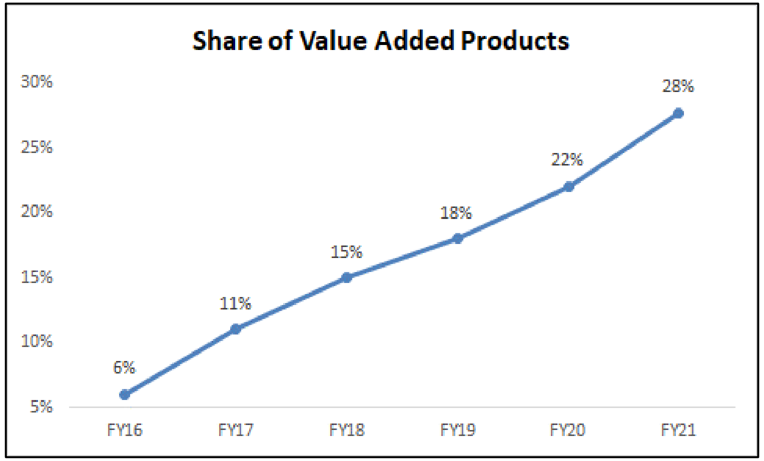
Cement – Prism is a key cement manufacturer in central India, with a cement capacity of 7 MTPA. It has an established presence in the eastern Uttar Pradesh, Madhya Pradesh, and Bihar. Due to the favorable demand-supply dynamics, capacity utilization in the central region has been much better over the years than in other regions. The company produces Portland Pozzolana Cement (PPC) under three separate brand names - Champion, Champion Plus & DURATECH, and Ordinary Portland Cement (OPC). The share of premium products in total sales volume continued to increase in FY21 to 27.7% vs 22.3% in FY20. Going forward, the company's core focus is to further augment its volume share of premium products and increase usage of renewable sources of energy.

Prism Johnson Ltd.









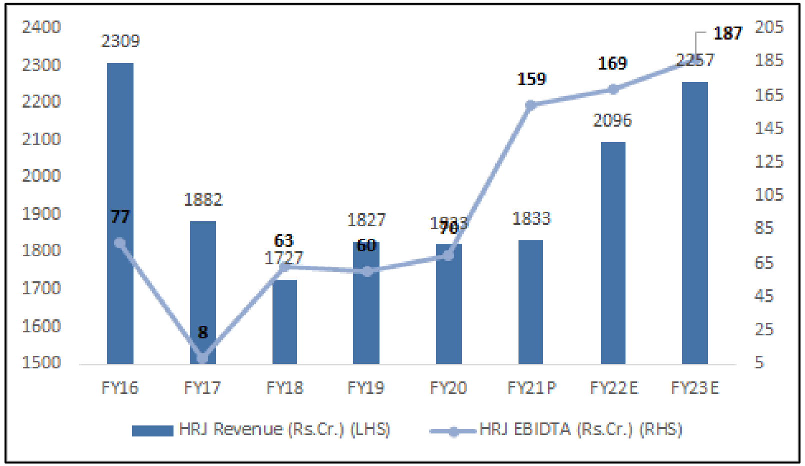
Source – Company, HDFC sec Research

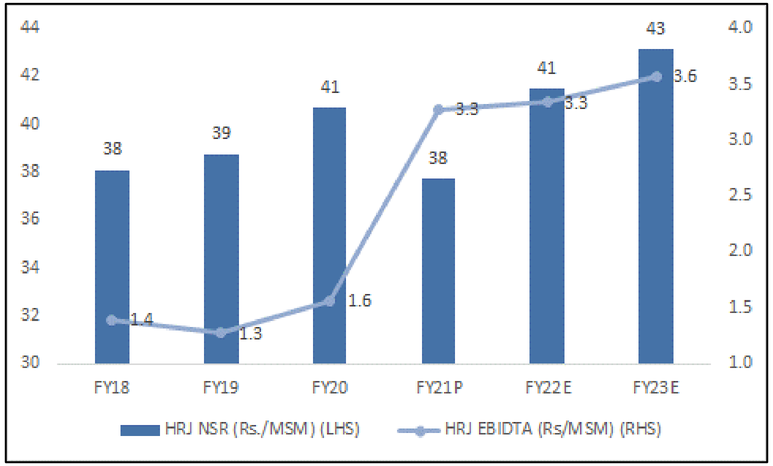
Prism Johnson Ltd.

Future expansion will drive growth in cement segment

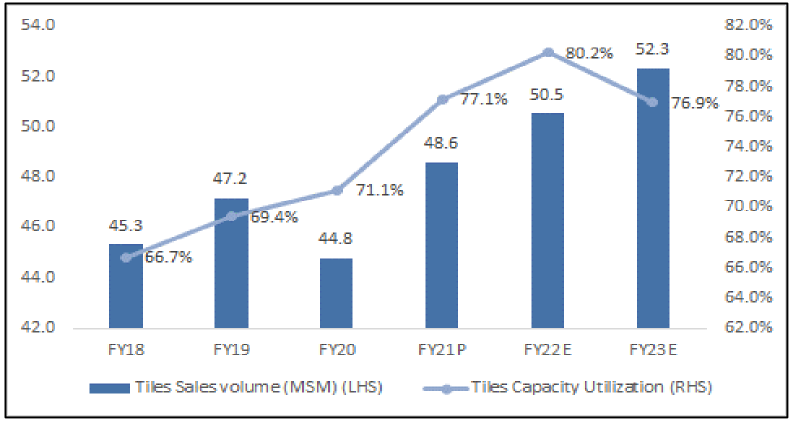
Debottlenecking at the Satna facility will increase cement production capacity by 0.9 MTPA by June 2022 for a total Capex of around Rs.139 cr. Further, the company plans to increase its grinding capacity at Satna, Madhya Pradesh, by approx. 1.0 MTPA by September 2023 at a total Capex of around Rs.250 cr. Post the expansion, cement production capacity would increase to 7.9 MTPA. PRSC also has mining lease clearances in Andhra Pradesh.

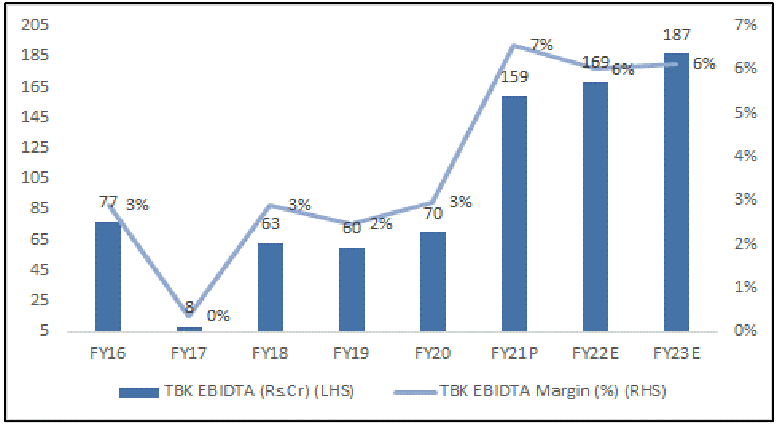
HRJ Division – H&R Johnson is one of the leading ceramics/vitrified tiles manufacturers in the country with a capacity of ~60 mn square meters per annum across 11 manufacturing plants (including those under subsidiaries and joint ventures) as on 31 March 2021.





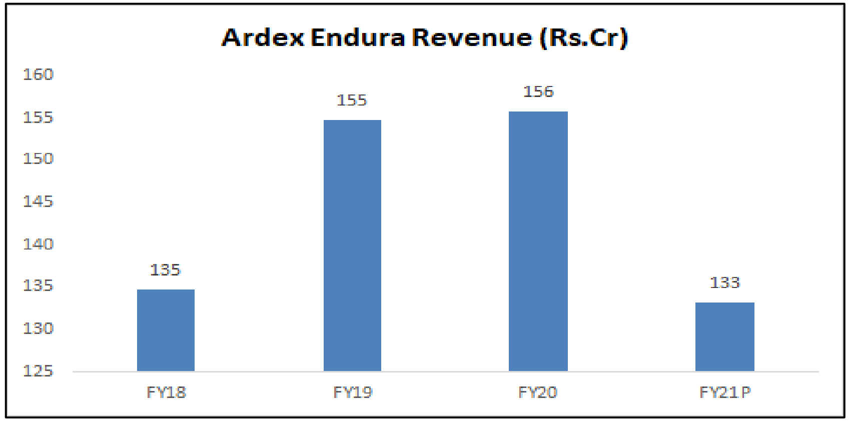
Prism Johnson Ltd.



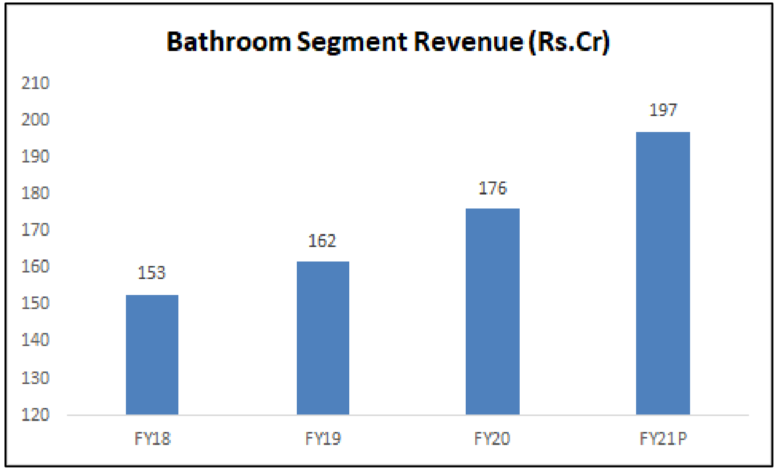


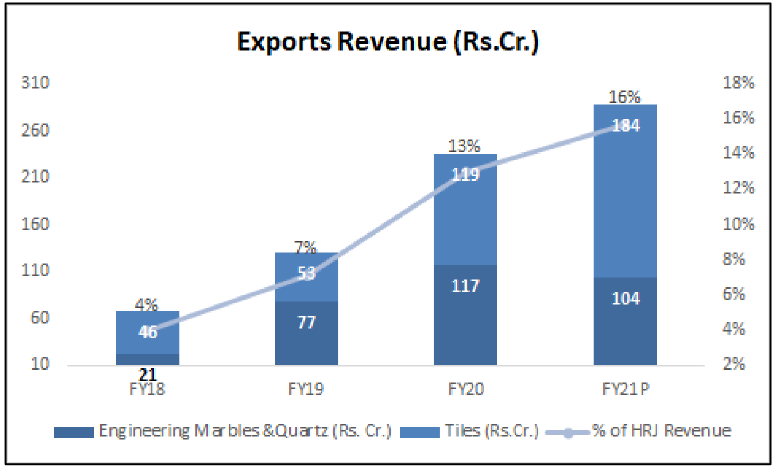
Source – Company, HDFC sec Research

The company has a JV with Ardex, Germany (50% stake); Key products of Ardex Endura are tile fixing adhesives, added industrial flooring, and grouts. It has a pan-India presence with plants in Bengaluru, Baroda, Durgapur, Pune, Nellore, Bhiwadi and Allahabad. Key products of the bathroom segment are sanitaryware, faucets, and bath fittings.



Prism Johnson Ltd.





Source – Company, HDFC sec Research

In the HR Johnson segment, the company is planning a greenfield tile capacity expansion of 2.5 mn m2 at Panhagarh, West Bengal, by January 2023 at an incremental Capex of Rs.55 cr. Tile capacity should expand by 6 mn m2 at JV entities by March 2023 for an estimated Capex of Rs.70 cr. Tile production capacity should increase to 68 mn m2, post this expansion.

The company follows the mix of own manufacturing (55% of the 60msm capacity) and joint venture model for tiles manufacturing (~ 45% of the total capacity) and in case of further demand to meet it outsources manufacturing. It was indicated that the same model will be continued by the company.
The mix of production is Ceramic Tiles 42%, Vertified Tiles 8%, PVT 32% and GVT 17%. The GVT and the PVT business segments are expected to grow in double digits.

RMC division – Prism is the second-largest player in the RMC sector. It has a pan-India presence with 96 plants at 44 locations. RMC segment has ventured into the aggregates business and operates large quarries and crushers. At present, this business has 6 quarries across the country.

Key special products

Source – Company, HDFC sec Research

The company has 3,900+ cement dealers, 1,000+ HRJ dealers, 96 RMC plants and 7 plants of aggregates & manufactured sand.

Focus on operating efficiency

The company is focusing on reducing the average lead distance of ~380 km for cement from the plant located at Satna, Madhya Pradesh.

Power costs have declined due to sourcing of power from third parties at lower cost and part implementation of Solar Power. Fuel costs have come down partly due to change in the fuel mix and benign pet coke prices. 22.4 MW of WHRS capacity exists as of FY21 (includes the 12.4 MW commissioned in March 2021), while 10-MW solar power has been commissioned in FY21 (taking the total solar power installed at Satna to 22.5 MW), which should help rationalize costs related to power and fuel.

The premium products segment contributed 22% of overall volumes in FY20 and 28% of FY21.

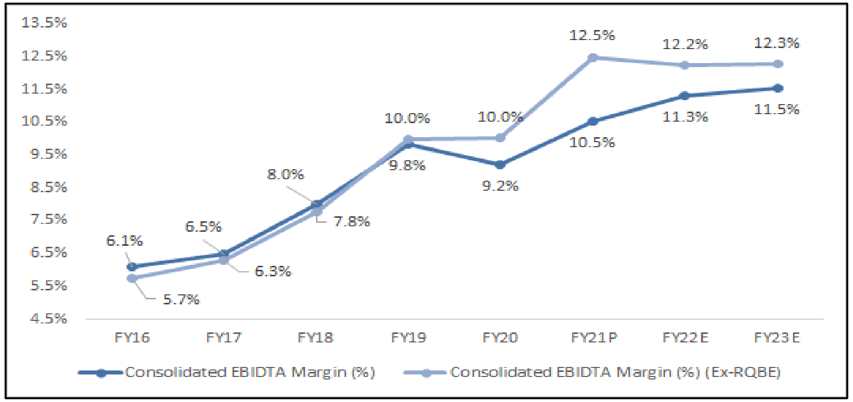
Insurance –

Raheja QBE (RQBE) is a joint venture of Prism Johnson with the QBE group of Australia, with the former having a 51% stake in the partnership. Raheja QBE until recently had a liability led specialist insurance focus. Now, there are plans for the development in the personal space through expanding product offerings to health and motor insurance. Products that have been approved by the regulator: Private Car Bundled Policy, Private Car Addon Covers – Annual, Group Hospital Daily Cash, Pravasi Bhartiya Bima Yojana, Arogya Sanjeevani, Health Qube.

Raheja QBE will start a business with MISPs (Dealers) dealing in Hyundai (Private Car), Tata Motors Private Car and Commercial Vehicle), Jeep (Private Car) among others. Products launched in Q4FY21 include Group Premier Personal Accident Insurance and Saral Suraksha Bima – Raheja QBE General Insurance (Standard Personal Accident Insurance). RQBE added 213 partners in Q4FY21, taking the number of total partners to 2,690, including agents, brokers, POSP, IMF, MISP and web aggregators.

Divestment of RQBE will improve profitability

On 6 July 2020, Prism has announced the approval of the divestment of its entire equity shareholding of 51% in RQBE insurance by its Board of Directors for a total consideration of Rs. 289.7 cr, subject to receipt of approval by the company's shareholders and all other regulatory approvals. The divestment will result in the termination of the company's joint venture with Australia's QBE in the general insurance business in India. Post the divestment, RQBE will also cease to be a subsidiary of the company. In FY21P, RQBE contributed around 5% to PJL's consolidated revenue and as of 31 March 2021, it reported an EBITDA loss of ~Rs. 113 cr. Post divestment of RQBE, the profitability of Prism can improve, in our view. Insurance JV stake sale is still awaiting regulatory approvals.

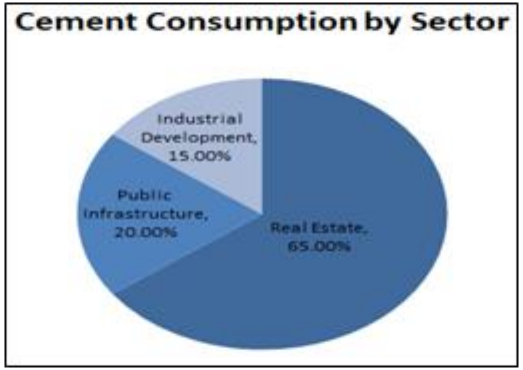


Source – Company, HDFC sec Research

What could go wrong?

COVID-led lockdown and economic slowdown affect future growth

Cement demand has fallen in Q1FY22. The second wave of COVID in Q1FY22 and monsoon season in Q2FY22 could lead to decline in cement demand, which may bring down capacity utilizations of companies in the sector. Growth in the housing segment, which forms 60-65% of cement demand, is likely to be affected, given the impact of the slowdown in economic growth as lower income growth and income cuts will result in lower discretionary spending over the next year.



Source – Company, HDFC sec Research

The COVID-induced self-isolation has impaired the home buying sentiment that has adversely impacted the weak balance sheets of builders as they deferred project launches.

Fall in volumes will result in lower capacity utilization, which could lead to lower operating leverage.

The prolonged deterioration in the core sectors of the economy can result in a slowdown in cement demand, which can result in lower volume offtake and cement prices. Cement industry is a highly fixed cost intensive business. Any slowdown in demand can result in negative operating leverage, which can impact the company’s overall profitability.

Prism Johnson Ltd.

Cost increase in H2FY21 and Q1FY22 could stress margins

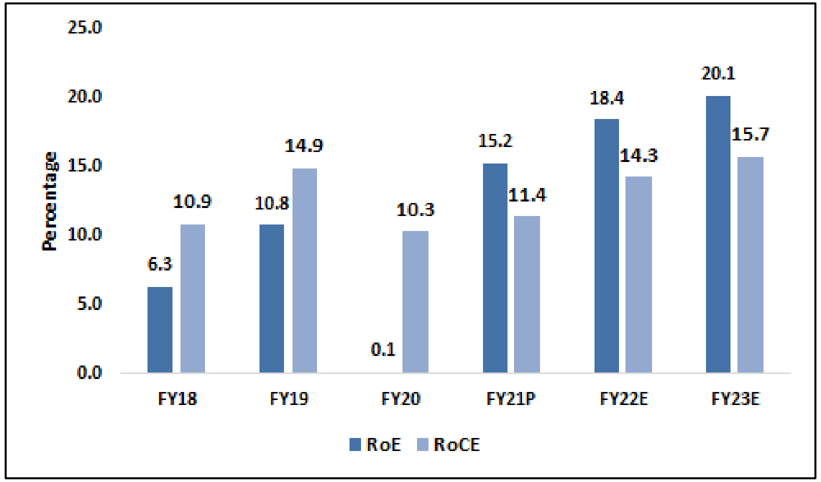
Higher pet coke prices in FY22 should lead to a 10-15% increase in energy costs for the industry, though its usage may come down in favor of coal. Other operating expenses such as ad spends, marketing expense, and maintenance expenses should increase with normalization in the economy.

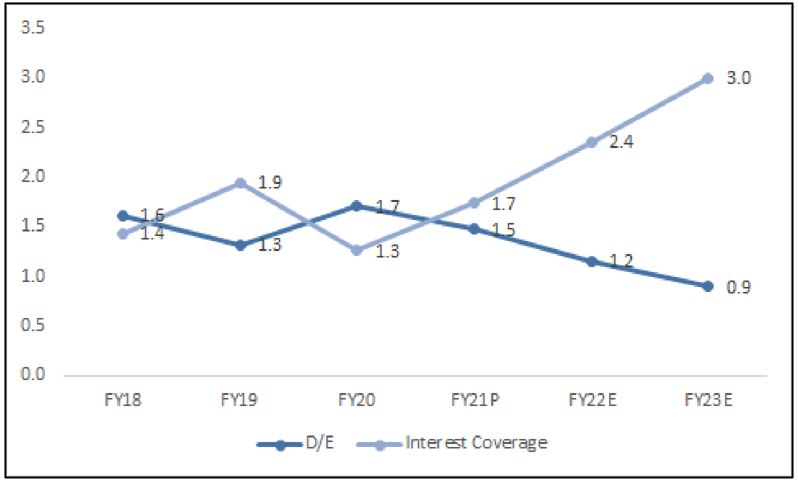
Revenue concentration

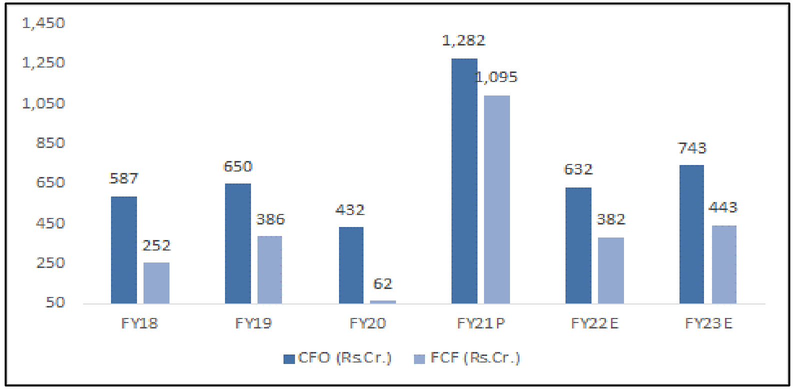
Prism's revenue is majorly concentrated in eastern Uttar Pradesh (~53% of total revenue). Higher dependence on this region remains a concern for increased price volatility in this market.

Weak balance sheet strength

Prism has reported lower return ratios in the past, which we believe can improve, but are expected to remain subdued due to tough economic conditions with lower demand for cement. Also, higher debt levels can weaken the balance sheet. Its annual maintenance Capex and capacity expansion requirements amount to ~Rs.550 cr, which continue to restrict its free cash flows.



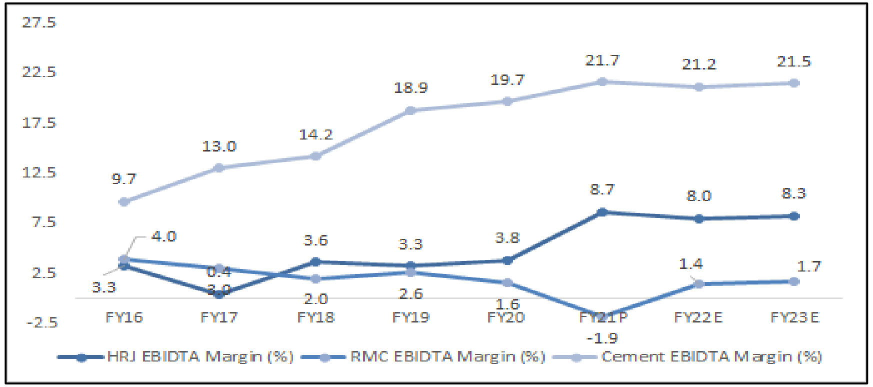




Source – Company, HDFC sec Research

The weak performance of HRJ and RMC divisions

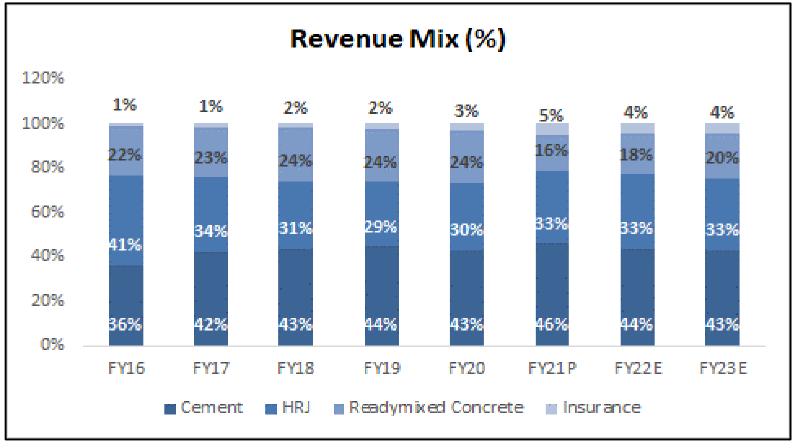
The tiles segment is highly competitive with several prominent organised players and a large number of unorganised players. Its capacity utilization remained low owing to subdued demand for its products, as it had lost market share to competitors. The replacement demand is also expected to remain muted due to weak consumer sentiment.

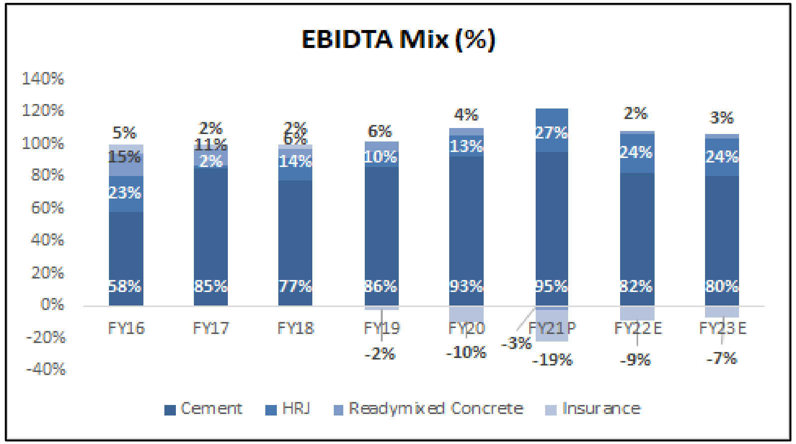


Source – Company, HDFC sec Research

About the company

Prism Johnson Ltd (Prism) was incorporated in 1992 and promoted by the Rajan Raheja Group. It has been engaged in the manufacturing and sales of cement since 1997. The company's cement division operates two units, both based in Satna, Madhya Pradesh, with a combined installed cement manufacturing capacity of 7.0 MTPA (saleable). Prism caters to the major markets of Uttar Pradesh, Madhya Pradesh and Bihar. In FY10, Prism amalgamated H&R Johnson (India) Ltd and RMC Readymix (India) Pvt Ltd with itself.



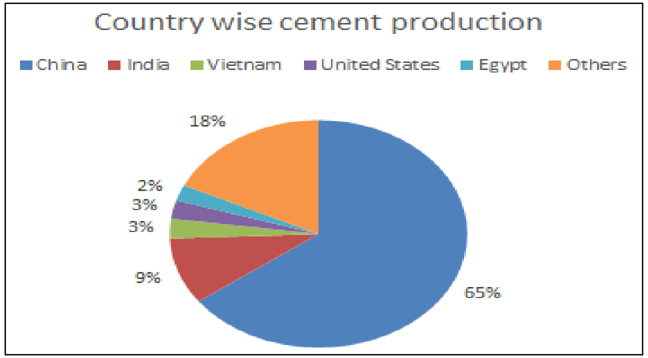


Source – Company, HDFC sec Research

Industry

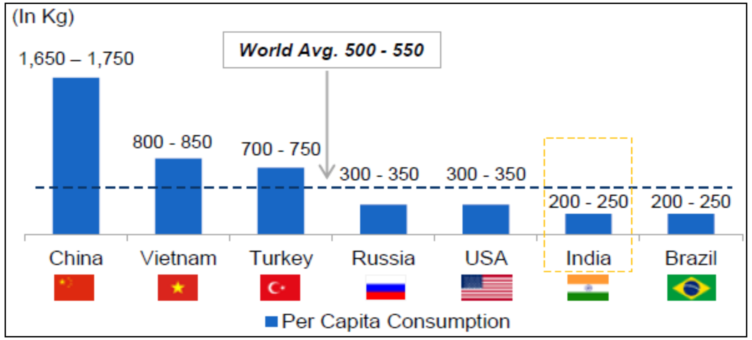
Cement

India is the second largest cement producer in the world. The cement industry occupies an important place in the Indian economy because of its strong linkages with other sectors such as construction, transportation, coal, and power. The sector notably plays a critical role in the economic growth of the country, in its journey towards inclusive and decidedly conclusive growth. The construction sector alone constitutes about 7% of the country's gross domestic product (GDP). India is the second largest producer of cement in the world after China, with an installed capacity of ~540 MTPA. Presently, the Indian cement industry has 225 plants, owned by 65 players.



Source – Statista, HDFC sec Research

But India has a lower per capita cement consumption



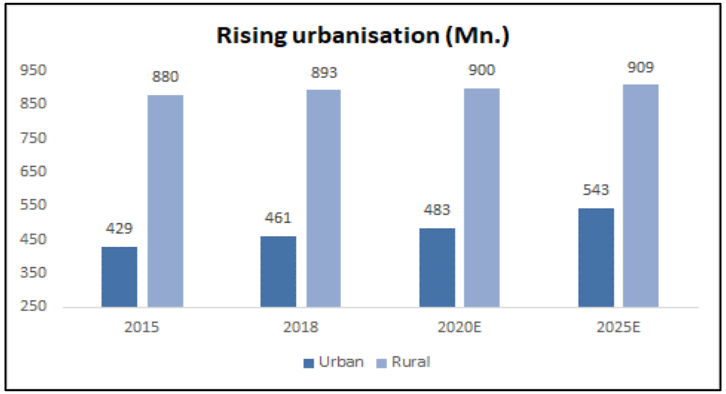
Source – Shree Cement earning presentation, HDFC sec Research

Although India is among the leading producers of cement in the world, its per capita cement consumption is at 200-250 kg, which is the lowest amongst developing nations. The world average is 500-580 kg, while countries such as China have a per capita cement consumption of 1,650-1,750 kg, followed by Vietnam (at 800-850 kg) and Turkey (at 700-750 kg). The factors that could trigger cement sales are infrastructural demand, especially for government projects, as well as higher housing demand in rural and semi-urban areas. Higher realizations and rising dispatches are considered to be conducive for higher profits in the cement industry. All efforts are targeted to increase sales and reach the premium segment in prices.

The government also intends to expand the capacity of the railways and the facilities for handling and storage to ease the transportation of cement and reduce transportation costs. The demand for the cement industry is expected to reach 550-600 million tonnes per annum by 2025 because of the expanding demand of different end-uses i.e. housing, commercial construction and industrial construction.

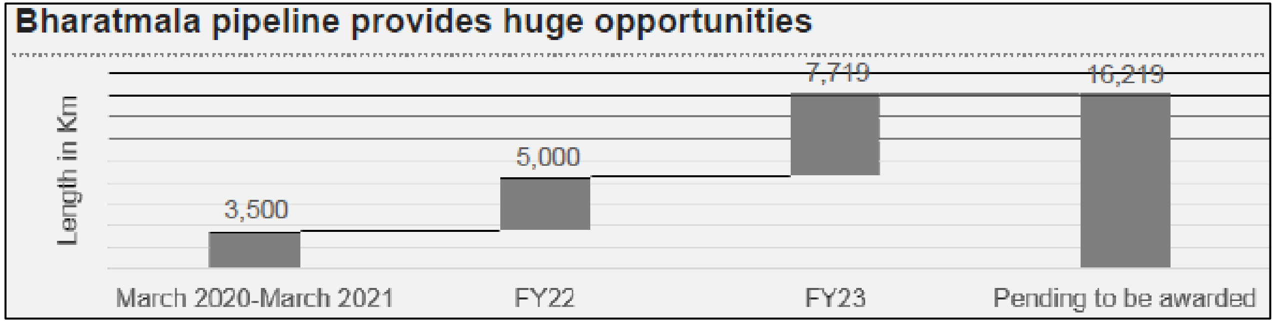
Government's thrust on affordable housing for realizing its vision of "Housing for All" by 2022 and Smart City program should also help increase the demand for cement. The rate of new cement capacity additions has also slowed down considerably. Therefore, the outlook for the cement sector looks better.

India's growing population and housing needs have been impacting cement demand for a while now. The country's urban population is expected to reach 525 mn by 2025, up from an estimated 463 mn in 2020. This is expected to translate into a higher demand for housing and related amenities.



Source – ACC annual report, Company, HDFC sec Research

The pending Bharatmala awarding of around 16,219 km is likely to be completed by FY23. Bharatmala execution (including residual National Highways Development Project) is likely to be completed by FY26.



Source – ACC annual report, Company, HDFC sec Research

Cement, being a bulk commodity, is in a freight intensive industry, for which long-distance transportation can prove uneconomical. This has led to cement being largely a regional play with the industry being divided into five main regions viz. north, south, west, east and the central region. Cement is relatively a highly concentrated industry in India with: (1) the top 10 companies constituting> 60% of the market; (2) the top 5 companies enjoying a market share of around > 48%, and (3) the top 2 cement groups (LafargeHolcim and Aditya Birla Group) enjoying a market share of ~38%.

Tiles

Ceramic tiles are widely applicable in residential and commercial buildings, owing to their durability and crack resistance nature. Protective coatings on ceramic tiles offer high water resistance, stain protection, and clean-up. Ceramic tiles have intact glazing, which provides protection from dust.

India is the 2nd largest manufacturer and consumer of ceramic tiles in the world. India is also the fourth-largest exporter of ceramic tiles with the export quantum pegged at 274 mn sq. metres compared to 228 mn sq. metres in 2017, accounting for a global share of 10%. The India ceramic tiles market size was valued at $3,720.2 mn in 2019, and is projected to reach $7,144.7 mn by 2027, growing at a CAGR of 8.6% from 2020 to 2027. By volume, the India ceramic tiles market was 821 mn square meter (MSM) in 2019, and is projected to reach 1,384 MSM by 2027, growing at a CAGR of 6.9% from 2020 to 2027. Nearly ~40% of the industry was organised, while 60% was largely unorganised comprising players from Morbi, Rajkot and other clusters.

Segment	Sub-segment	Revenue-2019 ($mn)	Forecast-2027 ($mn)	CAGR% (2020-2027)
Type	Ceramic	1822.9	3322.3	7.9
	Vitrified	1674.1	3358	9.2
	Others	223.2	464.4	9.7
Application	Floor Tiles	1525.3	3072.2	9.2
	Wall Tiles	2194.9	4072.5	8.1
End-User	Residential	3050.5	6037.3	9
	Non-residential	669.6	1107.4	6.5
Construction Type	New Construction	3162.1	6180.2	8.8
	Renovation & Replacement	558	964.5	7.1

Source – Industry report, Company, HDFC sec Research

The Government of India has launched several programs which are helping tile industry to grow and flourish. The government has built 110 mn+ toilets in the last few years to eliminate the open defecation in the country. Moreover, programs such as Swachh Bharat Mission (SBM) in urban and rural areas has successfully boost the ceramic tile industry, owing to the growing demand of small size tiles.

India is an emerging economy, where real estate market is growing, owing to increased infrastructure development projects. Economic recovery and growth in construction demand are significantly driving the ceramic tiles market growth. Western part of India is the major revenue contributor in the country.

Digital tile printing offers manufacturers limitless and variety of designs for wall and floor. In addition, the advanced digital printing technology for ceramic tiles has an immense impact on major wall and flooring tiles categories, owing to its ability to print unique designs, patterns, and vibrant colors on tiles.

Increase in adoption of ceramic tiles in commercial buildings boost the growth of the market, as many developers, contractors, as well companies have invested or plan to invest in plants for construction of commercial buildings. India is set to >65 mn sq ft of new mall spaces by the end of 2022, of which the top 7 cities comprise 72% share and the remaining 28% or 18.2 mn sq ft is slated to come up in Tier 2 and 3 cities. This could widen the ceramic tile and sanitaryware market in the near future.

The Morbi cluster, looked beyond the Indian shores. They exported their output to the Middle East and Europe. Moreover, the imposition of duty by the US on import of ceramic products from China, opened a big opportunity for the Indian players – as such their exports have been surging.

Ceramic tiles are expected to play an important role in 'Green' construction in the future. Products such as cool roof tiles help reflect solar energy, which keeps interiors cooler, reducing the inside temperature by ~10 to 20 degree Celsius.

Prism Johnson Ltd.

Segment-wise quarterly performance

	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)
Cement					
Volume (MTPA)	1.9	1.51	26%	1.42	34%
Revenue (Rs.Cr.)	828	666	24%	620	34%
NSR (Rs./T)	4356	4413	-1%	4363	0%
EBIDTA (Rs.Cr.)	166	153	9%	130	28%
EBIDTA (Rs./T)	876	1013	-14%	918	-5%
EBIDTA Margin (%)	20%	23%		21%	
HBJ					
Revenue (Rs.Cr.)	614	424	45%	542	13%
EBIDTA (Rs.Cr.)	77	6	1254%	77	0%
EBIDTA Margin (%)	13%	1%		14%	
RMC					
Revenue (Rs.Cr.)	331.6	353.5	-6%	292	14%
EBIDTA (Rs.Cr.)	19.8	2	890%	9.2	115%
EBIDTA Margin (%)	6%	1%		3%	
RQBE					
Revenue (Rs.Cr.)	86.6	54.1	60%	81.9	6%
EBIDTA (Rs.Cr.)	-13.9	-13.8	LL	-13.5	LL
EBIDTA Margin (%)	-16%	-26%		-16%	

Segment-wise revenues and EBITDA

	FY16	FY17	FY18	FY19	FY20	FY21P	FY22E	FY23E
Revenue								
Cement	2027	2347	2453	2773	2584	2586	2743	2932
HRJ	2309	1882	1727	1827	1823	1833	2096	2257
Readymixed Concrete	1260	1274	1376	1481	1414	908	1158	1395
Insurance	42	79	105	153	189	293	278	284
YoY Growth (%)								
Cement		16%	5%	13%	-7%	0%	6%	7%
HRJ		-18%	-8%	6%	0%	1%	14%	8%
Readymixed Concrete		1%	8%	8%	-5%	-36%	28%	21%
Insurance		88%	33%	46%	24%	55%	-5%	2%
EBIDTA								
Cement	197	306	349	523	509	560	582	632
HRJ	77	8	63	60	70	159	169	187
Readymixed Concrete	50	38	28	39	23	-17	16	24
Insurance	18	9	11	-13	-54	-113	-61	-54
EBIDTA Margin (%)								
Cement	10%	13%	14%	19%	20%	22%	21%	22%
HRJ	3%	0%	3%	2%	3%	7%	6%	6%
Readymixed Concrete	3%	2%	2%	2%	1%	-1%	1%	2%
Insurance	15%	10%	7%	-6%	-21%	-25%	-22%	-19%

Source –Company, HDFC sec Research

Prism Johnson Ltd.

Peer Comparison as per FY20 Financial - Cement

Company	CMP (As on 10-06-2021)	Mcap (Rs. Cr.)	Capacity (MTPA)	OPM%	NPM%	RoE%	RoCE%	D/E(x)	TTM P/E (x)	TTM EV/T ($)	EBIDTA/T (Rs.)
Prism Johnson	132	6649	7.0	9	0	0	10	1.7	39	157	890
ACC	2029	38137	33.4	15	9	12	17	0.0	23	130	781
Ambuja Cement	342	67850	29.7	17	8	9	17	0.0	32	266	897
Dalmia Bharat	1797	33604	26.5	22	3	2	5	0.5	27	184	1091
Shree Cement	28270	102055	44.4	29	12	13	16	0.2	44	319	1458
The Ramco Cement	998	23521	16.5	21	11	12	13	0.6	30	216	981
Ultratech Cement	6706	193535	114.8	22	9	12	14	0.7	36	250	1141
India Cements	185	5720	15.6	12	1	1	4	0.7	26	71	530
Heidelberg Cement	252	5728	6.26	24	12	22	28	0.2	18	119	1122
Birla Corp	1246	9595	15.6	19	7	11	11	0.8	23	117	962
Deccan Cement	570	798	2.25	14	10	13	12	0.2	9	41	544
JK Cement	2863	22131	17.1	21	8	17	15	1	41	195	1186
JK Lakshmi Cement	559	6585	13.3	17	6	15	17	0.7	18	78	732
Orient Cement	137	2802	8.0	16	4	8	11	1.0	13	60	659
Star Cement	110	4548	5.7	21	15	15	18	0.0	29	99	1337

Company	Regions wise Presence				
	North	West	South	East	Central
ACC	Y	Y	Y	Y	Y
Ambuja Cement	Y	Y	Y	Y	Y
Dalmia Bharat			Y	Y	Y
Shree Cement	Y	Y	Y	Y	Y
The Ramco Cement			Y	Y	
Ultratech Cement	Y	Y	Y	Y	Y
India Cements		Y	Y		
Heidelberg Cement					Y
Birla Corp	Y	Y		Y	Y
Deccan Cement			Y		
JK Cement	Y	Y	Y		
JK Lakshmi Cement	Y	Y		Y	
Orient Cement		Y	Y		Y
Star Cement				Y	
Prism Johnson					Y

Prism Johnson Ltd.

	Sales (Rs. Cr)				EBIDTA Margin (%)				PAT (Rs. Cr)				RoE (%)			
	FY20	FY21P	FY22E	FY23E	FY20	FY21P	FY22E	FY23E	FY20	FY21P	FY22E	FY23E	FY20	FY21P	FY22E	FY23E
Prism Johnson	5956	5587	6244	6836	9	10	11	12	1	170	235	297	0	15	18	20
ACC	13786	16822	18199	20793	18	16	17	17	1409	1695	1949	2156	12	13	14	14
Ambuja Cement	11372	12892	14321	15546	23	24	24	24	1790	2036	2311	2490	8	10	10	10
Dalmia Bharat	9581	10522	11503	12837	22	26	22	22	223	1231	551	765	2	11	5	7
Shree Cement	11904	12588	13908	15777	31	31	32	33	1570	2312	2482	2883	14	16	15	16
The Ramco Cement	5368	5268	6053	7202	21	29	27	28	601	761	772	1074	13	14	13	16
Ultratech Cement	41833	44726	48630	53680	22	26	24	25	5815	5463	5380	6790	12	13	12	13
India Cements	5186	4974	5919	NA	12	12	13	NA	50	22	153	NA	1	0	3	NA
Heidelberg Cement	2170	2117	2492	2707	24	24	25	25	268	315	345	367	22	22	22	20
Birla Corp	6916	6786	7404	8662	19	20	20	20	505	689	485	579	13	16	9	9
Deccan Cement	556	768	768	828	14	24	17	17	57	117	83	83	13	23	14	12
JK Cement	5802	6263	7129	8301	21	24	24	25	496	651	806	1063	17	20	20	22
JK Lakshmi Cement	4044	4385	4766	5114	16	18	17	18	235	364	407	469	15	20	18	18
Orient Cement	2422	2324	2619	2883	16	24	19	19	87	214	186	220	8	18	13	14
Star Cement	1844	1689	2158	2446	21	20	22	24	286	221	341	406	15	11	15	16

*Bloomberg estimate, NA=Not Available

Peer Comparison as per FY20 Financial - Tiles

Company	CMP (As on 10-06-2021)	Mcap (Rs. Cr.)	NPM%	RoE%	RoCE%	D/E(x)	TTM P/E (x)
Prism Johnson	132	6649	0	0	10	1.7	39
Kajaria Ceramics	999	15876	9	15	14	0.1	64
Somany Ceramics	472	2000	1	4	7	0.6	100
Asian Granito	191	653	3	10	13	0.4	13
Orient Bell	347	500	1	2	5	0.1	61

	Sales (Rs. Cr)				EBIDTA Margin (%)				PAT (Rs. Cr)			
	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
Prism Johnson**	1823	1833	2096	2257	3.0%	6.6%	6.0%	6.1%	NA	NA	NA	NA
Kajaria Ceramics	2808	2761	3461	4011	15	19	19	20	255	297	385	458
Somany Ceramics*	1610	1618	1925	2176	8	10	11	12	15	57	97	130
Asian Granito*	1225	1292	1527	1657	10	11	10	11	42	57	65	76
Orient Bell*	492	502	NA	NA	5	6	NA	NA	7	7	NA	NA

**HBJ divison data, *Bloomberg estimate, NA=Not Available

RETAIL RESEARCH

Prism Johnson Ltd.

Financials

Income Statement

(Rs Cr)	FY18	FY19	FY20	FY21P	FY22E	FY23E
Net Revenue	**5508**	**6194**	**5956**	**5587**	**6244**	**6836**
Growth (%)	9.9	12.5	-3.8	-6.2	11.7	9.5
Operating Expenses	5065	5593	5417	5005	5539	6048
EBITDA	**443**	**601**	**539**	**582**	**705**	**787**
Growth (%)	**24.2**	**35.7**	**-10.3**	**7.9**	**21.1**	**11.7**
EBITDA Margin (%)	**8**	**9.7**	**9.1**	**10.4**	**11.3**	**11.5**
Other Income	65.8	26.6	28.2	76.5	85	95
Depreciation	184.4	200	250.6	292.5	329.7	365.9
EBIT	**324**	**428**	**317**	**366**	**460**	**516**
Interest	227	219.6	251.6	210.4	194.6	172.2
Exceptional Items	0	-11.3	-10.3	3.4	0	0
Shares of Profit in JV (net of Tax)	0	4.4	7.3	4.3	3.8	3.8
PBT	**97**	**224**	**62**	**156**	**269**	**348**
Tax	45.7	91.6	82.8	16.6	67.7	87.6
RPAT	**52**	**132**	**-21**	**140**	**201**	**260**
Minority Int.	**-13**	**-7**	**-22**	**-31**	**-33**	**-36**
APAT	**64**	**139**	**1**	**170**	**235**	**297**
Growth (%)	**112.2**	**81**	**-98.8**	**NA**	**37.7**	**26.5**
EPS	1.3	2.3	0	3.4	4.7	5.9

Balance Sheet

As at March	FY18	FY19	FY20	FY21P	FY22E	FY23E
SOURCE OF FUNDS						
Share Capital	**503.4**	**503.4**	**503.4**	**503.4**	**503.4**	**503.4**
Reserves	535	623	546	685	861	1082
Minority Interest	273	266	245	282	282	282
Shareholders' Funds	**1311**	**1392**	**1294**	**1471**	**1647**	**1867**
Long Term Debt	1152	1175	1504	1504	1324	1152
Long Term Provisions & Others	376	541	601	585	629	718
Total Source of Funds	**2839**	**3108**	**3399**	**3561**	**3600**	**3737**
APPLICATION OF FUNDS						
Net Block	2701	2725	2857	2957	3207	3507
Goodwill on Consolidation	0	25	26	22	22	22
Non-Current Investments	377	375	373	560	577	623
Deferred Tax Assets (net)	69	41	17	17	17	17
Long Term Loans & Advances	324	391	328	380	390	415
Total Non Current Assets	**3472**	**3556**	**3600**	**3936**	**4212**	**4584**
Current Investments	33	110	150	160	201	217
Inventories	617	709	742	581	667	749
Trade Receivables	668	722	714	625	718	805
Short term Loans & Advances	94	134	92	94	101	111
Cash & Equivalents	77	74	418	546	252	16
Other Current Assets	206	124	173	180	202	238
Total Current Assets	**1695**	**1873**	**2288**	**2185**	**2141**	**2136**
Short-Term Borrowings	524	303	282	246	253	266
Trade Payables	684	773	778	937	986	1027
Other Current Liab & Provisions	1034	1185	1370	1309	1440	1613
Short-Term Provisions	86	61	59	68	73	77
Total Current Liabilities	**2328**	**2321**	**2489**	**2560**	**2753**	**2983**
Net Current Assets	-633	-449	-201	-375	-612	-847
Total Application of Funds	**2839**	**3108**	**3399**	**3560**	**3600**	**3737**

Prism Johnson Ltd.

Cash Flow Statement

(Rs Cr)	FY18	FY19	FY20	FY21P	FY22E	FY23E
Reported PBT	101	201	62	156	269	348
Adjustment	423	449	540	421	439	443
Working Capital Change	101	52	-124	718	-9	40
Tax Paid	-38	-52	-47	-13	-68	-88
OPERATING CASH FLOW (a)	**587**	**650**	**432**	**1,282**	**632**	**743**
Capex	-335	-264	-370	-187	-250	-300
Free Cash Flow	252	386	62	1,095	382	443
Investments	-83	-79	-84	-242	-26	-72
Non-operating income	11	12	20	164	85	95
INVESTING CASH FLOW (b)	**-407**	**-330**	**-434**	**-265**	**-191**	**-277**
Debt Issuance / (Repaid)	-551	-102	321	-515	-137	-83
Interest Expenses	-217	-193	-187	-317	-195	-172
FCFE	-516	92	196	263	51	188
Share Capital Issuance	0	0	0	74	0	0
Dividend	0	-30	-61	0	-25	-40
FINANCING CASH FLOW (c)	**-768**	**-325**	**74**	**-759**	**-356**	**-296**
NET CASH FLOW (a+b+c)	**-588**	**-5**	**72**	**258**	**84**	**171**

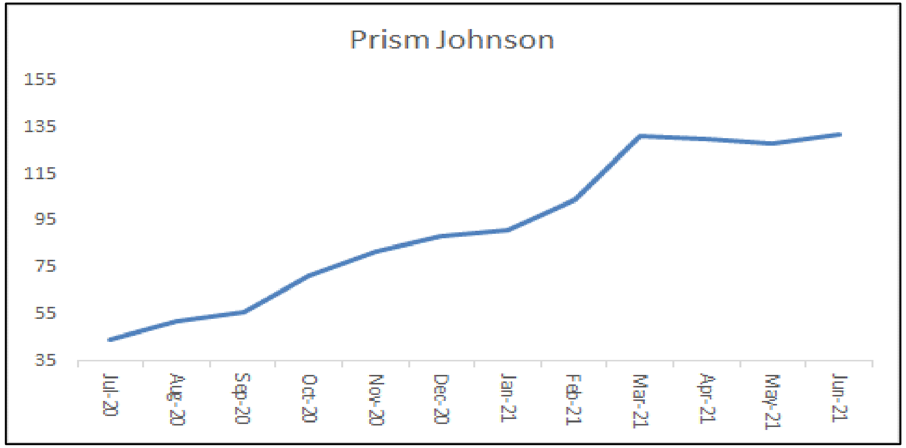
Key Ratios

	FY18	FY19	FY20	FY21P	FY22E	FY23E
Profitability (%)						
EBITDA Margin	8	9.7	9.1	10.4	11.3	11.5
EBIT Margin	5.9	6.9	5.3	6.5	7.4	7.6
APAT Margin	0.9	1.8	-0.3	2.5	3.2	3.8
RoE	6.3	10.8	0.1	15.2	18.4	20.1
RoCE	10.9	14.9	10.3	11.4	14.3	15.7
Solvency Ratio						
D/E	1.6	1.3	1.7	1.5	1.2	0.9
Interest Coverage	1.4	1.9	1.3	1.7	2.4	3
PER SHARE DATA						
EPS	44.6	2.3	0	3.4	4.7	5.9
CEPS	4.9	6.3	5	9.2	11.2	13.2
BV	21	22	21	24	27	31
Dividend	0	0.5	1	0	0.5	0.8
Turnover Ratios (days)						
Debtor days	44	43	44	41	42	43
Inventory days	39	39	44	38	39	40
Creditors days	50	48	52	68	65	62
Working Capital Days	33	34	36	10	16	21
VALUATION						
P/E	103.4	57.1	4962.2	39	28.3	22.4
P/BV	6.4	5.9	6.3	5.6	4.9	4.2
EV/EBITDA	18.2	13.4	14.9	13.8	11.4	10.2
Dividend Yield	0	0.4	0.8	0	0.4	0.6
Dividend Payout	0	21.6	3756.4	0	10.7	13.6

(Source: Company, HDFC sec)

Prism Johnson Ltd.

One Year Price Chart



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