PRISM JOHNSON LIMITED

ANNUAL REPORT 2020-21

Concrete steps towards the future

PRISM CEMENT
दूर की सोच

JOHNSON
Not just tiles, Lifestyles.

PRISM RMC
Complete Concrete Solutions

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Investor Information

Market Capitalisation as at March 31, 2021
₹ 6,596 Crores

CIN
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BSE Code
500338

NSE Symbol
PRSMJOHNSN

Bloomberg Code
PRSC:IN

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July 30, 2021

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Video Conferencing ("VC") /Other AudioVisual Means ("OAVM")

Disclaimer

This document contains statements about expected future events and financials of Prism Johnson Limited, which are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

Concrete steps towards the future

It wasn't an easy year.

It was a year, that called for proactive measures and concrete steps to redefine the future.

Considering the impact on business operations caused by the widespread COVID-19, Prism Johnson emphasised on the need for action in uplifting its performance in a hopeful way.

We have constructively prepared ourselves for the unforeseen future by moving ahead with our long-term goals of providing consistent quality and innovative solutions to our customers. Besides, we also focused on maintaining a strong balance sheet, profitability, efficient working capital management and debt reduction. These actions were equally complimented through improvement in overall sales volume coupled with cost-rationalisation measures that successfully led to margin expansion.

Post the first wave of the COVID-19 pandemic, real estate and infrastructure activities started showing signs of revival, which in turn will lead to a pickup in demand for building materials in the coming period. We see a pickup in the momentum in the sector and concrete growth opportunities in the future. We, at Prism Johnson Limited ('Prism Johnson', or 'the Company' or 'we'), continue to innovate, expand and evolve as we take concrete steps towards the future.

After all, it's our actions today that will decide our tomorrow.

The Year

₹ 5,326 Crores -8.5%
Revenue from Operations

₹ 702 Crores +16.9%
EBITDA*

₹ 214 Crores +411.0%
PAT**

₹ 1,313 Crores +18.7%
Net Worth

₹ 4.25 +412.0%
Earnings per Share

That Was

18.2%
Return on Capital Employed

11
HRJ Tile Manufacturing Plants****

0.9x
Net Debt to Equity

102
RMC Plants & Quarries

1.8x
Net Debt to EBITDA*

~ 4,000
Cement Dealers

18 days
Working Capital***

1,000+
HRJ Dealers

~ ₹ 937 Crores
Contribution to Ex-Chequer

19
Experience Centres#

All figures as on March 31, 2021: All financial data is Consolidated, Ex Raheja QBE General Insurance Company Limited ('RQBE')
*Earnings Before Interest, Taxes, Depreciation, and Amortisation | **Profit after Tax | #Include 2 offices-cum showrooms
***Calculated as Inventory Days + Debtor Days – Creditor Days | ****Includes JV plants

Communiqué from the Managing Director

During the year we focussed on our people's health, reducing costs and expanding margins.

Dear Shareholders,

2020-21 has been an important year in the history of Prism Johnson as we streamlined the organisation amidst an extremely challenging operating environment. With the outbreak of the Covid-19 pandemic, businesses across the globe came to a standstill. Amidst this situation, Prism Johnson adapted itself with the changing environment. Even in such a tough scenario, there were several positives that held our momentum. The Company constantly focused on enhancing its efficiencies by rationalising costs and expanding its network. Moreover, we witnessed good traction in the second half of 2020-21, especially the H & R Johnson (India) ('HRJ') division.

Being a building materials company, we have a mark on the environment and on our communities. At Prism Johnson, we have adopted sustainability in our DNA and foster inclusive growth for all to stand out as responsible corporate citizens. Prism Johnson is aligned to its employees' needs and their well-being.

A year of highs & lows

The year 2020-21 has been an unprecedented year due to

the rapid spread of COVID-19 across the world. The Indian economy too witnessed contraction due to the curbs and lockdowns that the Government of India had to implement to control the spread of the pandemic. This had an impact on the building materials sector as demand suffered. For Prism Johnson, Prism RMC has been the most-impacted division in terms of business volumes and revenue, given its focus on metro and tier-1 cities. However, business outlook started to improve by the third quarter as curbs started to ease. Favourable policies by the Government of India also boosted infrastructure-development funding. Towards the end of the year, the rollout of multiple vaccines further boosted people's morale and it gave a renewed thrust to infrastructure development across the country.

How we performed

Consolidated revenue came at ₹ 5,587 Crores in 2020-21 as compared to ₹ 5,956 Crores in 2019-20. I am glad to share that we ended the financial year 2020-21 on a positive note with consolidated EBITDA growing 15.4% to ₹ 622 Crores despite the impact of the pandemic on our consolidated revenue. This was because we strengthened our foundation during the difficult pandemic times and adopted cost-optimisation strategies across segments, which helped us improve margins. Consolidated EBITDA margin for the year 2020-21 expanded 210 basis points to 11.1%. As a result, consolidated net profit after tax and non-controlling interest increased from ₹ 10 Crores in 2019-20 to ₹ 171 Crores in 2020-21.

To give you a better idea, this is how we walked on the concrete steps towards the future in terms of all our three businesses:

- While cement revenues largely stayed flat year-on-year, EBITDA per tonne grew by 8.2% to ₹ 962 in 2020-21. The contribution from the premium segment to total sales continued to increase from 22.3% in 2019-20 to 27.7% in 2020-21.
- HRJ revenues at ₹ 1,833 Crores grew by 0.5% in 2020-21 with EBITDA margins expanding 490 basis point to 8.7% in 2020-21. Tiles sales volumes grew by 8.5% in 2020-21 to 48.6 mn m^2.
- In the Prism RMC segment, we registered a revenue of ₹ 908 Crores with an EBITDA loss of ₹ 17 Crores due to the pandemic impact.

Efficient working capital management and strong operational performance led to healthy operating cash flow generation (pre-capex and investments) of ₹ 1,008 Crores and our return on capital employed (ROCE) improved from 10.9% in 2019-20 to 14.4% in 2020-21 for the consolidated entity. We strengthened our balance sheet by reducing consolidated net debt from ₹ 1,827 Crores in 2019-20 to ₹ 1,183 Crores in 2020-21. Our consolidated net debt to EBITDA ratio improved from 3.4x in 2019-20 to 1.9x in 2020-21.

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Growth opportunities as we take concrete steps towards the future

Change of sentiment is playing a huge role in defining the fresh opportunities arising in the infrastructure sector. The Government's vigour to drive the infra segment through increased budgetary allowances and policies to develop affordable housing will provide more scope for demand in the building material space. Ready-mixed concrete is likely to gain traction due to their premix formulation and accessibility in future.

Realising the importance of staying at home, many people are now concentrating on their home's basics and aesthetics. The tiles and sanitaryware segment is witnessing a significant demand with consumers becoming more aesthetically conscious and experimenting with new products. India also has a young-earning age population with rising disposable incomes and their attitude to try new products is further pushing sales.

During April 2021, NCLT approved the Composite Scheme of Arrangement and Amalgamation among the Company and some of

its wholly-owned subsidiaries. The scheme has resulted in consolidation of operations and simplification of the organisation structure. It will lead to efficient cost management, optimum utilisation of resources and provide scale benefits in the future.

Concrete strategies that will shape us

At Prism Johnson, we are focussed on solidifying our foundation and taking substantial steps towards tomorrow. We have successfully implemented cost-optimisation strategies that have helped expand margins. Going ahead, we plan to increase our market share, along with further improvement in the levels of profitability. For cement, we have taken steps to widen our distribution network, optimise our supply chain, among other initiatives. We have also announced our plan to increase cement capacity at Satna, Madhya Pradesh from 5.6 mt currently to 6.5 mt by June 2022 for a minimal capex of ₹ 139 Crores. We further plan to increase Grinding Capacity at Satna, by approx. 1.0 mt by September 2023 for total capex of around ₹ 250 Crores, thereby taking the total cement production capacity at Satna to 7.5 mt post this expansion. In the tiles segment, our focus will be on innovating value-added products to serve the consumers' changing needs, expand our distribution network pan-India and increase our brand value further. We are also focussed on digital media advertisements to reach our target consumers. We plan to increase our tile production capacity from 60 mn m^2 currently to 68 mn m^2 by March 2023. This includes greenfield tile capacity expansion of 2.5 mn m^2 at Panhagarh, West Bengal, by January 2023 and tile capacity expansion of 6.0 mn m^2 at JV entities by March 2023. In the Prism RMC segment, our target is to increase plant utilisation levels and cater the individual home builder segment. There is an increase in demand for premix formulation and our goal is to expand, innovate and capture that opportunity.

Safety and sustainability with future vision

Prism Johnson maintains quality standards in areas of environment, health and safety at all the plants and offices. During 2020-21, we took concrete steps to actively replace fossil fuel with green sources. We commissioned 22.4 MW of WHRS in phases and 10.0 MW of solar power plant during 2020-21. This will help us get around 35% of our power and fuel requirements for Prism Cement to be met from renewable sources in future.

In general, employees in our plants and offices go through a very efficient safety-training module to carry out the business. However, our focus on people's safety was enhanced multi-fold in times of the pandemic. We imparted education to all our employees on how to deal with the crisis and stay safe. We maintained all norms related to social-distancing, encouraged wearing of masks and use of sanitizers, regularly disinfected the plants and implemented all Government orders to ensure people safety.

For all corporates, sustainability is another area, which we feel needs a thorough understanding. It is thus

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imperative for us to abide by the Environment, Social and Governance (ESG) best practices. This includes ethical, environmental and corporate social responsibility principles supported by strong governance structure. We contribute meaningfully to addressing the risks that climate change poses to our business. At the same time, we are also involving our stakeholders in our overall ESG strategy and its implementation.

Outlook

With the second wave of COVID-19 in India, we believe the macro-economic environment could remain challenging and uncertain in the foreseeable future. However, we will continue to work on our cost-realisation measures and expand our network to achieve greater heights in the future. The pandemic has taught every industry that digitisation will be at the centre of everything we think. The Company is thus constantly investing in innovation to cater modern infrastructure and lifestyle needs of our customers. We are prepared to leverage technology and build capability across all levels of the organisation so that we can add value in the lives of our stakeholders.

I would like to express my sincere gratitude to our stakeholders for their undeterred support during these challenging and uncertain times. Our success is for our employees, for our customers and business partners who continue to support the Company's growth and expansion. Once again, I would like to take this opportunity to thank our employees for their continued hard work and commitment over the last year. It is their passion for excellent customer service that drives the business forward.

Yours sincerely,

Vijay Aggarwal

Managing Director

DIN : 00515412

Foundation for the Future

Prism Johnson was incorporated in the year 1992 under the name Karan Cement Limited. It is amongst the largest integrated building materials companies in India, with a wide range of products, namely cement, ready-mixed concrete, tiles, sanitaryware and bath fittings. Prism Johnson is an Integrated Management Systems (IMS) Certified Company (ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, SA 8000:2014 & ISO 50001:2018).

For the past three decades, Prism Johnson has focussed on expanding its reach, optimising cost, identifying opportunities and capitalising on its strengths.

Outcome: The Company is now at par with global peers, outshining many other players in the industry. It continuously works towards achieving sustainability and building safer environment.