

Current	Previous
CMP : Rs.98	
Rating : HOLD	Rating : HOLD
Target : Rs.103	Target : Rs.103

STOCK INFO	
BSE	500338
NSE	PRISMCEM
Bloomberg	PRSC
Reuters	PRIS.BO
Sector	Cement and Cement Products
Index	S&P BSE 500
Face Value(Rs)	10
Equity Capital(Rs mn)	5,033.60
Mkt Cap(Rs mn)	49,555.50
52w H/L	108/22
3m Avg Daily Volume(BSE+NSE)	8,93,162

SHAREHOLDING PATTERN		%
(as on Dec. 2014)		
Promoters		74.87
FII		5.99
DII		8.09
Public & Others		11.05

Source: BSE

STOCK PERFORMANCE (%)	1m	3m	12m
PRISM CEMENT	26.07	32.89	329.00
SENSEX	3.57	3.67	42.90

Source: Capitaline; IndiaNivesh Research

PRISM CEMENT V/S SENSEX



Outlook and Valuation:

Prism cement has shown a healthy growth in the top-line; however profitability of segments, especially TBK and RMC segments still remains a concern for the company. With cost optimization measures in place and commencement of gas supply to TBK division at the end of Q3FY15, we expect Prism cement to benefit positively on profitability front.

We initiated coverage of Prism Cement on 13 May 2014 at then CMP of Rs50 with TP of Rs60 subsequently we revised our TP upward to Rs78 and Rs103, both of which have been achieved. At CMP of Rs 98, Prism cement is trading at FY16E, EV/EBITDA multiple of 8.9x. We remain optimistic about the possible turnaround in the profitability of the company on the back of cost saving measures and likely revival in construction/Infra sectors. We maintain HOLD rating on the stock with TP of 103.

Rs mn	Q3FY15E	Q3FY14	Q2FY15	Y-o-Y	Q-o-Q	9MFY15	9MFY14	Y-o-Y
Gross Sales	14,283	12,360	14,394	15.6%	-0.8%	43,670	37,095	17.7%
Excise duty	1,000	934	1,074	7.0%	-6.9%	3,227	2,844	13.5%
Net Sales	13,284	11,426	13,320	16.3%	-0.3%	40,443	34,251	18.1%
Material Costs	6,464	5,219	6,306	23.9%	2.5%	18,949	15,785	20.0%
<i>as % of net sales</i>	<i>48.7%</i>	<i>45.7%</i>	<i>47.3%</i>	<i>299</i>	<i>132</i>	<i>46.9%</i>	<i>46.1%</i>	<i>77</i>
Employee Expenses	808	715	796	13.1%	1.5%	2,342	2,187	7.1%
<i>as % of net sales</i>	<i>6.1%</i>	<i>6.3%</i>	<i>6.0%</i>	<i>(17)</i>	<i>11</i>	<i>5.8%</i>	<i>6.4%</i>	<i>(59)</i>
Power and Fuel	1,796	2,001	1,856	-10.3%	-3.2%	5,726	5,984	-4.3%
<i>as % of net sales</i>	<i>13.5%</i>	<i>17.5%</i>	<i>13.9%</i>	<i>(399)</i>	<i>(41)</i>	<i>14.2%</i>	<i>17.5%</i>	<i>(331)</i>
Freight expense	1,779	1,555	1,796	14.4%	-1.0%	5,340	4,560	17.1%
<i>as % of net sales</i>	<i>13.4%</i>	<i>13.6%</i>	<i>13.5%</i>	<i>(22)</i>	<i>(9)</i>	<i>13.2%</i>	<i>13.3%</i>	<i>(11)</i>
Other expense	2,165	1,964	2,162	10.3%	0.1%	6,283	5,676	10.7%
<i>as % of net sales</i>	<i>16.3%</i>	<i>17.2%</i>	<i>16.2%</i>	<i>(88)</i>	<i>7</i>	<i>15.5%</i>	<i>16.6%</i>	<i>(104)</i>
EBITDA	272	(27)	404		-32.8%	1,803	59	2965.8%
EBITDA margin %	2.0%	-0.2%	3.0%		(99)	4.5%	0.2%	429
Other Income	140	141	275	-0.3%	-49.1%	500	1,535	-67.4%
Depreciation	348	448	330	-22.5%	5.3%	1,044	1,309	-20.3%
EBIT	64	(335)	350		-81.6%	1,259	284	343.1%
Finance cost	668	633	643	5.5%	3.8%	1,959	1,796	9.1%
Exceptional item	-	0	-			-	79	
Profit before tax	(603)	(967)	(293)	<i>nmf</i>	<i>nmf</i>	(700)	(1,433.1)	<i>nmf</i>
Tax expense	(197)	(344)	(96)			(228)	(507)	
<i>effective tax rate %</i>	<i>nmf</i>	<i>nmf</i>	<i>nmf</i>			<i>nmf</i>	<i>nmf</i>	
Reported Net Profit	(407)	(623)	(198)	<i>nmf</i>	<i>nmf</i>	(472)	(926.5)	<i>nmf</i>
Adj Net Profit	(407)	(624)	(198)	<i>nmf</i>	<i>nmf</i>	(472)	(1,005)	<i>nmf</i>
Adj.net margin %	-3.0%	-5.4%	-1.5%			-1.2%	-2.8%	166
Adj EPS	-0.81	-1.24	-0.39			-0.94	-2.00	

Standalone Source: Company, IndiaNivesh Research