



February, 13<sup>th</sup>, 2017

Department of Corporate Services, Bombay Stock Exchange Limited, Phiroze Jeebhoy Towers, Dalal Street, Mumbai – 400001.	Listing Department, National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051.
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Dear Sir,

Ref: Scrip no / Symbol. 532486 / Pokarna

Sub: Financial results presentation.

Please find the enclosed Q3 & 9M FY17 Results Presentation.

This is for your record and dissemination.

Regards:

**For Pokarna Limited**

  
**Vinay Paruchuru**  
Company Secretary



## **Pokarna Limited**

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CIN: L14102TG1991PLC013299

# Q3 & 9M FY17 Results Presentation

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Feb - 2017



**POKARNA LIMITED**

# About us

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## What We Do ?

- Pokarna Limited, headquartered in Secunderabad, is the leading exporter of finished granite and largest exporter of Quartz surfaces in India. It exports to 50+ countries, predominantly US and Canada and also to countries in Europe and the Middle East. The Company processes its granite at two state-of-the-art manufacturing facilities with raw material from own quarries as well as carefully identified independent quarries to ensure best quality.
- The Company, through its wholly owned subsidiary, Pokarna Engineered Stone Limited (PESL), manufactures natural quartz surfaces also known as 'engineered stone' or 'compound stone', using Breton technology and brilliantly engineered using the finest raw materials. PESL markets its Quartz surfaces under the brand '**Quantra**'.
- Pokarna also manufactures and sells apparels under the brand '**STANZA**' through its 8 retail shops.

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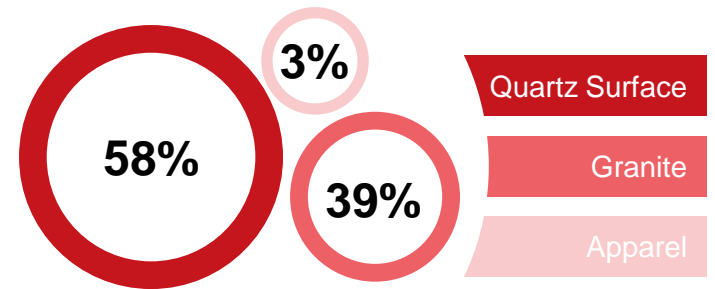
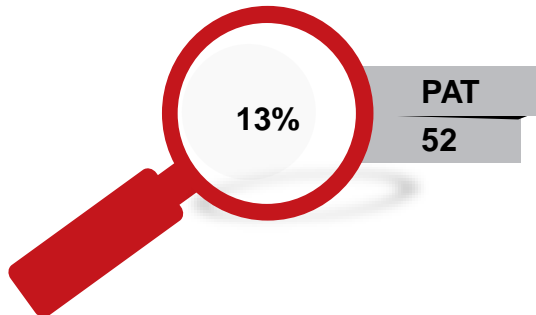
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# Performance Highlights – 9M FY17 (Consolidated)



Figs. in Cr

# Financial Performance - Consolidated

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- Revenues for 9M FY17 reduced by 5% to Rs. 281 crore, owing to slow performance of Granite business.
- Operating profitability for 9M FY17 expanded by 3% owing to greater presence of high margin Quartz business.
- PAT for 9M FY17 stood at Rs. 52 crore, higher by 13%; owing to better operational performance and lower interest outgo.

# Segmental Performance



# Segmental Performance

Rs. Crore

Revenue	9MFY17	9MFY16	Shift %
Granite	109	138	-21
Quartz Surfaces	164	152	8
Apparel	7	6	17



Rs. Crore

EBIT	9MFY17	9MFY16	Shift %
Granite	24	39	-38
Quartz Surfaces	71	59	20
Apparel	(5)	(7)	28



Rs. Crore

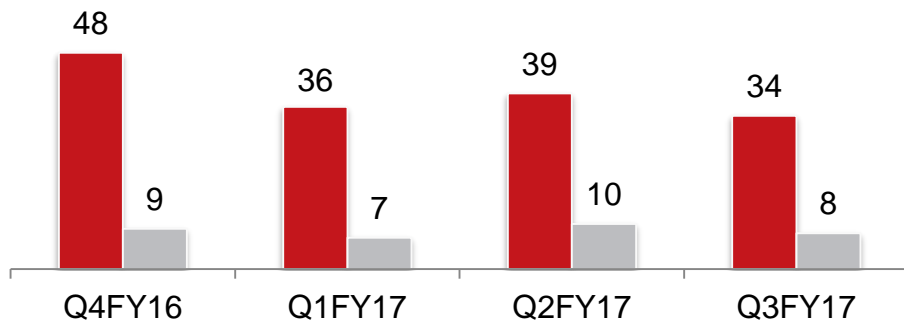
Capital Employed	9MFY17	9MFY16	Shift %
Granite	98	93	5
Quartz Surfaces	222	194	14
Apparel	20	20	0





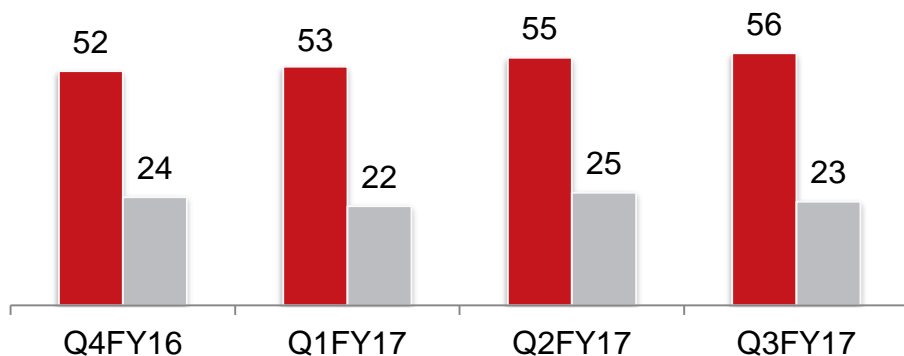
# Segmental Performance

Granite



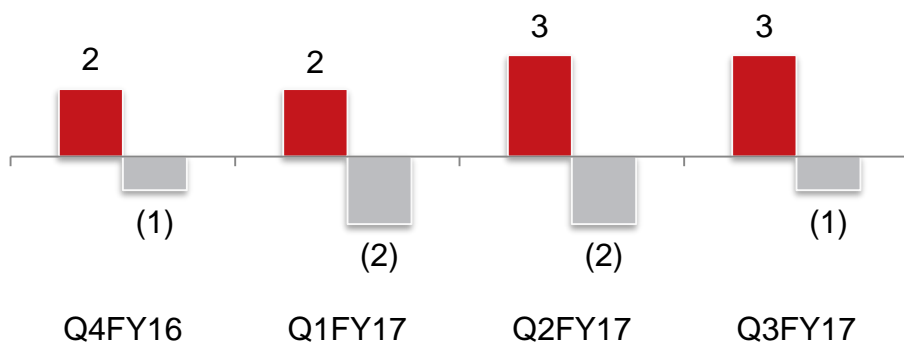
*Performance of the business reflective of on-going challenging environment.*

Quartz Surfaces



*Quartz business continues to perform well on the back of steady demand. Focus on product innovation, tapping newer markets to drive growth forward. EBITDA margin for the business during 9M stood at 47%.*

Apparel



*Lower utilization levels along with higher operating costs resulting in muted performance.*

■ Revenues (Rs cr) ■ EBIT (Rs cr)

# Key Developments



## CAPEX

- PESL to embark on a greenfield project to expand production capacity by 130%.
- Project cost (Rs. 325 cr) to be funded through mix of internal accruals (Rs. 75 cr) and Debt (Rs. 250 cr).
- Pokarna to remain exclusive licensee of Bretonstone Technology in India, through March 2020.



## PESL exited CDR Mechanism

- PESL received approval from Corporate Debt Restructuring (CDR) Cell to exit CDR mechanism.
- Exit will not only enable greater operational and financial flexibility but will support growth plans.
- Pursuant to the terms of approval of CDR cell, PESL's Board and Shareholders, approved issuance of 1,60,00,000 Non Convertible Debentures (NCD) to its consortium lenders (Indian Overseas Bank, Union Bank of India & Bank of India).



## PESL partners IKEA

- PESL partnered IKEA to serve as its exclusive quartz surfaces supply and installation partner for Indian Market.
- IKEA is the world's largest home furnishing Company with sales volume of 34.2 bn Euros.
- **Scope of work** - Pokarna to supply quartz surfaces besides undertaking measuring, planning, installation and home delivery of its products including countertops to IKEA's customers.



## Mobile APP launch & NSE Listing

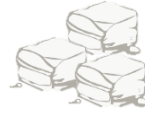
- Launched Interactive Application "Quantra".
- Application offers interactive features making it easier than ever for its users to discover and experience Quantra's rich and varied color palette.
- Listed on NSE from 07th July, 2016; listing on BSE and NSE both will provide better price discovery.

# Key Developments



## Value unlocking

- Dedicated towards deploying business resources to productive and profit generating stone businesses.
- Setting up of independent committee to chart future course for Apparel business.
- Exploring multiple options – restructuring, selling, leasing, exchanging, transferring and hiving off or otherwise disposing off, for extracting maximum value from Apparel business.



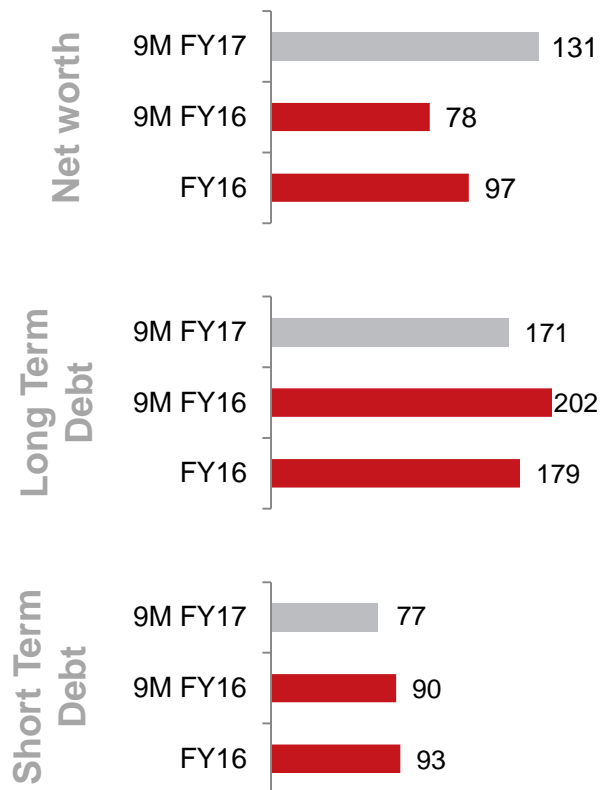
## Commissioning of new Granite quarry

- Commenced the operations of new quarry.
- Location - Buduruvada (Village), Parvathipuram (Mandal), Vizianagaram (District), Andhra Pradesh.
- Extent of Area - 10.0 Hectares.
- Color – “Cream Cashmere”.



# Balance Sheet – Rs. Cr (Consolidated)

Liabilities

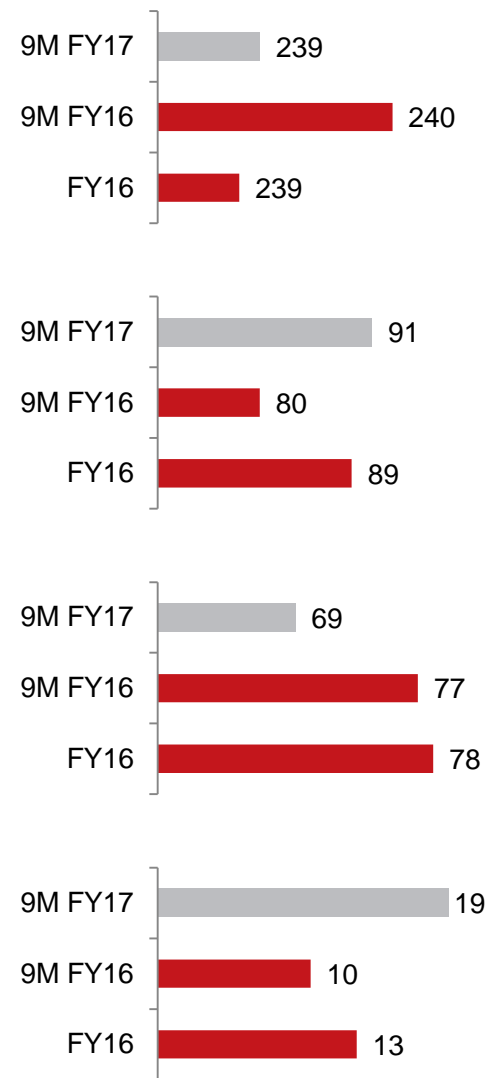


Fixed assets

Inventories

Debtors

Cash & bank balances



Assets

# FY17 – Priorities remain the same

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Build strong & innovative product pipeline

Improve operational efficiencies

Focus on branding

Widen reach and presence

# Outlook



# Outlook

## Granite

- Near term challenging – Excessive supply push by industry participants leading to weakening of realisations. Currency headwinds as well impacting business.

## Quartz

- Pick-up in construction activity and increased spending on improvement and repair of existing structures to help maintain strong demand.

US Countertop Demand (million Square feet)					
	% Annual Growth rate				
	2009	2014	2019	2009-14	2014-19
<b>Countertop Demand</b>	<b>588</b>	<b>660</b>	<b>810</b>	<b>2.3%</b>	<b>4.2%</b>
Laminates	301	300	355	-0.1%	3.4%
<b>Natural Stone</b>	<b>90</b>	<b>120</b>	<b>155</b>	<b>5.9%</b>	<b>5.3%</b>
Solid Surfaces	73	85	105	3.1%	4.3%
<b>Engineered Stone</b>	<b>34</b>	<b>52</b>	<b>69</b>	<b>8.9%</b>	<b>5.8%</b>
Cast Polymers	41	46	55	2.3%	3.6%
Tile	39	44	50	2.4%	2.6%
Other Materials	10	13	21	5.4%	10.1%

Source: Freedonia

- As per Freedonia Group's latest report, **demand for countertop in United States is expected to grow 4.2% annually to 810 mn sq.ft by 2019 and attain size of \$ 29.3 bn.**
- **Natural stone** is expected to account for **one-fifth share** of the US countertop market.
- **Engineered stone** given their durability, aesthetic appeal and maintenance free characteristics is expected to be the **fastest growing stone surface:**
  - Share in US countertop industry is expected to grow to 8.5% by 2019 from its 5.8% during 2009.

# Company Overview





# Granite

- **Backward Integrated** – Sourcing majority of raw material from captive quarries.
- **Captive quarries rich in resources** – Home to some of the most sought after colors.

Black Galaxy	Steel Grey	Tan Brown
Silver Waves	Arizona brown	Dragon Red
Hail Storm	Flash Blue	Vizag Blue
Golden Dream	Pokarna green	Tan Brown Classic
Coffee brown	Black Coffee	Cream Cashmere

- **Diverse / Rich offerings** - Company's **color palette** includes over **75 varieties** of granite sourced from India, Ukraine, Madagascar and Norway.
- **Deep entrenched relationship** with dealers across key regions of operations.

## State-of-the-art Manufacturing Facilities

- Fully automated production line – Cutting edge technology armed with fully computer-controlled high speed polishing lines transforms granite from its crude form to final product unmatched in quality.



- **Factories:**

### Unit – I

Survey No.123, Tooprantpet (Village), Choutuppal (Mandal), Nalgonda (District), Telangana.

### Unit - II

Survey No. 563, 568 & 574, Aliabad Village, Shameerpet, (Mandal), R.R. District, Telangana.

# Quartz Surfaces



- Pokarna Engineered Stone Limited (PESL) – wholly owned subsidiary of Pokarna Ltd., is India’s largest manufacturer and exporter of engineered stone surfaces.
- **Global Demand** – Products exported across **20+** countries.
- **Diverse Product offering** – Color Palette of 64+ with multiple shades and textures of around 4500 catering to best of every market across all spectrums.
- **Availability of abundant Raw material:** The States of Telangana and Andhra Pradesh are found to be home to some of the best quality quartz.
- In addition to OEM, distributed and supplied across the globe under the brand name “**Quantra® Natural Quartz Surfaces from Pokarna**”.

## State-of-the-art Manufacturing Facilities

- Fully automated production line.
- Best in business technology - **Bretonstone® System of Breton S.p.A, Italy. Pokarna is** the only Company to use this technology in India.
- **Advantages of Bretonstone® Technology**
  - Final product guarantees an optimum “indoor life quality”.
  - “Eco-friendly” manufacturing process.
  - Ultra-compact finished product, homogenous and free from micro porosities.
  - Finished product can assume the aesthetic appearance of the most precious natural marbles.
  - Non-flammable and non-toxic finished product.

### Factory:

Plot. No: 45, APSEZ, Achutapuram, Rambilli Mandal, Vishakapatnam District, Seemandhra.

# Apparel

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- **Launched in 2004**, Stanza focuses on premium product / lifestyle brand category for men & children.
- **Reach –**
  - 8 exclusive outlets
  - Other leading retail outlets



## Factory:

Survey No: 33,39,50,51,55,68 & 69, Apparels Export Park, Gundla Pochampally, Village, Medchal Mandal, R.R. District, Telangana.

# Investor Contacts

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