



POKARNA LIMITED
India's No. 1 granite company

FY18

Results Presentation

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Business and Financial Highlights – Consolidated

Granite witnesses higher competitive intensity, New designs for Quartz well received

Higher raw material prices and adverse currency movement resulted in subdued margins

Pursuant to approval of Board of Directors, vide resolution passed on 08th May, 2017, for transfer and sale of Apparel Business, on a going concern basis, Company has presented the financials of Apparel Business as Discontinued operations, as per IND-AS - 105.

Reduced cost of borrowing contributes to improved PAT

INDAS IMPACT - Consolidated Financials* Rs. In Cr

Particulars	Q4 FY18 Ind AS	Q4 FY17 IGAAP	Ind As Adjustments	Q4 FY17 Ind AS	FY18 Ind AS	FY17 IGAAP	IND AS Adjustments	FY17 Ind AS
Revenues	88.68	97.48	--	97.48	329.00	369.90	--	369.90
EBITDA	25.25	37.87	0.01	37.88	102.95	145.67	0.72	146.39
Margins (%)	28.47	38.85		38.86	31.29	39.38		39.58
Depreciation	4.92	4.34	0.14	4.48	19.93	17.03	0.22	17.25
Interest	7.45	7.99	--	7.99	27.87	31.97	0.04	32.01
PAT**	13.55	19.78	-0.02	19.76	46.44	76.77	0.44	77.21
Margins (%)	15.28	20.26		20.27	14.12	20.75		20.87

*Excluding Discontinued operations of Apparel division.

** PAT from Continued Operation



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Segmental Performance

Segmental Performance

Rs. Crore

Revenue	FY18	FY17	Shift %
Granite	148	149	(1)
Quartz Surfaces	181	221	(18)
Apparel*	8	10	(20)



Rs. Crore

EBITDA	FY18	FY17	Shift %
Granite	39	42	(7)
Quartz Surfaces	64	104	(38)
Apparel*	-3	-4	25



Rs. Crore

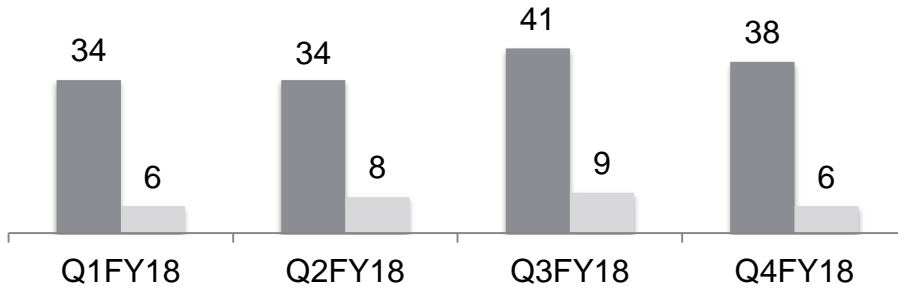
Capital Employed	FY18	FY17	Shift %
Granite	59	57	35
Quartz Surfaces	117	95	23
Apparel*	22	17	29



* Discontinued operations

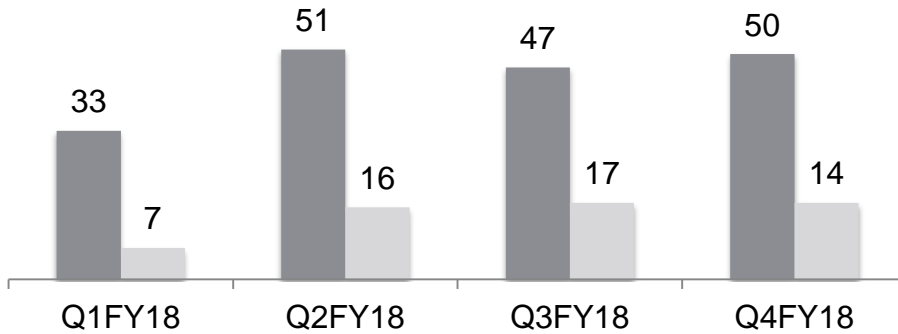
Segmental Performance

Granite



Rupee appreciation and price correction for finished granite resulted in modest performance for the year; FY19 however should be better owing to improving macros coupled with efforts towards improving products mix

Quartz Surfaces

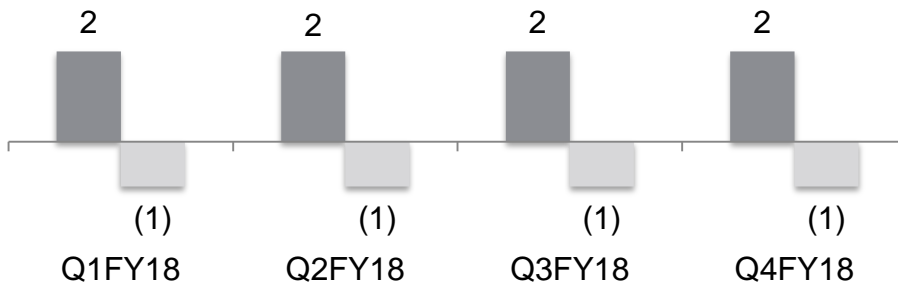


Introduction of newer products, coupled with improved efficiencies and steady demand helped in maintaining revenue momentum.

Commences supplies & Installations to IKEA, India.

Higher input costs though dented margins for the year; FY18 EBITDA margins stood at 35.47%

Apparel*



Lower utilization levels resulting in muted performance. Efforts directed towards containing losses.

*Discontinued operations

■ Revenues (Rs cr) ■ EBIT (Rs cr)



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Key Developments

Key Developments

Completes purchase of 39 acres of land for setting up of new greenfield Engineered Stone Facility

- Completed registration and purchase of 39 acres of land
- Land is strategically situated at ~ 25 kms from the Rajiv Gandhi International airport; also at close proximity to inland container depot, Hyderabad and well connected by roads to key domestic ports.
- The facility will cater to international as well as domestic markets both of which are witnessing encouraging demand trends
- Similar to existing unit, this plant will be set up using Breton stone technology.
- Total investment towards new facility estimated at ~Rs. 325 crore
 - Funding mix: Debt of Rs. 250 cr; Internal accruals of Rs. 75 cr

Reduction in GST rate

- Revised tax rate following GST council's decision to lower tax on the sector from 28% to 18%
- Lower tax rate to positively contribute to sector's overall growth

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Credit Rating Upgrade –

- Crisil has upgraded the Company's:
 - Long term credit rating facility (Rs. 104 cr) to BBB-/ stable from BB+/ stable
 - Short term credit rating facility (Rs. 27 cr) to A3 from A4+
- Further Crisil also upgraded the credit rating of Pokarna Engineered Stone Limited's, (WOS):
 - Long term credit facility (Rs. 331 crore) to BBB-/ stable from BB+/ stable
 - Short term credit facility (Rs. 39 crore) to A3 from A4

FY19 – Key Priorities

Build strong & innovative product pipeline

Improve operational efficiencies

Focus on branding

Widen reach and presence



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Going Forward

Going Forward

Quartz

- New equipment and process improvement initiation to produce innovative and better margin products

Granite

- Focusing on improving the operational efficiencies at quarries
- Aiming towards improving capacity utilization and increasing share of cut to size products
- Sustained challenge from Brazilian and Indian players on price front – Fine tuning strategy and product mix to achieve revenue and profitability goals



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Key Strengths & Capabilities

Key Strengths & Capabilities

Quartz

- World class manufacturing, Research & Product development facility
- Comprehensively serving through private label products and Quantra brand
- Laser-focused on operational excellence
- Presence in high growth quartz surfaces segment

Granite

- Vertically integrated with captive quarries and state of the art mining and processing infrastructure
- Broad, diverse presence by geography, for last 25 years
- Experienced management team.



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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
Sapphire Brown		

- **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), Yadadri Bhuvanagiri (District), Telangana.

Unit - II

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

Quartz Surfaces



Natural quartz surfaces from Pokarna

- 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 various geographies.
- **Diverse Product offering** – Color Palette of 64+ with multiple shades and textures of around 350 colors 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 private label manufacturing, 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/Granites.
 - Scratch resistant finished product.

Factory:

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

Apparel

- **Launched in 2004**, Stanza focuses on premium product / lifestyle brand category for men & children.
- **Reach –**
 - 8 exclusive outlets
 - Other 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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The logo for Quantra features the word "Quantra" in a bold, gold-colored sans-serif font. A red rectangular tag with the word "bretton" in white and "INSIDE" in smaller white letters is positioned above the letter "a". A registered trademark symbol (®) is located to the right of the word.

Natural quartz surfaces from Pokarna

The logo for STANZA consists of the word "STANZA" in a large, white, serif font, set against a black rectangular background. Below the word, the tagline "Sameness Deleted" is written in a smaller, white, sans-serif font. A registered trademark symbol (®) is located to the right of the word.

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