



30.10.2015

Department of Corporate Services
Bombay Stock Exchange Limited
Phiroze Jeejebhoy Towers
Dalal Street
Mumbai

Dear Sir,

Ref: Scrip no. 532486/Pokarna Limited

Sub: Financial results presentation.

Please find the enclosed Q2 H1 FY 16 Financial results presentation.

This is for your record and dissemination.

Regards:

For Pokarna Limited

Vinay Paruchuru
Company Secretary

Pokarna Limited

Registered & Corporate Office: Surya Towers, 105, Sardar Patel Road, Secunderabad 500 003, Telangana, India.
Phone: +91 40 2789 6361/7722, 6626 6777, F: +91 40 2784 2121, E-mail: contact@pokarna.com, Web: www.pokarna.com

Factory Address: Unit 1: Survey No. 123, Toopranpet Village, Chautuppal Mandal, Nalgonda District – 508 252
Telangana, India, T: +91 8694 – 200666

Unit 2: Survey No. 563, 568, 574, Aliabad Village, Shameerpet Mandal, Ranga Reddy District – 500 078
Telangana, India, T: +91 98480 20242

CIN: L14102TG1991PLC013299



POKARNA LIMITED

India's No. 1 granite company

Q2 & H1 FY16 Results Presentation

October - 2015



MAKING
IN INDIA,
SINCE 1991

About us

What we Do ?

- Pokarna Limited, headquartered in Secunderabad, is the largest exporter of finished granite in India with exports to more than 50+ countries (incl. Granite & Quartz Surfaces) globally across US, Canada, Europe, Middle East and predominantly North America. 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 ones ensuring the production is only the best.
- Pokarna also manufactures and sells apparels under the brand '**STANZA**' through its 10 retail shops pan India.
- The Company, through its wholly owned subsidiary, M/s. Pokarna Engineered Stone Limited (PESL), manufactures "Natural Quartz Surfaces" also known as "Engineered Stone" or "Compound Stone", created entirely by Breton technology and brilliantly engineered using the finest raw materials known to man. The Company sells this stone under the brand "**Quantra**".

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H1 FY16

Consolidated Financial Performance

Commenting on the performance, Mr. Gautam Chand Jain, Chairman of Pokarna Limited said:

“We are delighted to build on to the positive start to the year by delivering another quarter of solid financial results. Our commitment towards captivating the customers by constantly redefining the product has enabled strengthening of our business across geographies.

Going forward, we are hopeful that our efforts towards increasing and widening brand visibility, coupled with our focus on consistently increasing the depth of our palette should help the business generate significant revenue and profitability growth in turn creating greater value for our shareholders.”



Performance Highlights – H1 FY16

↑ Revenue **35%**

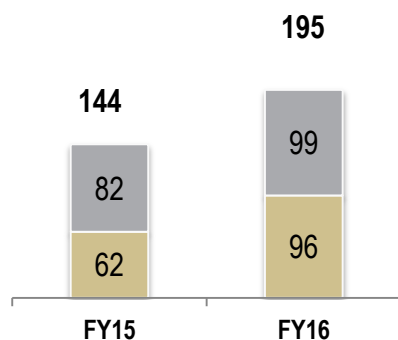
↑ EBITDA **82%**

↑ PAT **8x**

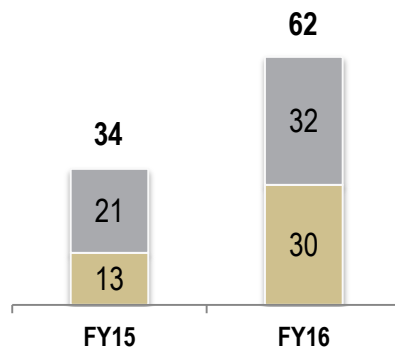
Rs. crore	H1 FY16	H1 FY15
Revenue	195	144
EBITDA	62	34
PAT	25	3

Financial Performance - Consolidated

Revenue

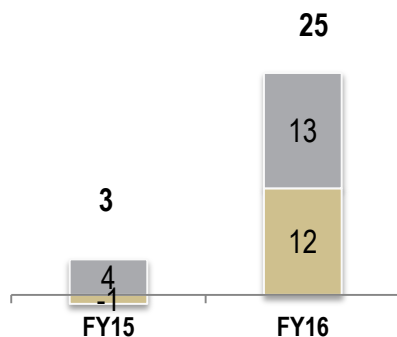


EBITDA



PAT

■ Q2
■ Q1



- Strong demand, improved mix – novel and exciting product designs coupled with renewed marketing strategies resulting in driving revenue growth of 35%
- Higher operating profitability on account of greater proportion of value added products, lower input costs, strong US dollar and benefits of scale; EBITDA margins for Quartz stood at 38% as against 29%
- Solid revenue growth coupled with improved profitability resulted in higher profitability of Rs. 25 crore during H1 FY16

Segmental Performance



Segmental Performance

Rs. Crore

Revenue	H1 FY16	H1 FY15	Shift %
Granite	98	89	+ 10
Quartz Surfaces	94	51	+ 84
Apparel	3	4	-25



Rs. Crore

EBIT	H1 FY16	H1 FY15	Shift %
Granite	27	19	+ 42
Quartz Surfaces	31	8	+ 288
Apparel	(5)	(5)	-



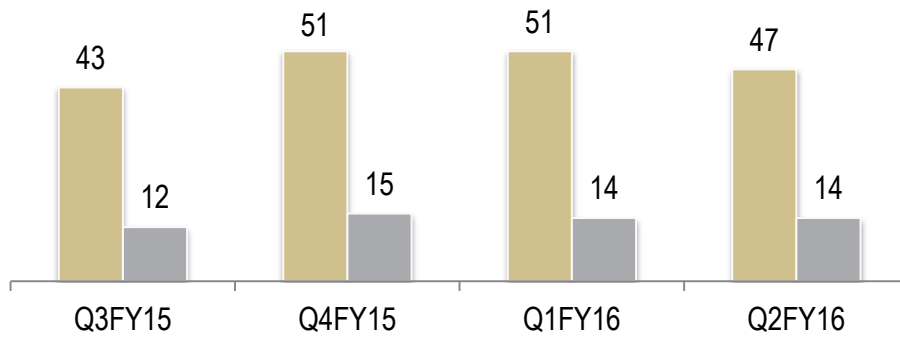
Rs. Crore

Capital Employed	H1 FY16	H1 FY15	Shift %
Granite	80	81	-1
Quartz Surfaces	185	174	+ 6
Apparel	20	16	+ 25



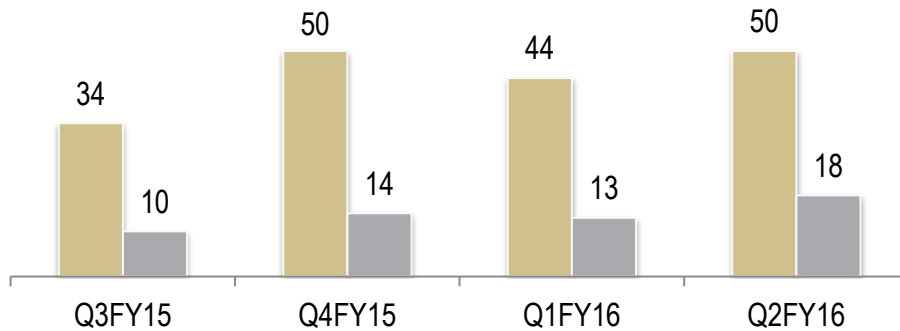
Segmental Performance

Granite



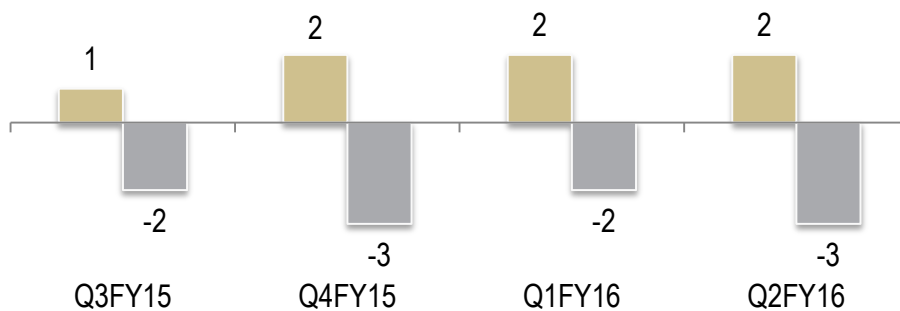
Consistent demand for the product across markets coupled with greater sourcing from captive quarries resulting in gross margin expansion

Quartz Surfaces



Shift in demand towards Quartz surfaces, higher utilization level and attempts towards strengthening marketing and product development driving growth. EBIT Margins for Engineered stone business stood at 35.4%

Apparel



Lower utilization levels coupled with higher operating costs resulting in muted performance

■ Revenues (Rs cr) ■ EBIT (Rs cr)

Operational Highlights & Strategic Actions

Operational Highlights – H1 FY 16

- **Upgradation of Quartz Surfaces moulding line –**
 - ❑ Quartz surfaces manufacturing facility is upgraded, by which it is capable to manufacture Jumbo Slabs. Jumbo Slabs measure 131" X 65", in comparison to traditional slabs, which are 120" X55". Demand for Jumbo Slabs is growing in the US market as this size improves yield, facilitates color-matching and minimizes seams
- **Quartz Surfaces receives KOSHER certification –**
 - ❑ Quantra receives Kosher certification from OU (Orthodox Union) - New York under Pareve designation
 - ❑ Certification confirms product adherence to the highest quality of Kashrut supervision and allows the Kosher consumers to use Quantra in their kitchens.
- **Conversion of optionally convertible debentures into equity**
 - ❑ During Q2 FY16, Pokarna Ltd was allotted 40,70,584 Equity shares of Rs. 10/- each of Pokarna Engineered Stone Ltd (conversion of 61,058,764 debentures of Rs. 10 FV; Conversion ratio of 15 (Fifteen) OCDs into 1 (One) equity share
 - ❑ Transaction in pursuant to the scheme of arrangement approved by the then Honorable High Court of Andhra Pradesh

Strategic Actions – FY 16

- **Build strong & innovative product pipeline**
- **Focus on Branding**
- **Strengthen R&D capabilities**
- **Further enhance distribution platform**
- **Improve operational efficiencies**

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	

- **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



- **Factory:**

Unit – I

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

Unit - II

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

Apparel

- **Launched in 2004**, Stanza focuses on premium product / lifestyle brand category for men & children
- **Experienced Management / Promoters**
 - Largest distributor of Raymond Ltd
- **Range of products include –**
 - Formal & Dress Shirts
 - Smart Casual & Sport Shirts
 - Fashion & Evening Shirts
- **Strong connect with customers –**
 - Premium product
 - Wide choices
- **Reach –**
 - 10 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 State.



Quartz Surfaces



- Pokarna Engineered Stone Limited (PESL) – wholly owned subsidiary dedicated towards manufacturing Quartz surfaces.
- **Global Demand** – Products exported across **20+** countries
- **Diverse Product offering** – Multiple shades of around 4500 and textures catering to best of every market across all spectrums.
- **Color Palette of 64+**
- **Availability of abundant Raw material:** The State 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**”.

Factory:

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

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, free from microporosities, homogeneous and isotropic
 - Finished product can assume the aesthetic appearance of the most precious natural marbles
 - Non-flammable and non-toxic finished product

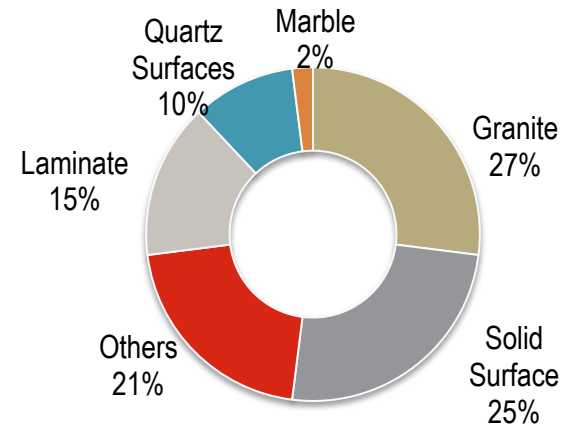
Industry Overview



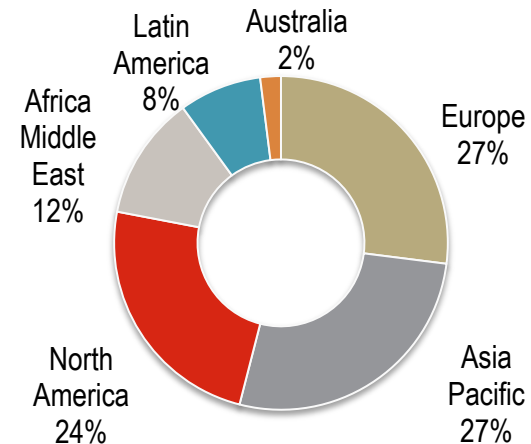
Countertop Industry - 2014

- **Market Size** – Global countertop industry generated **~\$81 bn in sales** to end consumer in 2014 (based on average installed cost including installation & other related costs)
- Amongst the surfaces, **Granite with a share of 27%** remained preferred material for countertops, to be followed by **Solid Surfaces constituting 25%** and **Quartz surfaces by 10%**.
- Demand wise Europe, Asia Pacific and North America continued to remain the fastest growing regions with growth rate in excess of 20%

2014 Global Countertop Demand



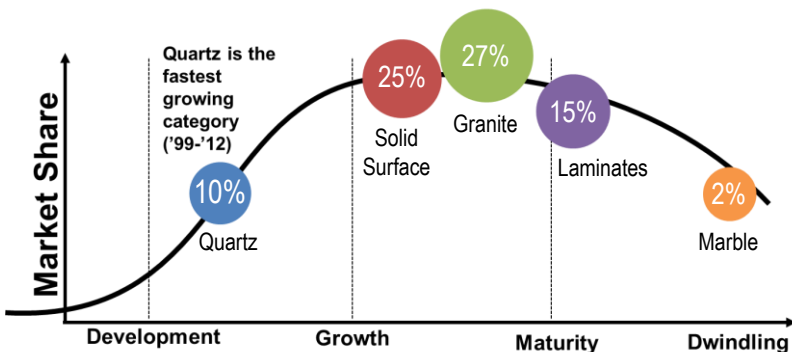
2014 Global Countertop Demand



Source: Industry

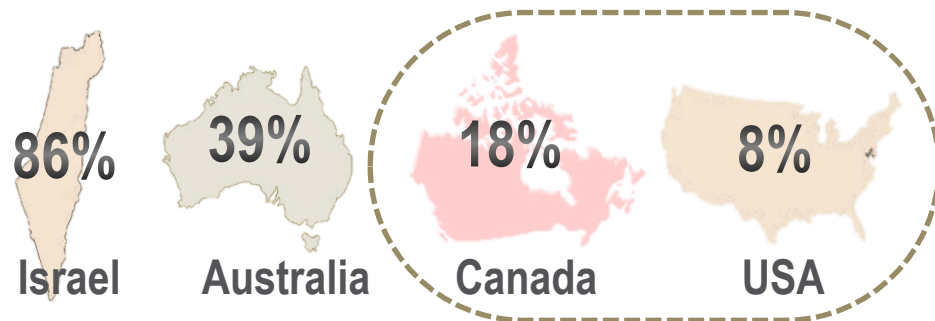
Why Quartz ?..... Multi Billion Dollar Opportunity

Quartz Is the Fastest Growing Category in a \$81bn Market



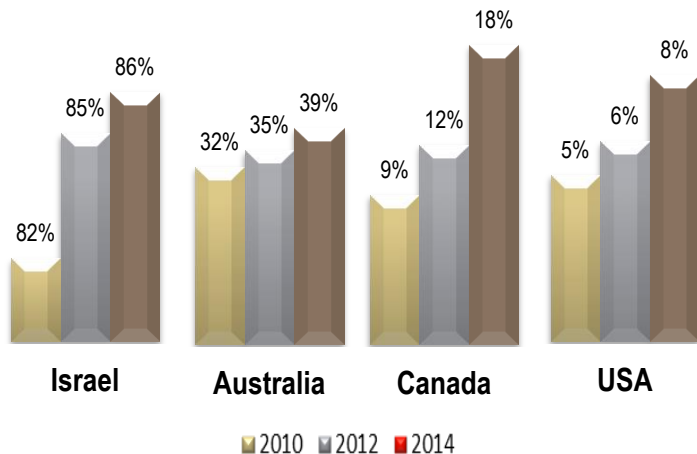
Quadrupled global market share; 15.8% CAGR growth rate

2014 Quartz Surfaces Share of Countertop Market by Region (Volume)



Source: Industry

Quartz Surfaces penetration in key markets (For the year ended December 31)



- **Quartz Surfaces** the fastest growing category with a market share of **10%** remains near the **infancy stage**
- **Increasing Popularity:** Gaining popularity amongst industry users and customers resulting in key markets.

Business Opportunity & Demand Drivers

Export Market

- Revival in US Housing Sector
- Robust demand in the emerging markets
- Improvement in residential, non-residential builder markets, home improvement & remodeling and cabinetry segment
- Wider acceptance / usage of product across segments

Domestic Market

- Indian real estate sector is one of the fastest growing and globally recognized sectors
- Ranks Third, for the most LEED (Leadership in Energy and Environmental Design)-certified space globally; nearly 12 million sqm
- Total realty market in the country is expected to touch US\$ 180 billion by 2020

World Flooring & Carpet Demand (Mn Sq. Mtrs)

				% Annual Growth	
	2008	2013	2018	2008-13	2013-18
Flooring & Carpet Demand	<u>13,390</u>	<u>15,540</u>	<u>19,400</u>	3.0	4.5
North America	2,360	2,240	2,945	-1.0	5.6
Western Europe	2,325	2,205	2,440	-1.1	2.0
Asia/Pacific	5,530	7,410	9,525	6.0	5.2
Other Regions	3,175	3,685	4,490	3.2	4.0

World Countertop Demand (Mn Sq. Mtrs)

				% Annual Growth	
	2008	2013	2018	2008-13	2013-18
Countertop Demand	<u>349.12</u>	<u>409.00</u>	<u>503.00</u>	3.2	4.2
North America	65.38	67.85	80.30	0.7	3.4
Western Europe	51.20	44.30	51.20	-2.9	2.9
Asia/Pacific	141.38	190.95	242.60	6.2	4.9
Central & South America	26.91	31.90	38.60	3.5	3.9
Eastern Europe	18.82	19.00	21.40	0.2	2.4
Africa / Mideast	45.43	55.00	68.90	3.9	4.6

Source: Freedonia

Investor Contacts

For more information about us, please visit www.pokarna.com or contact:

Vinay Paruchuru

Pokarna Limited

Tel: +91 40 2784 4101 / 2784 2182

Fax: +91 40 2784 2121

E-mail: companysecretary@pokarna.com

Gavin Desa / Suraj Digawalekar

CDR India

Tel: +91 22 6645 1237 / 1235

Fax: +91 22 6645 1213

E-mail: gavin@cdr-india.com
suraj@cdr-india.com

Registered/Corporate Office:

Pokarna Limited

105, 1st Floor, Surya Towers

S.P. Road, Secunderabad

Telangana State – 500003

Quantra[®]
Natural Quartz surfaces from Pokarna
Technology. Powered by nature.



POKARNA LIMITED

India's No. 1 granite company

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Sameness Deleted