



13th August, 2016

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 Code / Company Symbol. 532486 / POKARNA

Sub: Financial results presentation.

Please find the enclosed Q1FY 17 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



Q1 FY17 Results Presentation

About us

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 engineered stone surfaces under the brand '**Quantra**'.
- Pokarna also manufactures and sells apparels under the brand '**STANZA**' through its 8 retail shops.

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Safe Harbour

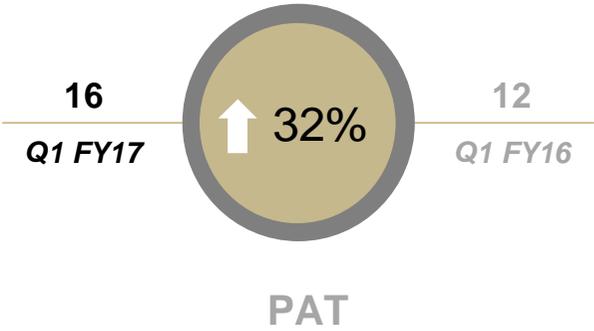
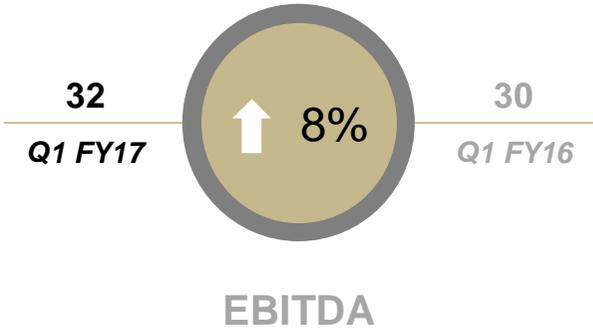
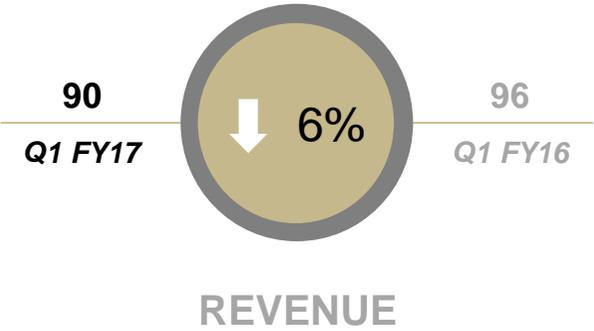
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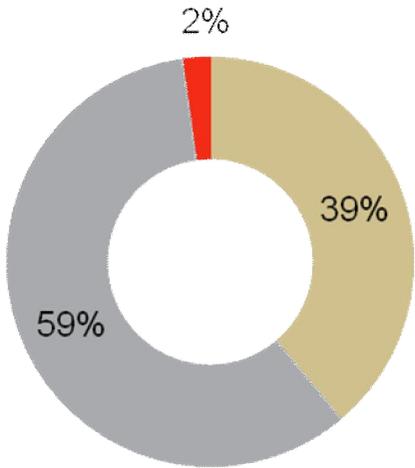
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Performance Highlights – Q1 FY17

Figs. in Cr



Revenue Breakup



■ Granite ■ Quartz Surface ■ Apparel

Quartz Surface Revenue Growth

20%

Financial Performance - Consolidated

- Exploratory and pre-production developmental activities in mines, heightened competition in processed granite segment from Brazilians players contributed to decline in topline.
- EBITDA for the quarter stood as Rs. 32 crore, higher by 8.17%,, while margins expanded by 200 bps owing to strong performance of Quartz business.
- With better EBITDA and lower interest outgo has resulted in profit of Rs. 16 crore for the quarter, representing a growth of 32%.

Segmental Performance



Segmental Performance

Rs. Crore

Revenue	Q1FY17	Q1FY16	Shift %
Granite	35	51	(31)
Quartz Surfaces	53	44	20
Apparel	2	2	0



Rs. Crore

EBIT	Q1FY17	Q1FY16	Shift %
Granite	7	14	(50)
Quartz Surfaces	22	13	69
Apparel	(2)	(2)	0



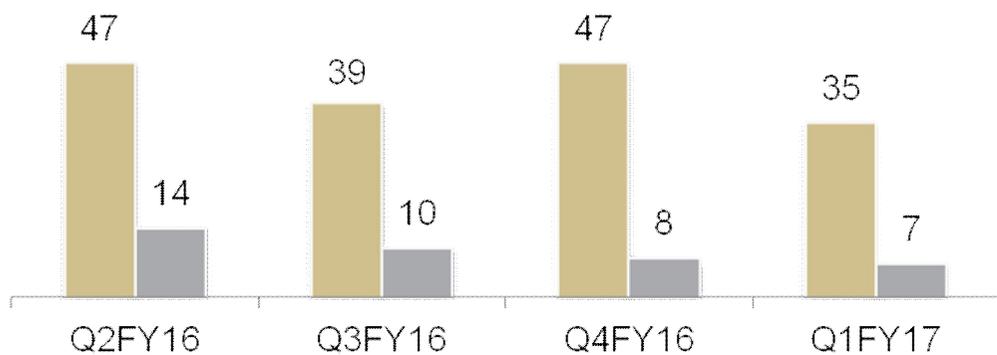
Rs. Crore

Capital Employed	Q1FY17	Q1FY16	Shift %
Granite	86	78	10
Quartz Surfaces	206	179	15
Apparel	21	21	0



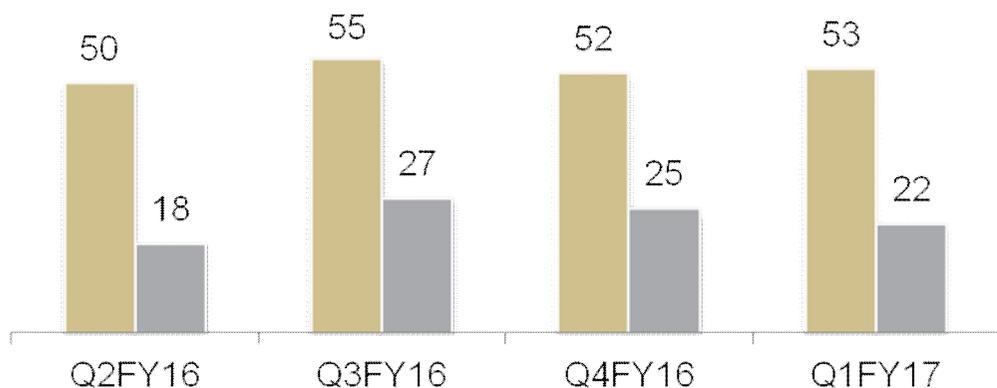
Segmental Performance

Granite



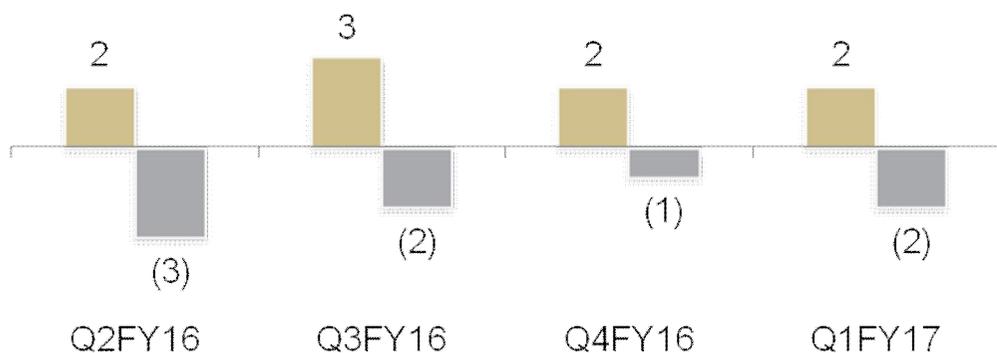
Temporary reduction of production in some quarries owing to developmental activity combined with weaker currency advantage for competing market players translated to decline in topline.

Quartz Surfaces



Revenue acceleration owing to strong and consistent demand for the product. Improving product mix and exciting product pipeline to drive growth. EBITDA margin for the quarter stood at 47%.

Apparel



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

■ Revenues (Rs cr) ■ EBIT (Rs cr)

Recent Highlights

➤ **Launch of Interactive Application “Quantra” –**

- ❑ Launched interactive application on android and the Apple app store called “Quantra”.
- ❑ The key features available on the Quantra App include:
 - ❖ **Product Catalogue**, showcasing all of Quantra’s leading designs and color palette.
 - ❖ **Visualizer**, virtual experience of the Stunning Lobby, Modern Kitchen, Luxury Bathroom with a freedom to use your desired color from the available Quantra collection.

- ❑ The application offers interactive features making it easier than ever for its users to discover and experience Quantra’s rich and varied color palette.



FY17 – Priorities remain the same

Build strong & innovative product pipeline

Improve operational efficiencies

Focus on Branding

Widen reach and presence

Update – PESL's exit from CDR Mechanism



PESL's awaits approval for exiting from CDR Mechanism



- Adverse business conditions lead to Pokarna Engineered Stone Limited (“PESL”) resorting to CDR mechanism in March 2012.
- The Company has now opted to exit from CDR mechanism given its stellar performance over the last 4 years; one of the shortest turnaround in the history of CDR mechanism.
- The Company is awaiting approval from the respective banks and the CDR empowered group.
- CDR exit will lead to greater operational and financial flexibility to PESL and it can go ahead with its growth plans.

Outlook



Outlook

- Pick-up in construction activity and increased spending on improvement and repair of existing structures to help maintain strong demand.
- **Improving Housing Market in US** - The National Association of Home Builders' (NAHB) Housing and Interest Rate predicts housing starts to grow more than 10 percent in 2016 ending the year with 1.25 Million and attaining 1.52 Million level in 2017.
- 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.

US Countertop Demand (million Square feet)

	% Annual Growth rate				
	2009	2014	2019	2009-14	2014-19
Countertop Demand	588	660	810	2.3%	4.2%
Laminates	301	300	355	-0.1%	3.4%
Natural Stone	90	120	155	5.9%	5.3%
Solid Surfaces	73	85	105	3.1%	4.3%
Engineered Stone	34	52	69	8.9%	5.8%
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

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.



- **Factories:**

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.

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 **20+** countries.
- **Diverse Product offering** – Color Palette of 64+ with multiple shades of around 4500 and textures 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, 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.

Factory:

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

Apparel

- **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 State.

Investor Contacts

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