



POKARNA LIMITED

11.11.2014

Department of Corporate Services,
Bombay Stock Exchange Limited,
Phiroze Jeebhoy Towers,
Dalal Street,
Mumbai.

Dear Sir,

Sub: Q2 & H1 FY15 Results Presentation

Ref: Scrip code: 532486 / Pokarna Limited

Please find a copy of Q2 & H1 FY15 Results Presentation.

This is for your record and dissemination.

Thanking You,

**Your's faithfully,
for Pokarna Limited**

**Vinay Paruchuru
Company Secretary**

Q2 & H1 FY15 Results Presentation

November - 2014



POKARNA LIMITED

India's No.1 granite company

Safe Harbour

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements" based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and in their opinion reasonable, including those relating to the Company's general business plans and strategy, its future financial condition and growth prospects and future developments in its industry and its competitive and regulatory environment.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance or achievements of the Company or industry results to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements, including future changes or developments in the Company's business, its competitive environment and political, economic, legal and social conditions. Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements to reflect future events or developments.

This presentation is for general information purposes only, without regard to any specific objectives, financial situations or informational needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any securities of the Company by any person in any jurisdiction, including India and the United States. No part of it should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any securities. The Company may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such change or changes. This presentation may not be copied or disseminated in any manner.

Table of Content

Company Overview	4
Industry Overview	11
Business Overview	20
Pokarna Engineered Stone Limited	24
Q2 & H1 FY15 Financial Performance	32
About us & Investor Contacts	38

Company Overview



POKARNA LIMITED

India's No.1 granite company

Founded

1991

Business Segments

Granite, Quartz, Apparel

Customers

National, International &
Global Independent entities

Corporate Headquarters

Secunderabad, India

Geographical Presence

69 Countries
(Granite + Quartz)

2014 Fast Facts

At a Glance.....

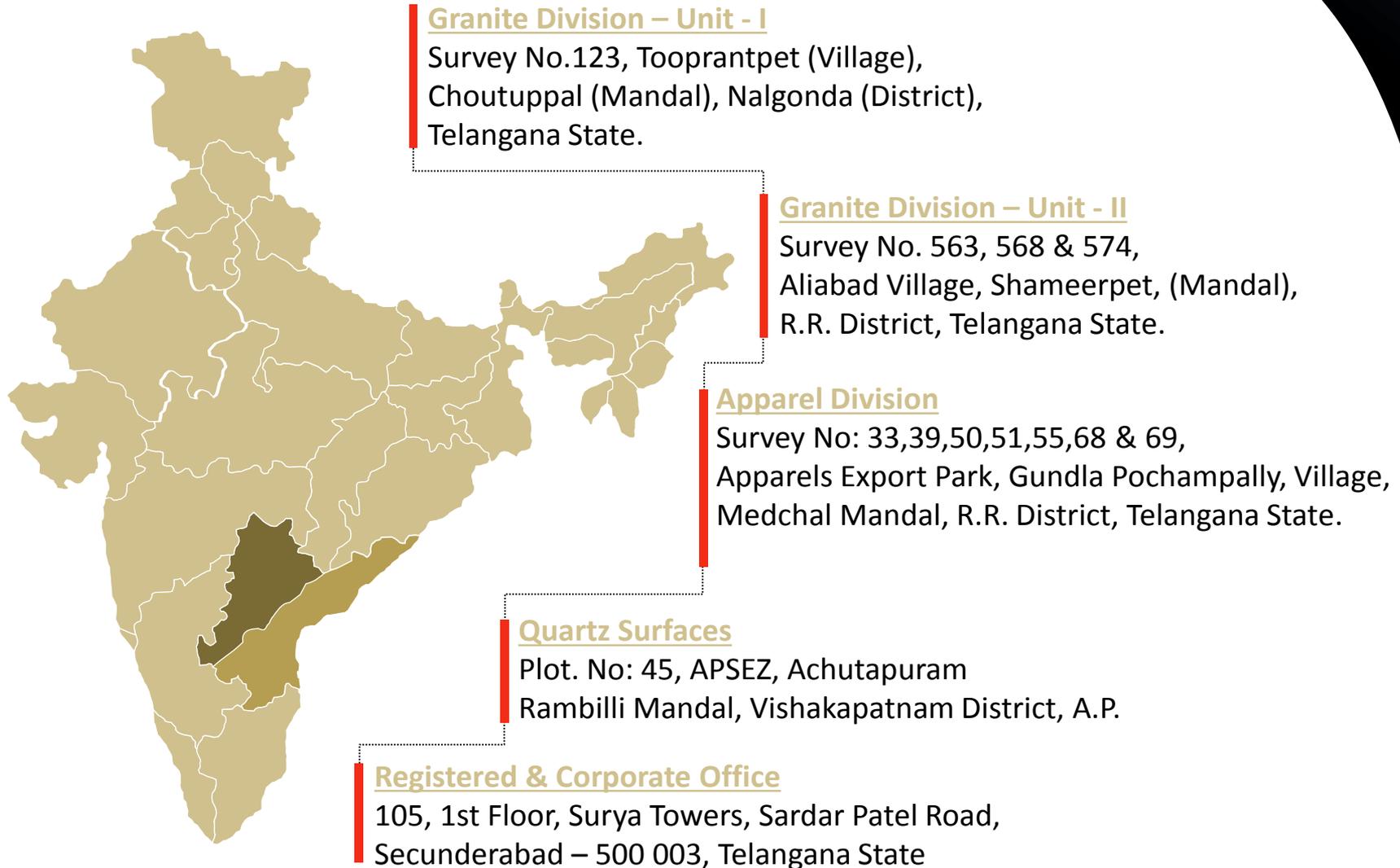
GRANITE

- India's largest exporter of finished granite
- **Integrated Facilities** - Captive quarries
- Two **state-of-the-art** manufacturing units
- **Strong presence in Quartz** - Pokarna Engineered Stone Ltd (PESL) (100% Subsidiary)
- PESL **exclusive licensee** in India – **BRETONSTONE® SYSTEM**
- **Global Presence** - Customers in over 69 Countries (incl. Granite & Quartz)



QUARTZ

Our Presence



Global Footprint



Exports (Granite) - 49 countries; Exports (Quartz) - 20 countries

Presence across Developed and Emerging markets



Strengths

- Multi-faceted team of Professionals
- Undertaking projects; strong product pipeline
- Innovative product pipeline – over 3,500 Quartz shades developed in house



- Presence in 69 countries (Granite + Quartz)
- Deeper penetration in existing mature markets
- Entering newer high growth markets

- Captive quarries
- Rich in source— Colors / Shades

- Multiple touch points
- Strong connect with dealers / fabricators
- Participation in Global Trade Shows

- Exclusive user of Bretonstone® Technology in India for manufacturing Quartz
- Fully automated production line ensuring quality and consistency

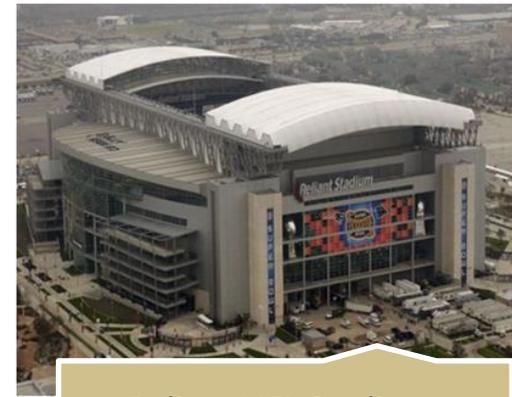
Marquee Projects



Prestige Neptune's
Courtyard



Prestige Golfshire,
Bengaluru



Reliant NFL Stadium,
Houston, USA



Radisson Hotel, Flint,
Michigan, USA



Mumbai International
Airport (T2)



Marriott Irvine - USA

Industry Overview



POKARNA LIMITED

India's No.1 granite company

- Surface Industry broadly comprises of –
 - Flooring & Carpet
 - Countertops
 - Walls

- High Dependence on global building market
 - Construction of new properties
 - Renovation of existing properties

Flooring & Carpet



- World Demand expected to rise ~5% annually to 18.6 bn sq mtrs in 2016
- In value terms, demand for floor coverings is projected to advance 6.8% per year to \$270 bn

Countertops



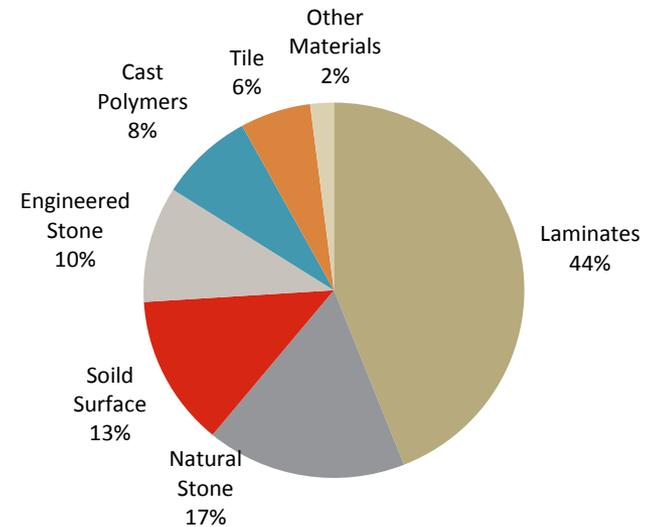
- Demand for natural-stone countertops in the US market to grow 7.6% annually until 2017
- Engineered stone, to account for 77 million ft² in US countertops market annually by 2017, with an annual growth rate of 7.4%



Countertops – Poised for Growth

- **Market Size** – Countertop Industry (Global) is estimated to be at USD 74 bn in sales to end consumers, based on average installed price
- **Growth Drivers** – Renovation & Remodeling of existing properties and the construction of new properties
- **Types of Surfaces** –
 - Granite
 - Marble
 - Wood
 - Quartz
 - Terrazzo
- **Road Ahead** –
 - Revival in US Housing Market
 - Wider acceptance / application of product
 - Improving prospects of home improvement and remodeling and cabinetry segments

**US Countertop Demand 2017
(750 million ft²)**



Source: The Freedonia Group

<http://www.stoneupdate.com/news-info/latest-stuff/592-us-natural-stone-countertop-demand-growing>

- Demand from Non residential segment in the US countertops market is expected to reach 131 million ft² in 2017
- Institutional, office & commercial segment to comprise major proportion ~70%

Granite Industry



- One of the most traditional materials used as countertop
- India accounts for over 20% of the world resources in granite
- **Characteristics –**
 - Hard
 - Durable
 - Resistant to damage from heat, stains & scratches
- **Primary area of operations –** Home building & remodeling, especially residential countertops
- **Most Popular Single Home remodeling feature** as per National association of Home Builders' Remodeling Market Index
- **Ease of availability –** Vast inventory of raw material present across the world
- **Wide Range –** Each slab is unique, and comes in a range of almost 3,000 colors

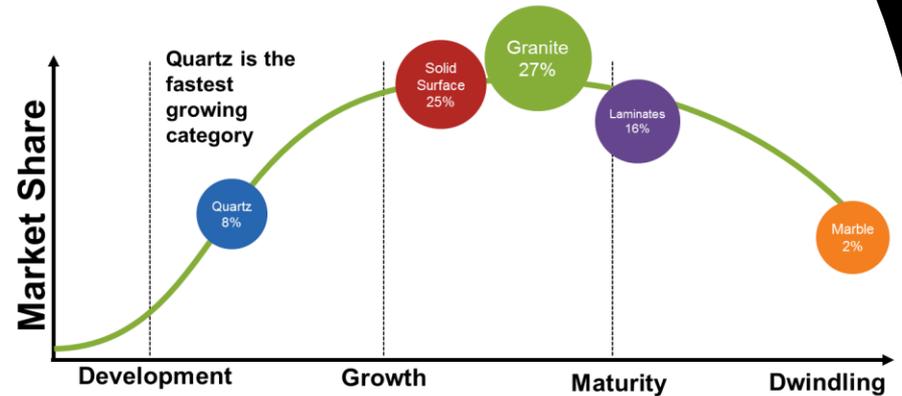




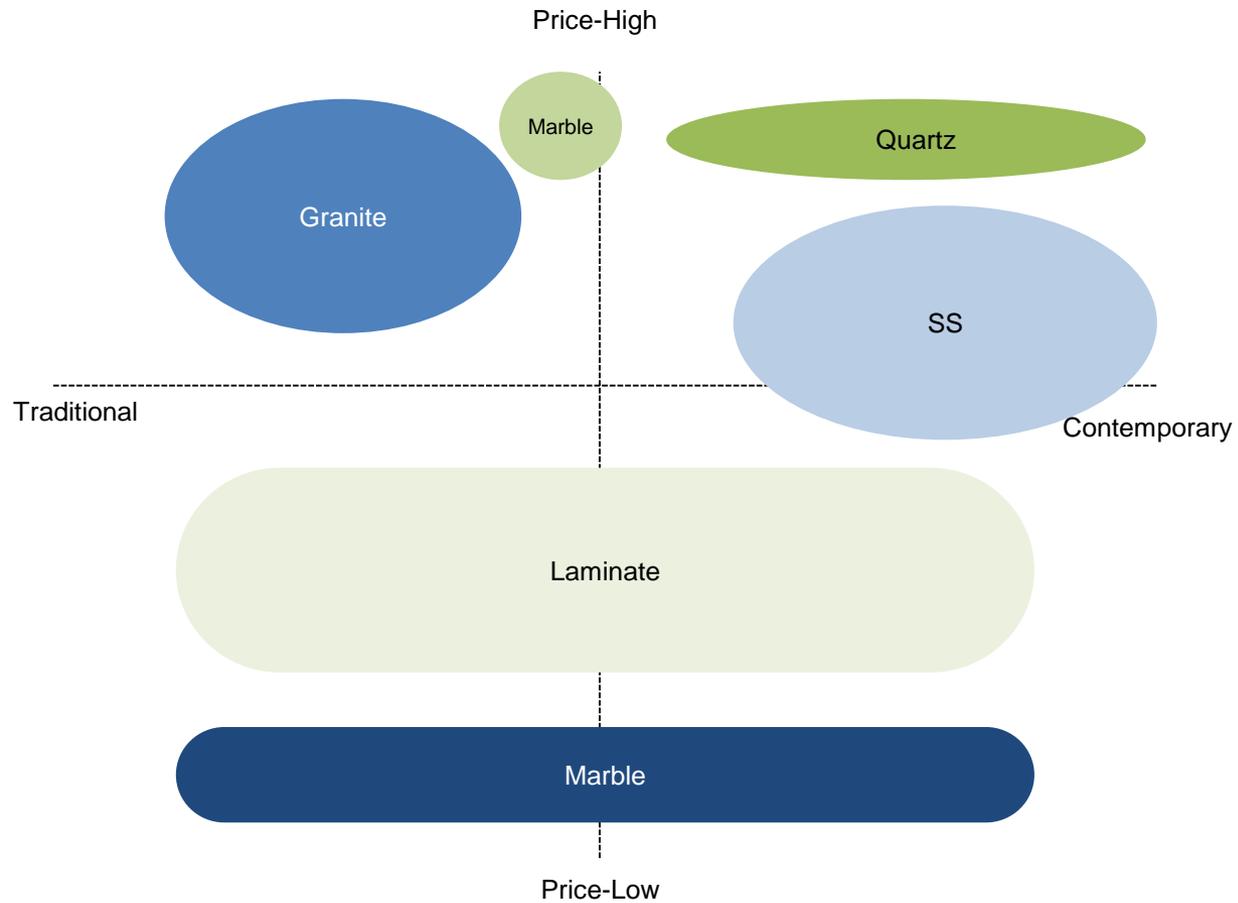
Engineered Stone /Quartz

- One of the **hardest** and **most abundant natural minerals** available in the world
- **Product Composition** –
 - 93% Quartz particles
 - 7% binding resins and additives
- **Fastest growing surfaces category** ('99 –'12)
 - Quadrupled global market share
 - 15.8% CAGR growth rate
- **Characteristics** –
 - Strong
 - Durable
 - Designer friendly
 - Versatile
 - Low Maintenance
- Initial malleable form, **permits flexibility in design, texture and ease of fabrication & installation**
- **Area of application** –
 - Kitchen
 - Flooring
 - Stairs
 - Walls

Quartz is the fastest growing category



Price Comparison

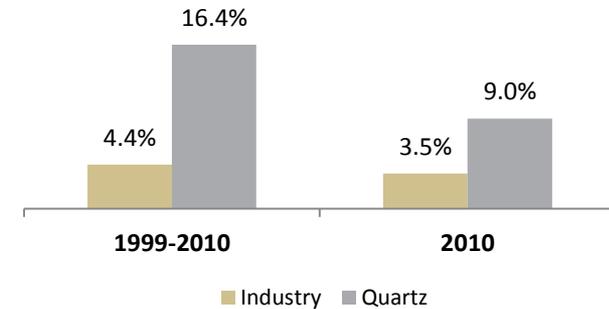




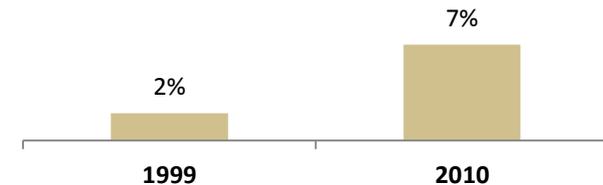
Quartz as a countertop

- **Faster than industry growth rate** – 16.4% CAGR growth rate (1999-2010) on an installed basis globally vis-à-vis 4.4% CAGR industry's growth rate
- **Consistent strong growth** – Growth rate of **13%** (2011 Freedonia Group Report)
- **Growing Market Share** – Market share of **7%** in **2010** vis-à-vis **2%** in **1999**
- **Business Opportunity (Infancy Stage)** – Market share still marginal on a relative basis, **7% by sales** and **4% by volumes**

Countertop Sales Growth Rates, Quartz vs. Overall Industry, Globally



Global Share by Sales*



Source: Industry



Why Quartz?

- Superior physical attributes relative to other countertop materials key driver of rapid growth
- Available in wide array of colors and provides ease of fabrication
- **Key Physical attributes**



- **Outlook –**

- Demand for **natural-stone** countertops in US market is expected to grow at a CAGR of 7.6% until 2017
- Engineered stone (Quartz) expected to account for 77 million ft² in US countertops market by 2017
- Annual Growth rate for Quartz estimated to be 7.4% in the US market

Source: *Freedonia*



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

US Housing Activity Forecast ('000)

	2014	2015	2016
Total Housing Starts	1,001	1,239	1,544
Single Family	649	875	1,173
Multifamily	352	364	370
New Single Family Sales	446	597	839
Existing Single-Family Home Sales	4,340	4,645	4,695

Source: National Association of Home Builders

Home Improvement / Remodeling (forecast)

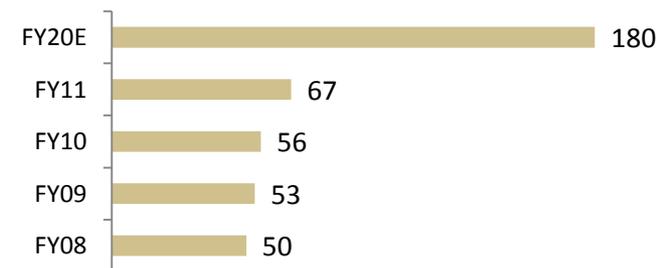
	2014	2015	2016	2017
Billions \$	301.7	319.4	332.3	343.9
% Change	5.9	5.9	4	3.5

Source: IHS Global Insight / HIRI Home improvement Products Market Forecast

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 sq m
- Total realty market in the country is expected to touch US\$ 180 billion by 2020

Indian Real Estate Market Size (\$ bn)



Source: Indian Brand Equity Foundation (IBEF)

Business Overview



POKARNA LIMITED

India's No.1 granite company



POKARNA LIMITED
India's No.1 granite company

Granite

- Marriot Court Yard - Hyd



Overview

- Pokarna Ltd. – One of the India’s **largest exporter** of finished 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
Coffee Brown	Pokarna Green
Flash Blue	Vizag Blue
Golden Dream	Silver Waves
Hail Storm	

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



- **Global Footprint** - Wide product range comprising of tiles, slabs etc. supplied to 49 countries across the globe



State-of-the-art Manufacturing Facilities

**Leading
Tile
Manufacturing
Unit**



**Latest Diamond
Wire Saw
Technology**



- Manufacturing Process at state of the art **integrated facilities**
- **Captive Quarries** – Sourcing of raw material from captive mines rich in diversity
- **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
- Latest equipment imported from the likes of **Pellegrini etc.**
- **Maximizing Productivity** – Latest machinery increases productivity with low energy consumption

Pokarna Engineered Stone (Quartz)



POKARNA LIMITED

India's No.1 granite company



POKARNA LIMITED
India's No.1 granite company

Quartz

- Avasa Hotels - Hyd



Overview

- Pokarna Engineered Stone Limited (PESL) – wholly owned subsidiary dedicated towards manufacturing Quartz
- **Raw Material Sourcing** – The State of Telangana and Andhra Pradesh is found to be home to some of the best quality quartz
- **Exclusive Licensee** – Manufacturing of products using patented Bretonstone® Technology, only Company in India to use this knowhow
- Distributed and supplied across the globe under the brand name **“Quantra® Natural Quartz Surfaces from Pokarna”**
- **Diverse Product offering** – Multiple shades and textures catering to best of every market across all spectrums
 - Quantra® Natural Quartz Surface at present has **64 colors**
 - Varied textures ranging across Polished, Honed, Sandblasted, Velvet, Egg finish, Easy care etc.
- **Global Demand** – Products exported across 20 countries, including Belgium, Brazil, Canada, Italy, UAE, USA and UK among others

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



State-of-the-art Manufacturing Facilities

Breton's KG 2000 Slab Polishing Line



- Fully automated production line
- Best in business technology - **Bretonstone® System of Breton S.p.A, Italy**
- **Sourcing of Raw Material** - Tie-up with some of the leading domestic suppliers of quartz
- **Unrivaled Finished product** - Quantra® Natural Quartz Surface is colored using finest quality unleaded pigments which ensure uniformity and consistency in color
- **Exclusive licensee agreement with Breton S.p.A, Italy;** Pokarna is the only Company to use this technology in India
- Manufacturing process using world renowned BRETONSTONE® SYSTEM, patented technique of Breton S.p.A, Italy
- Latest upgraded version of BRETONSTONE® SYSTEM ensures uniform thickness throughout the slab
- **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

Apparels



POKARNA LIMITED

India's No.1 granite company



Stanza



Overview

- **Launched in 2004**, Stanza focuses on premium product / lifestyle brand category for men
- **Experienced Management / Promoters**
 - Largest distributor of Raymond Ltd
 - Successfully turned around two sick units
- **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





Recap

India's leading exporter of finished granite

Integrated Facilities – Captive Quarries

Exclusive Licensee for manufacturing Quartz - BRETONSTONE® SYSTEM

Broad Diversified Product Offerings

World Class R&D and Manufacturing Capabilities

Extensive Domestic and Global Marketing & Distribution Presence

Q2 & H1FY15 Financial Results



POKARNA LIMITED

India's No.1 granite company

Financial Performance - Standalone

Rs. Million

Particulars	Q2 FY15	Q2 FY14	Shift %	H1 FY15	H1 FY14	Shift %
Revenues	503.4	415.8	+21.07	932.3	819.2	+13.81
EBITDA	110.5	63.6	+73.74	201.6	100.6	+100.40
Margin (%)	22.0	15.3	+43.79	21.6	12.3	+75.61
EBIT	83.6	39.1	+113.81	140.5	52.0	+170.19
PBT	46.7	13.4	+248.51	80.5	4.8	+1577.08
PAT	29.5	9.3	+217.20	51.6	3.1	+1564.52
EPS* (in Rupees)	4.8	1.5	+220.00	8.3	0.5	+1560.00

*Diluted & non-annualized

- Revenue during the quarter increased by 21.07% to Rs. 503.4 million as against Rs. 416 million during Q2 FY14; improved performance on account of higher off take.
- EBITDA for the quarter stood at Rs. 110.5 million as against Rs. 63.6 million during Q2 FY14; better cost control resulting in enhancing operating margins.
- PAT for the quarter stood at Rs. 29.5 million as against Rs.9.3 million registered during Q2 FY14.



Segment Wise - Performance

Rs. Million	Revenue	Q2 FY15	Q2 FY14	Shift %	H1 FY15	H1 FY14	Shift %
	Granite	488	362	+34.81	890	724	+22.93
Apparel	15	53	-71.70	42	94	-55.32	

Rs. Million	EBIT	Q2 FY15	Q2 FY14	Shift %	H1 FY15	H1 FY14	Shift %
	Granite	107	68	+57.35	195	104	+87.50
Apparel	-23	-29	-20.69	-54	-52	+3.85	

Rs. Million	Capital Employed	Q2 FY15	Q2 FY14	Shift %	H1 FY15	H1 FY14	Shift %
	Granite	810	776	+4.38	810	776	+4.38
Apparel	159	167	-4.79	159	167	-4.79	

Balance Sheet

Rs. Million

Sources of Funds	Unaudited 30 th Sept. 2014	Audited 31 st March 2014
Share Capital	62	62
Reserves & Surplus	911	877
Shareholders' Funds	973	939
Long term Debt	555	549
Short term Debt	340	343
Total Debt	895	892
Non current Liabilities	103	109
Total Liabilities	1971	1940

Application of Funds	Unaudited 30 th Sept. 2014	Audited 31 st March 2014
Tangible Assets	822	849
Intangible Assets	2	4
Capital Work in Progress	37	15
Non Current Assets		
Long-Term Loans & Advances	343	363
Other Non Current Assets	617	617
Current Assets	836	786
Current Liabilities	686	694
Net Current Assets	150	92
Total Assets	1971	1940



Consolidated performance overview

- H1 FY15 Consolidated revenues improve by 31.43% over H1 FY14 to stand at Rs 1444 million
- Q2 FY 15 Consolidated revenues improve by 41.88% over Q2 F.Y. 14 to stand at Rs. 827 million.
- Revenues from Engineered Stone business (PESL) up by 82.47%
- H1 FY15 EBITDA up 71.65%;
 - EBITDA margins for Engineered stone business (PESL) at 29%
- Engineered stone business enjoying strong demand from developed markets; increasing India footprint.



Chairman's Comments

Commenting on the performance, Mr. Gautam Chand Jain, Chairman at Pokarna Limited said *"We maintained positive momentum in our core business segments during the quarter. Our diversified product portfolio coupled with strong brand connect with our customers resulted in delivering improved performance during the first half."*

Aside from a continuing thrust on introducing new colours and offerings to delight our customers, we are also placing considerable emphasis on strengthening our distribution network and further establish our presence in key markets.

Performance of our quartz division also continues to remain strong. The addition of our new Ganges collection recently unveiled at globally renowned Marmomacc will result in firming up an already impressive portfolio.

We believe there is tremendous opportunity both in India and internationally. Going forward, our impressive offerings, strong product pipeline and growing marketing reach together with improving business sentiments across geographies should enable us in delivering sustainable performance."

About Us & Investor Contacts



POKARNA LIMITED

India's No.1 granite company

About Us

Pokarna Limited, headquartered in Secunderabad, is the largest exporter of finished granite in India with exports to over 69 countries (incl. Granite & Quartz) globally across 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. 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](#)’. Pokarna also manufactures and sells apparels under the brand ‘Stanza’ through its 10 retail shops pan India.

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 / Ishan Selarka

CDR India

Tel: +91 22 6645 1237 / 1235 / 1232

Fax: +91 22 6645 1213

E-mail: gavin@cdr-india.com

suraj@cdr-india.com

ishan@cdr-india.com