



13.02.2015

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

Dear Sir,

**Sub:** Q3 & 9M FY15 Results Presentation

**Ref:** Scrip code: 532486 / Pokarna Limited

Please find a copy of Q3 & 9M FY15 Results Presentation.

This is for your record and dissemination.

**Thanking You,**

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

**Vinay Paruchuru  
Company Secretary**

### **Pokarna Limited**

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CIN: L14102TG1991PLC013299

# Q3 & 9M FY15 Results Presentation

February - 2015



**POKARNA LIMITED**

India's No.1 granite company

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# Q3 & 9MFY15 Financial Results



**POKARNA LIMITED**

India's No.1 granite company

# Financial Performance - Consolidated

Rs. crore

Particulars	Q3 FY15	Q3 FY14	Shift %	9M FY15	9M FY14	Shift %
<b>Revenues</b>	<b>78</b>	53	<b>+ 47.0</b>	<b>223</b>	163	<b>+ 36.5</b>
<b>EBITDA</b>	<b>25</b>	14	<b>+ 75.7</b>	<b>59</b>	34	<b>+ 73.3</b>
<b>Margin (%)</b>	<b>32.1</b>	<b>26.9</b>	<b>+ 520 bps</b>	<b>26.7</b>	<b>21.0</b>	<b>+ 570 bps</b>
EBIT	<b>20</b>	9	<b>+ 120.1</b>	<b>42</b>	19	<b>+ 119.6</b>
PBT*	<b>19</b>	2	<b>+ 1,082.1</b>	<b>25</b>	3	<b>+ 812.8</b>
<b>PAT</b>	<b>15</b>	1	<b>+ 2,742.3</b>	<b>18</b>	1	<b>+ 1,131.5</b>
EPS diluted and non-annualized (in Rupees)	<b>23.8</b>	0.8	<b>+ 2,738.1</b>	<b>28.4</b>	2.3	<b>+ 1,134.8</b>

\*Post incorporating gain of Rs. 8 cr (extraordinary items) on account of FCCB redemption

- 9M FY15 Revenues increased by 36.5% to Rs. 223 crore as against Rs. 163 crore during 9M FY14; growth driven by improved utilization level and higher offtake
- 9M FY15 EBITDA stood at Rs. 59 crore as against Rs. 34 crore during 9M FY14; better realisations and cost rationalization resulting in margin progression; Margins for Engineered stone business stood at 31.9%
- 9M FY15 PAT stood at Rs. 18 crore as against Rs. 1 crore registered during 9M FY14

# Financial Performance - Standalone

Rs. crore

Particulars	Q3 FY15	Q3 FY14	Shift %	9M FY15	9M FY14	Shift %
<b>Revenues</b>	<b>44</b>	40	<b>+ 9.9</b>	<b>138</b>	122	<b>+ 12.5</b>
<b>EBITDA</b>	<b>13</b>	9	<b>+ 51.8</b>	<b>33</b>	19	<b>+ 77.9</b>
<b>Margin (%)</b>	<b>29.8</b>	<b>21.6</b>	<b>+ 820 bps</b>	<b>24.3</b>	<b>15.4</b>	<b>+ 890 bps</b>
EBIT	<b>11</b>	6	<b>+ 69.2</b>	<b>25</b>	11	<b>+ 114.9</b>
PBT	<b>7</b>	3	<b>+ 118.6</b>	<b>15</b>	4	<b>+ 307.7</b>
<b>PAT</b>	<b>5</b>	2	<b>+ 118.9</b>	<b>10</b>	2	<b>+ 302.3</b>
EPS* (in Rupees)	<b>7.5</b>	3.4	<b>+ 119.0</b>	<b>15.8</b>	3.9	<b>+ 302.3</b>

\*Diluted & non-annualized

- 9M FY15 Revenues grew by 12.5% to Rs. 138 crore as against Rs. 122 crore during 9M FY14; expansion on account of strong domestic and international demand
- 9M FY15 EBITDA stood at Rs. 33 crore as against Rs. 19 crore during 9M FY14; better realisation and cost discipline resulting in enhancing operating margins
- 9M FY15 PAT stood at Rs. 10 crore as against Rs.2 crore registered during 9M FY14

# Segment Wise - Performance

Rs. Crore	Revenue	Q3 FY15	Q3 FY14	Shift %	9M FY15	9M FY14	Shift %
	Granite	<b>43</b>	38	<b>+14.3</b>	<b>132</b>	110	<b>+19.9</b>
Quartz	<b>34</b>	13	<b>+163.0</b>	<b>85</b>	41	<b>+107.9</b>	
Apparel	<b>1</b>	3	<b>(50.8)</b>	<b>6</b>	12	<b>(54.8)</b>	

*Demand for natural and engineered stone continues to gain traction across geographies*

Rs. Crore	EBIT	Q3 FY15	Q3 FY14	Shift %	9M FY15	9M FY14	Shift %
	Granite	<b>12</b>	9	<b>+34.1</b>	<b>31</b>	20	<b>+62.4</b>
Quartz	<b>10</b>	3	<b>+240.9</b>	<b>18</b>	8	<b>+141.3</b>	
Apparel	<b>(2)</b>	(3)	<b>(42.1)</b>	<b>(7)</b>	(8)	<b>(12.1)</b>	

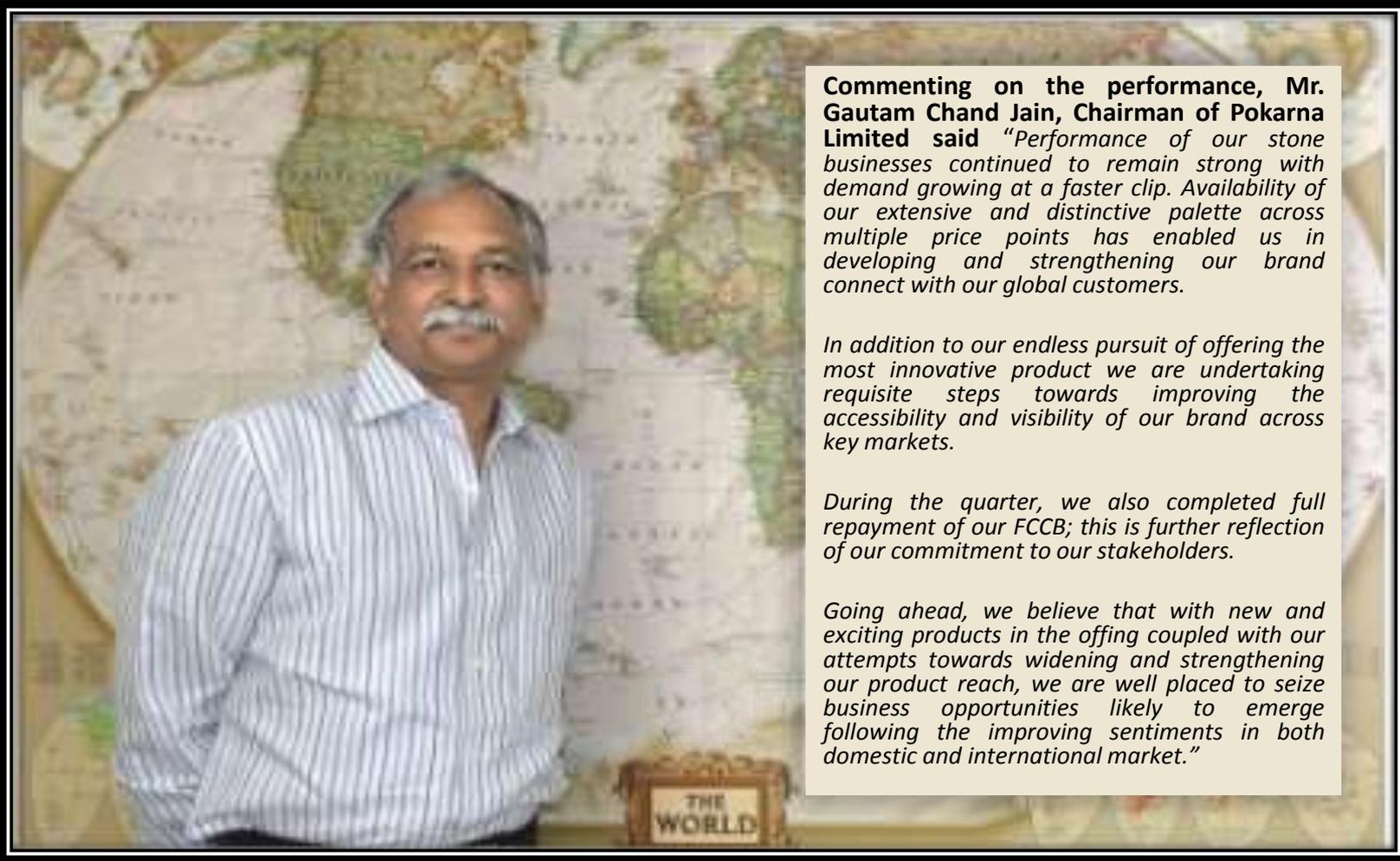
*Better realisations and lower input cost resulted in improved profitability of Quartz business*

Rs. Crore	Capital Employed	Q3 FY15	Q3 FY14	Shift %	9M FY15	9M FY14	Shift %
	Granite	<b>80</b>	79	<b>+1.3</b>	<b>80</b>	79	<b>+1.3</b>
Quartz	<b>171</b>	178	<b>(3.9)</b>	<b>171</b>	178	<b>(3.9)</b>	
Apparel	<b>21</b>	15	<b>+40.0</b>	<b>21</b>	15	<b>+40.0</b>	

# Chairman's Comments



POKARNA LIMITED  
India's No.1 granite company



**Commenting on the performance, Mr. Gautam Chand Jain, Chairman of Pokarna Limited said** *"Performance of our stone businesses continued to remain strong with demand growing at a faster clip. Availability of our extensive and distinctive palette across multiple price points has enabled us in developing and strengthening our brand connect with our global customers.*

*In addition to our endless pursuit of offering the most innovative product we are undertaking requisite steps towards improving the accessibility and visibility of our brand across key markets.*

*During the quarter, we also completed full repayment of our FCCB; this is further reflection of our commitment to our stakeholders.*

*Going ahead, we believe that with new and exciting products in the offing coupled with our attempts towards widening and strengthening our product reach, we are well placed to seize business opportunities likely to emerge following the improving sentiments in both domestic and international market."*

# Recent Developments

## Biggest Product launch at Marmomacc

- Unveiled 16 exotic Quantra® Quartz Surfaces, largest in the Company's history at Marmomacc, 2014 at Verona, Italy
- Marmomacc is the world's biggest annual event for the stone industry
- '*Ganges Collection*' - Inspired by naturally occurring patterns and color tones of exotic natural marble and granite
- The product echoes the warmth and texture of natural stone



## FCCB Retirement

- Successfully completes FCCB redemption
- Concluded redemption in 4 tranches
  - USD 3.700 million on December 28, 2012
  - USD 3.762 million on May 15, 2013
  - USD 2.077 million on May 20, 2013
  - USD 2.461 million on December 19, 2014
- Raised zero coupon FCCB aggregating USD 12 Mn in 2007
- Bonds raised to finance Quartz facility in Vishakhapatnam

# Company Overview



**POKARNA LIMITED**

India's No.1 granite company

## Founded

1991

## Corporate Headquarters

Secunderabad, India

## Business Segments

Granite, Quartz, Apparel

## Manufacturing Units

Granite – 2; Quartz – 1,  
Captive Quarries

## Geographical Presence

50+ Countries  
(Granite + Quartz)

## Customers

National, International &  
Global Independent entities

# *Fast Facts*

# At a Glance.....

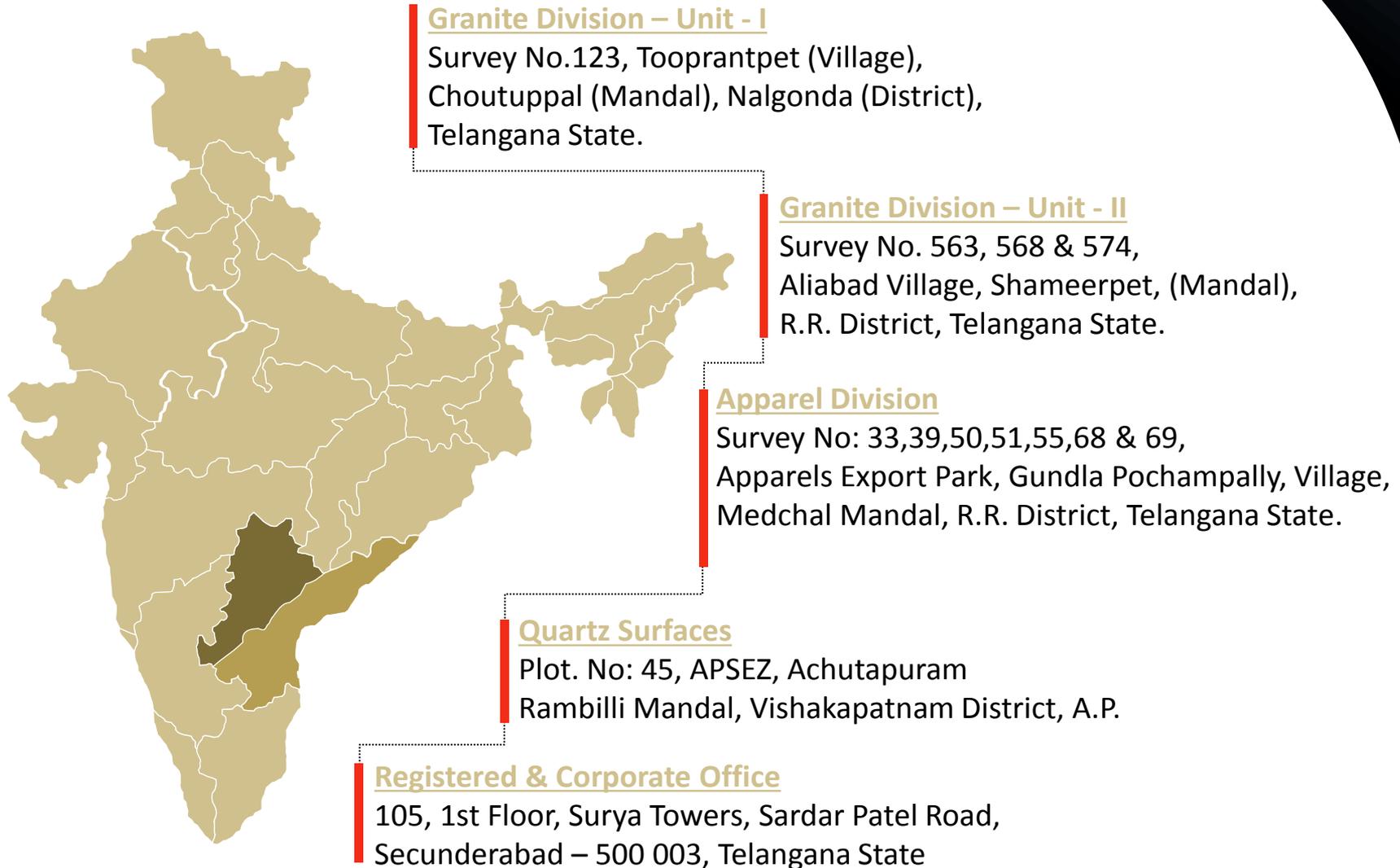
## GRANITE

- 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)
- **Global Presence** - Customers in more than 50 Countries (incl. Granite & Quartz)



## QUARTZ

# Our Presence



# Global Footprint



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

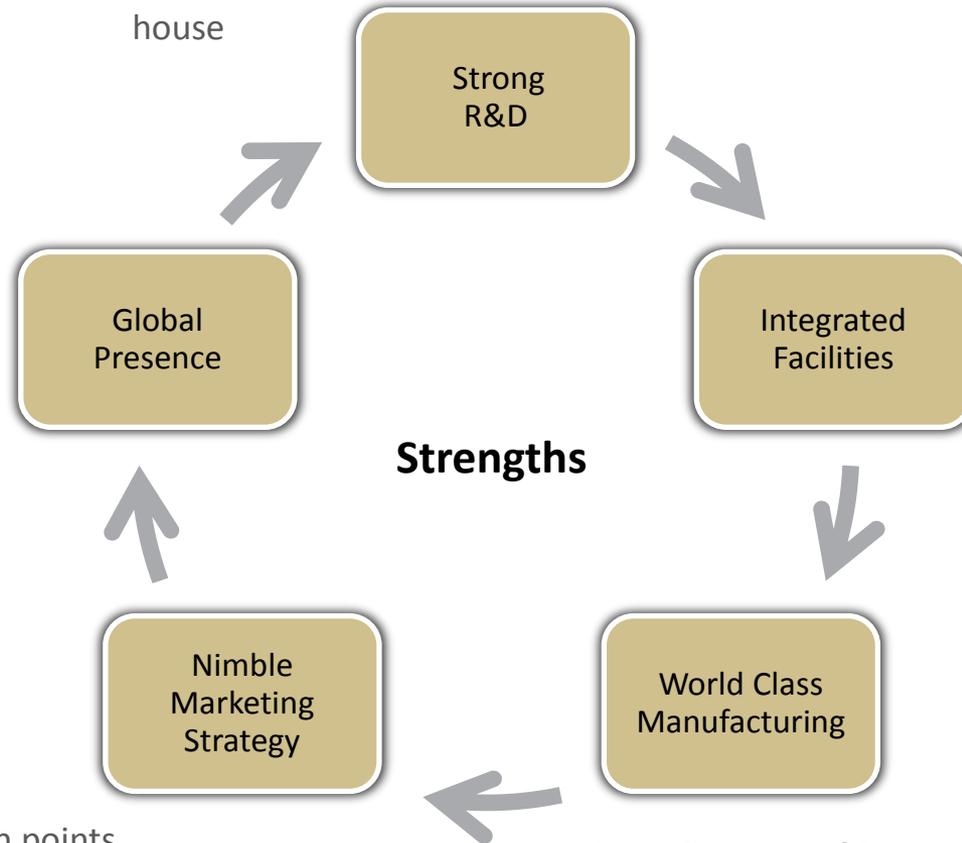
**Presence across Developed and Emerging markets**



# Strengths

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

- Presence in more than 50 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 Bella Vista,  
Chennai



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



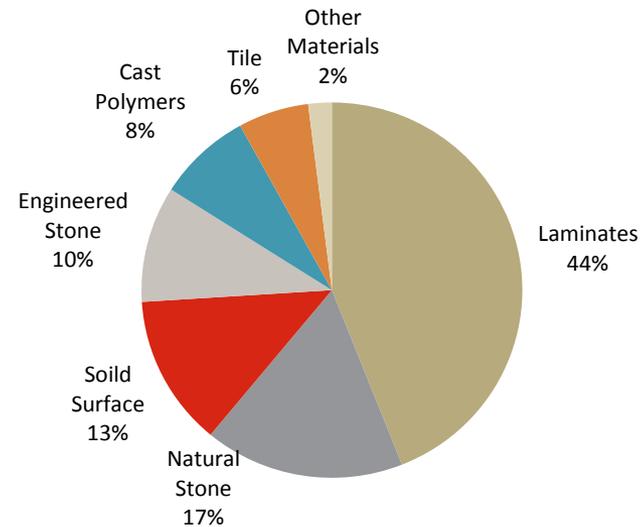
- Demand for natural-stone countertops in the US market to grow 7.6% annually until 2017
- Engineered stone, to account for 77 million ft<sup>2</sup> in US countertops market annually by 2017, with an annual growth rate of 7.4%



# 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 ft<sup>2</sup>)**



**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 ft<sup>2</sup> 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

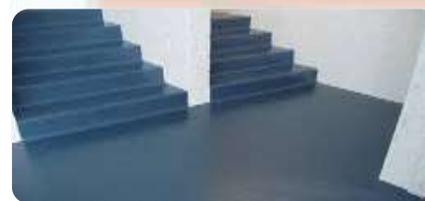
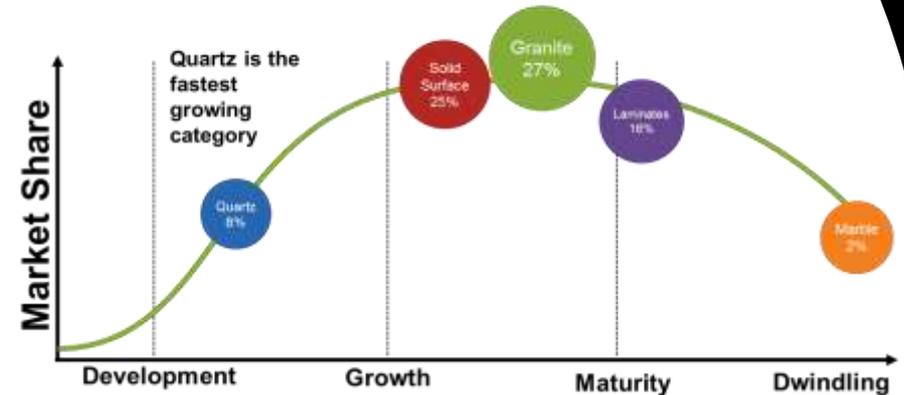




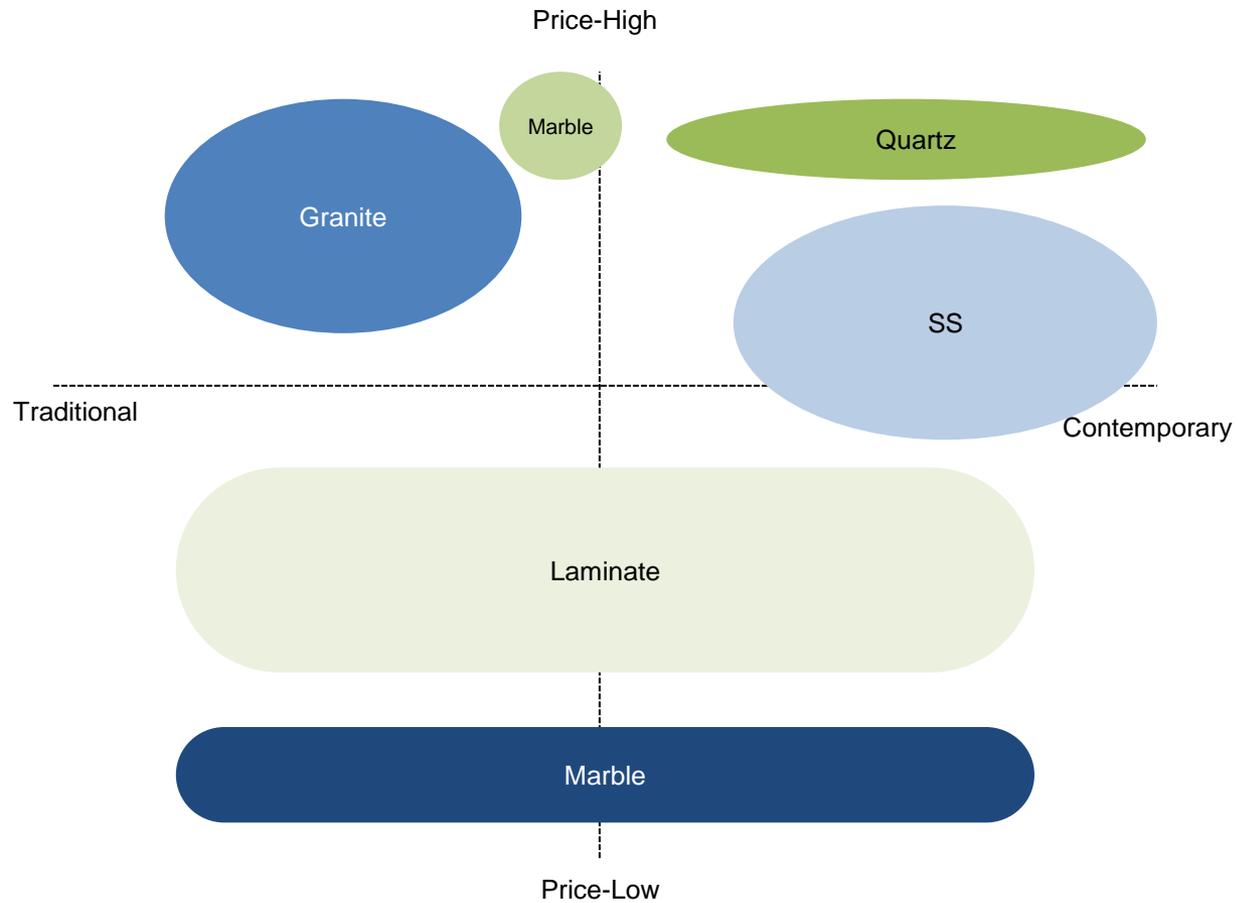
# Engineered Stone /Quartz

- 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

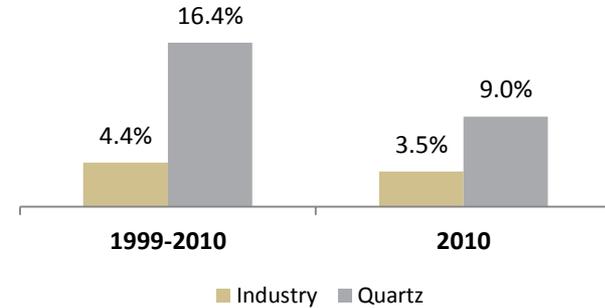




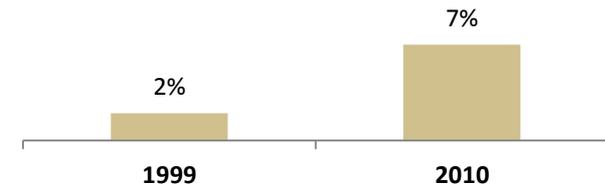
# Quartz as a countertop

- **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\*

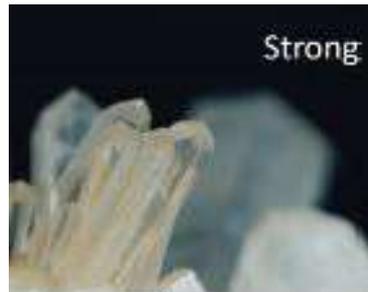


Source: Industry



# 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 ft<sup>2</sup> 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)

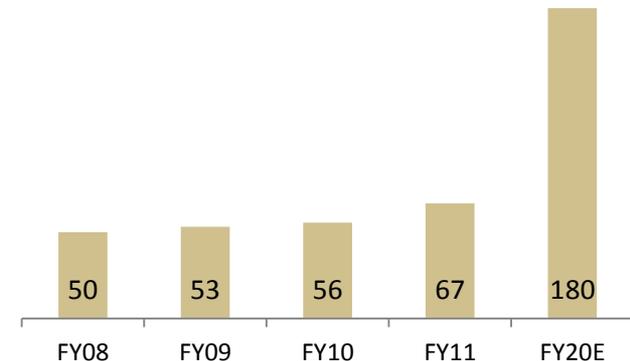
	2014	2015	2016	2017
Billions \$	301.7	319.4	332.3	343.9
% Change	5.9	5.9	4	3.5

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 sqm
- 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

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# 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

- 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 Limited (Quartz)**



**POKARNA LIMITED**

India's No.1 granite company



POKARNA LIMITED  
India's No.1 granite company

# Quartz

- Avasa Hotels - Hyd

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# Overview

- Pokarna Engineered Stone Limited (PESL) – wholly owned subsidiary dedicated towards manufacturing Quartz
- **Raw Material Sourcing** – The State of Telangana and Andhra Pradesh are found to be home to some of the best quality quartz
- 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

- 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
  - **Unrivalled Finished product** - Quantra® Natural Quartz Surface is colored using finest quality unleaded pigments which ensure uniformity and consistency in color
  - **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

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# 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 –**
  - 11 exclusive outlets
  - Other leading retail outlets





# Recap

**India's leading exporter of finished granite**

**Integrated Facilities – Captive Quarries**

**Licensee of BRETONSTONE® SYSTEM for manufacturing Quartz**

**Broad Diversified Product Offerings**

**World Class R&D and Manufacturing Capabilities**

**Extensive Domestic and Global Marketing & Distribution Presence**

# 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 more than 50 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](http://www.pokarna.com) or contact:*

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