



May, 11<sup>th</sup>, 2017

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 no / Symbol. 532486 / Pokarna

Sub: Financial results presentation.

Please find the enclosed FY17 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

# Q4 & FY17 Results Presentation

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May - 2017



**POKARNA LIMITED**

# Table of Content

Business Highlights

3

Segmental Performance

5

Key Developments

8

Outlook: Going Forward

13

Key Strengths & Capabilities

15

Company Overview

17

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# Business Highlights – FY17 (Consolidated)

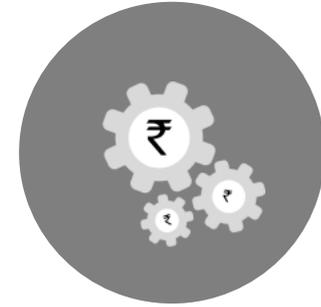


## 58% share of Quartz

Product innovation and Strong Demand



## 36% PAT growth



## Capacity Expansion

Greenfield project to expand Quartz surfaces production capacity by 130%



## Tie-up with IKEA

Serve as its exclusive quartz surfaces supply and installation partner for Indian Market



## Proposed sale of Apparel business

Board in principle approves Independent Committee's / Audit Committee recommendation of selling Apparel business



## Commissioning of new quarry (Creame Cashmere)

# Financial Highlights - Consolidated

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Revenue for FY 17 decline 5% from Rs. 399 Cr to Rs. 380 Cr primarily due to decline in granite business. For the same period, EBITDA rose from Rs. 139 Cr to Rs. 142 Cr with EBITDA margin improving to 37% from 35 %.

Profit After Tax for FY 17 improved 36% from Rs. 51 Cr to Rs. 70 Cr. PAT margin rose to 18% from 13%.

Higher tax expenses due to increased profit and higher effective tax rate.

Sustained strong cash generation from operations, a reflection of the strong cash generating ability of the underlying core business. The Company's balance sheet as of March 31, 2017 included cash and bank balance of Rs. 28 Cr as compared to Rs. 13 Cr on March 31, 2016.

# Segmental Performance



# Segmental Performance

Rs. Crore

Revenue	FY17	FY16	Shift %
Granite	149	186	-20
Quartz Surfaces	222	204	9
Apparel	10	9	11



Rs. Crore

EBIT	FY17	FY16	Shift %
Granite	33	46	-28
Quartz Surfaces	96	83	16
Apparel	(7)	(8)	-



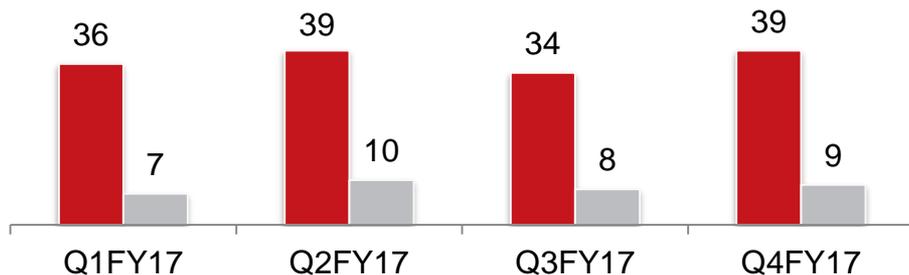
Rs. Crore

Capital Employed	FY17	FY16	Shift %
Granite	103	82	26
Quartz Surfaces	229	198	16
Apparel	18	22	-18



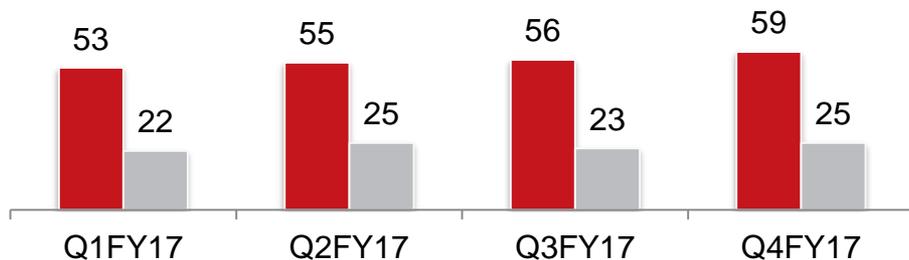
# Segmental Performance

Granite



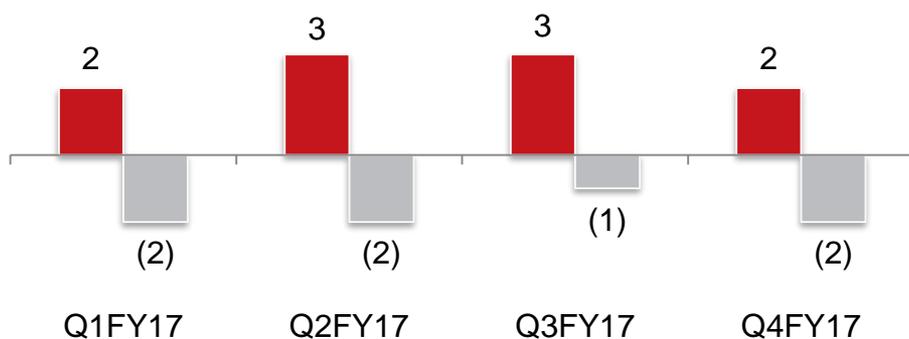
*Performance of the business reflective of on-going challenging environment. Tuning the granite business towards focusing more on customized “cut to size” segments.*

Quartz Surfaces



*EBITDA margin for the business during FY17 stood at 47%.*

Apparel



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

■ Revenues (Rs cr) ■ EBIT (Rs cr)

# Key Developments



# Key Developments



## CAPEX

- PESL to embark on a greenfield project to expand production capacity by 130%.
- Project cost (Rs. 325 cr) to be funded through mix of internal accruals (Rs. 75 cr) and Debt (Rs. 250 cr).
- Pokarna to remain exclusive licensee of Bretonstone Technology in India, through March 2020.



## PESL exited CDR Mechanism

- PESL received approval from Corporate Debt Restructuring (CDR) Cell to exit CDR mechanism.
- Exit will not only enable greater operational and financial flexibility but will support growth plans.
- Pursuant to the terms of approval of CDR cell, PESL's issued 1,59,300 Non Convertible Debentures (NCD) of Rs. 1000/- each to its consortium lenders (Indian Overseas Bank, Union Bank of India & Bank of India), out of which 53,101 NCDs' were redeemed on March, 31, 2017.



## PESL partners IKEA

- PESL partnered IKEA to serve as its exclusive quartz surfaces supply and installation partner for Indian Market.
- IKEA is the world's largest home furnishing Company with sales volume of 34.2 bn Euros.
- **Scope of work** - Pokarna to supply quartz surfaces besides undertaking measuring, planning, installation and home delivery of its products including countertops to IKEA's customers.



## NSE Listing / Mobile APP launch

- Listed on NSE from 07th July, 2016; listing on BSE and NSE both will provide better price discovery.
- Launched Interactive Application "Quantra".
- Application offers interactive features making it easier than ever for its users to discover and experience Quantra's rich and varied color palette.

# Key Developments



## Value unlocking – Proposed Sale of Apparel biz

- In line with Company's decision of focusing on its Core businesses (i.e Granite and Quartz).
- Board of Directors in principally approved Independent committee / Audit Committee recommendation to sell off Apparel business.
- Sale of Apparel business is subject to finding buyer / investor, receipt of acceptable offer & other requisite approval, consents and clearances of bankers / shareholders & other Institutions, as may be required.



## Commissioning of new Granite quarry

- Commenced the operations of new quarry.
- Location - Buduruvada (Village), Parvathipuram (Mandal), Vizianagaram (District), Andhra Pradesh.
- Extent of Area - 10.0 Hectares.
- Color – “Cream Cashmere”.



## Stock Split

- Board of Directors approve Sub-division of equity shares of face value of Rs. 10 each into 5 equity shares of face value of Rs. 2 each subject to approval of the shareholders and w.e.f a record date to be fixed by the Board/Committee in this regard.

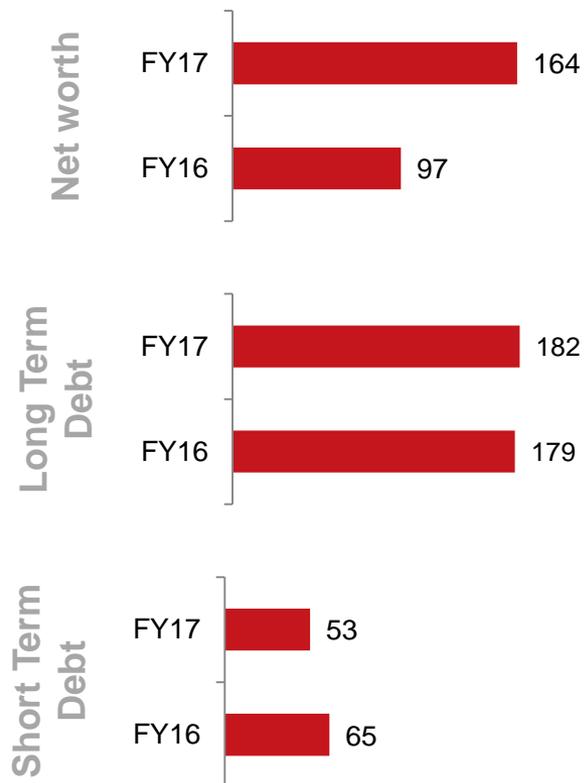


## Board recommends Dividend

- Board recommends final dividend of Rs. 3 (@ 30%) per equity share of the Company (having FV of Rs.10/- each) for the financial year ended March 31, 2017.

# Balance Sheet – Rs. Cr (Consolidated)

## Liabilities



## Assets



# FY18 – Priorities remain the same

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Build strong & innovative product pipeline

Improve operational efficiencies

Focus on branding

Widen reach and presence

# Outlook: Going Forward



# Outlook: Going Forward

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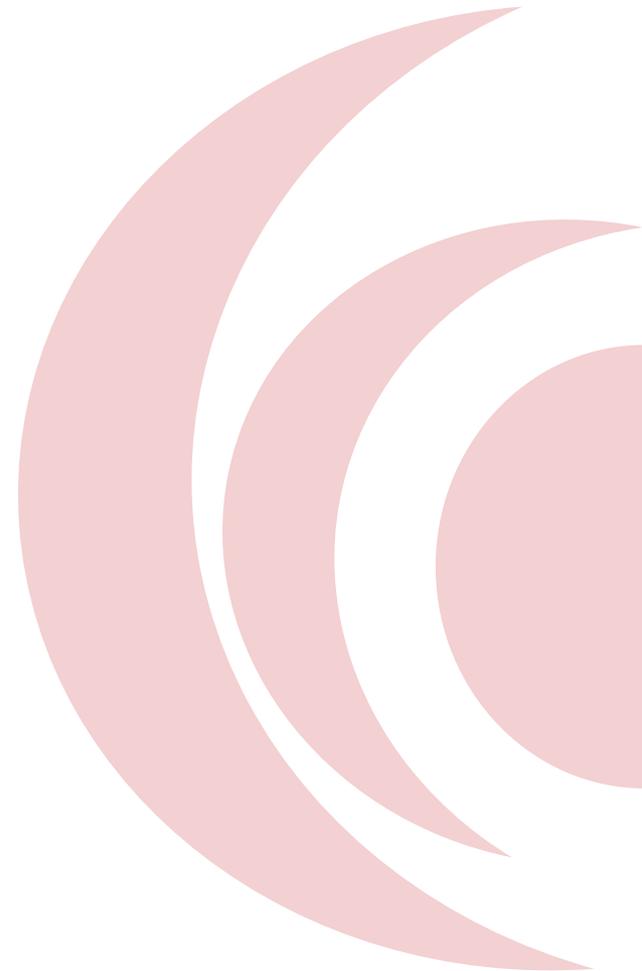
## Quartz

- Our quartz surfaces business (~58% of revenue) continues to provide a strong foundation for our long-term success;
- Benefit from presence in fast growing quartz surfaces segment. Rate of growth may be limited by current capacity levels. Therefore, till the time new capacity is operational, we will invest in new capabilities in current plant to make our product more exotic and valuable to improve realization.
- Planned maintenance and refurbishment activity in quartz surfaces plant during May, 2017.

## Granite

- We aim to improve capacity utilization at granite processing plants and take advantage of the growing worldwide demand for cut to size products;
- Sustained challenge from Brazilian and Indian players on price front. Therefore, we will churn our product and customer portfolio and make structural improvements necessary to achieve revenue and profitability goals.

# Key Strengths & Capabilities



# Key Strengths & Capabilities

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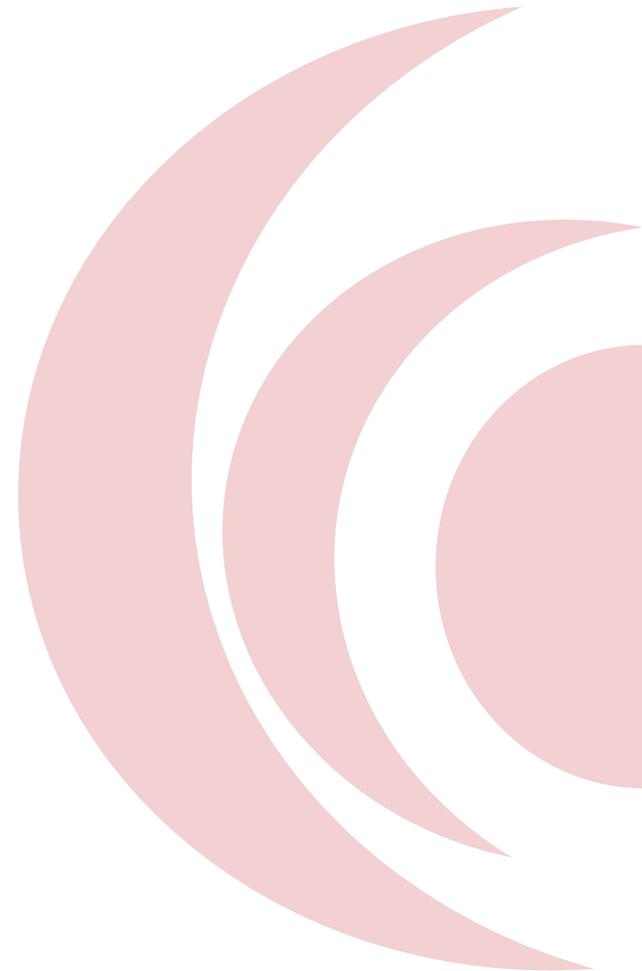
## Quartz

- World class manufacturing, Research & Product development facility – base of over 6750 lab products
- Exclusive licensee for India of patented Italian Bretonstone Technology
- Comprehensively serving through private label products and Quantra brand
- Laser-focused on operational excellence; and
- Presence in high growth quartz surfaces segment.

## Granite

- Vertically integrated with captive quarries and state of the art mining and processing infrastructure
- Long-term granite mineral reserve of high-quality
- Broad, diverse presence by geography for last 25 year; and
- Experienced management team.

# 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

- **Diverse / Rich offerings** - Company's **color palette** includes over **76 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.

### 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 6750 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.
  - Non-flammable and non-toxic finished product.

### Factory:

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

# Apparel

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- **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.

# Investor Contacts

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