



POKARNA LIMITED
India's No. 1 granite company

Q1 FY19

Results Presentation

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POKARNA LIMITED

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Financial Highlights

Business and Financial Highlights – Consolidated

Granite business – Heightened competitive intensity coupled with currency headwinds continue to weigh down the performance
Quartz business – Strong demand & improved product mix to maintain growth momentum

Higher raw material prices and adverse currency movement resulted in subdued margins for granite division

Continue to work towards improving product mix to boost profitability

Applied for requisite regulatory approval for commencing work on new quartz plant

Started Servicing IKEA, Hyderabad Customers.

Consolidated Financials*

Rs. In Cr

Particulars	Q1 FY19	Q1 FY18	%
Revenues	82.06	67.38	21.8%
EBITDA	22.06	17.32	27.4%
<i>Margins (%)</i>	26.88	25.70	+118 bps
Depreciation	4.69	4.94	(5.1%)
Interest	6.68	5.54	20.6%
PAT**	9.19	5.43	69.2%
<i>Margins (%)</i>	11.20	8.06	+314 bps



*Excluding Discontinued operations of Apparel division.

** PAT from Continued Operation



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Segmental Performance

Segmental Performance

Rs. Crore

Revenue	Q1FY19	Q1FY18	Shift %
Granite	31	34	(8.9)
Quartz Surfaces	51	33	54.5



Rs. Crore

EBITDA	Q1FY19	Q1FY18	Shift %
Granite	5	8	(37.5)
Quartz Surfaces	17	9	89.0



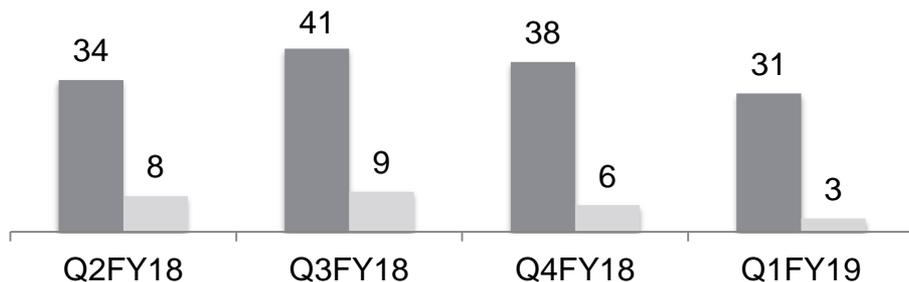
Rs. Crore

Capital Employed	Q1FY19	Q1FY18	Shift %
Granite	91	109	(16.5)
Quartz Surfaces	242	223	8.5



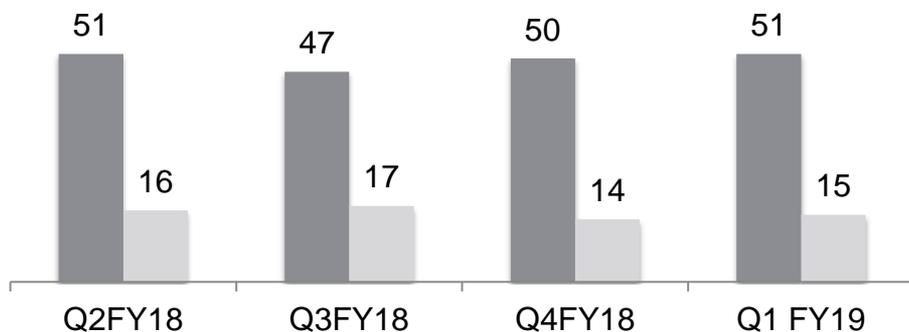
Segmental Performance

Granite



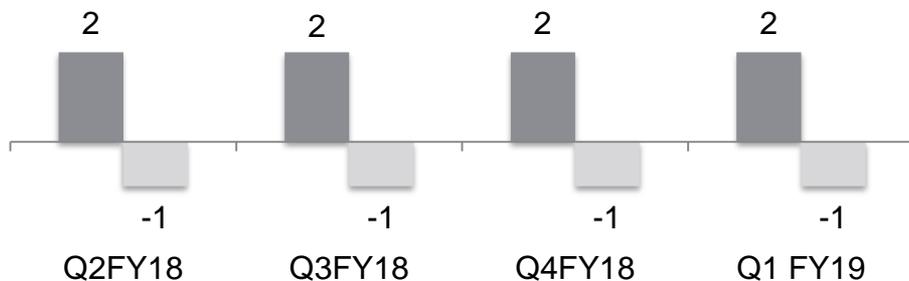
Business environment continues to remain challenging – Pricing pressure & Currency headwinds continue to impact performance. Efforts towards enhancing product mix and cost rationalization to improve performance going forward.

Quartz Surfaces



Strong revenue growth on the back of better product mix and steady demand. Currency depreciation aided margin and profitability improvement for the Qtr. Q1 FY19 EBITDA margins stood at 34%

Apparel*



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

*Discontinued operations

■ Revenues (Rs cr) ■ EBIT (Rs cr)



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Key Developments

Key Developments

Applied for requisite approvals for commencing work on new greenfield Engineered Stone Facility

- Completes regulatory approval for purchase of 39 acres of land
- Land is strategically situated at ~ 25 kms from the Rajiv Gandhi International airport; also at close proximity to inland container depot, Thimmapur, Hyderabad and well connected by roads/rail to key domestic ports.
- The facility will cater to international as well as domestic markets both of which are witnessing encouraging demand trends
- Similar to existing unit, this plant will be set up using Breton stone technology.
- Total investment towards new facility estimated at ~Rs. 330 crore
 - Funding mix: Debt of Rs. 250 cr; Internal accruals of Rs. 80 cr

FY19 – Key Priorities

Build strong & innovative product pipeline

Improve operational efficiencies

Focus on branding

Widen reach and presence



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Going Forward

Going Forward

Quartz

- New equipment and process improvement initiation to produce innovative and better margin products

Granite

- Focusing on improving the operational efficiencies at quarries
- Aiming towards improving capacity utilization and increasing share of cut to size products
- Sustained challenge from Brazilian and Indian players on price front – Fine tuning strategy and product mix to achieve revenue and profitability goals



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Key Strengths & Capabilities

Key Strengths & Capabilities

Quartz

- World class manufacturing, Research & Product development facility
- Comprehensively serving through private label products and Quantra brand
- Laser-focused on operational excellence
- Presence in high growth quartz surfaces segment

Granite

- Vertically integrated with captive quarries and state of the art mining and processing infrastructure
- Broad, diverse presence by geography, for last 25 years
- Experienced management team.



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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
Sapphire Brown		

- **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), Yadadri Bhuvanagiri (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 350 colors 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/Granites.
 - Scratch resistant finished product.

Factory:

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

Apparel

- **Launched in 2004**, Stanza focuses on premium product / lifestyle brand category for men & children.
- **Reach –**
 - 8 exclusive outlets
 - Other retail outlets



Factory:

Survey No: 33,39,50,51,55,68 & 69, Apparels Export Park, Gundla Pochampally, Village, Medchal Mandal, R.R. District, Telangana.

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**Quantra**[®]

Natural quartz surfaces from Pokarna

**STANZA**[®]
Sameness Deleted

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