



POKARNA LIMITED
India's No. 1 granite company

Q1 FY22

Results Presentation

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POKARNA LIMITED

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Financial Highlights

Business and Financial Highlights Q1 FY22– Consolidated

Q1 FY22 Performance

Q1FY22 was driven by continued strong demand for quartz in the US market

Capacity ramp – up at new quartz unit was partially impacted due to lockdown restrictions on account of COVID-19

Revenues from new quartz unit predominantly impacted due to shipping challenges

Granite business – Business environment continues to remain challenging; prioritizing profitability over growth

Quartz business – Demand momentum remains strong – new products gaining traction; supply side challenges – container unavailability & freight cost weighing in on profitability

Apparel business – Efforts directed towards improving efficiencies and containing losses

Inauguration of new Quartz unit - The new state-of-the-art Quartz unit was officially inaugurated on July 31, 2021 by Sri.K.T.Rama Rao, Hon'ble Minister for IT, Industries, MA & UD, Govt. of Telangana in the presence of Smt.Sabitha Indra Reddy, Hon'ble Minister of Education, Govt. of Telangana, Sri. Errabeli Dayakar Rao, Hon'ble Minister for Panchayat Raj & Rural and Development and RWS, Govt. of Telangana, along with other representatives, vendor and supplier partners, and dealers of the Company.

Consolidated Financials Rs. In Cr

Particulars	Q1FY22	Q1FY21	%
Revenues	105	27	288.9
EBITDA	23	(2)	-
<i>Margins (%)</i>	21.9	-	-
Depreciation	9	5	80
Interest	8	5	60
PAT	4	(9)	-
<i>Margins (%)</i>	3.8	-	-

- Completed capitalization of Unit 2 of PESL in March '21 and started to depreciate assets from Q4FY21. Depreciation expense increased by Rs.447.82 Lakhs for Q1FY22 as compared Q1FY21, attributable to PESL' new quartz unit.
- Finance expense increased by Rs. 415.21 Lakhs for Q1FY22 as compared Q1FY21, attributable to PESL' new quartz unit.
- Other expense includes foreign currency loss of Rs.532.31 Lakhs recognized by PESL on account of payment made to the supplier of fixed assets for new quartz unit.



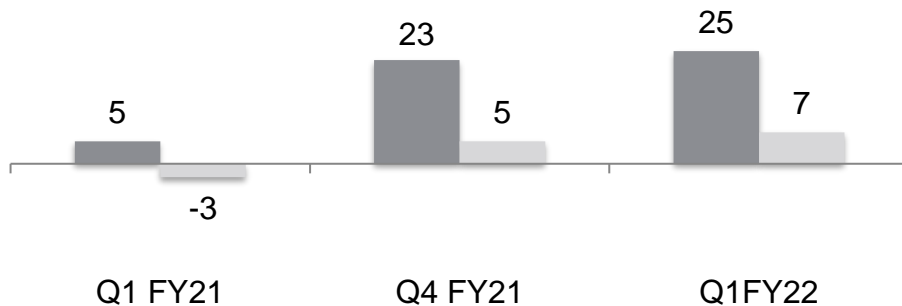
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Segmental Performance

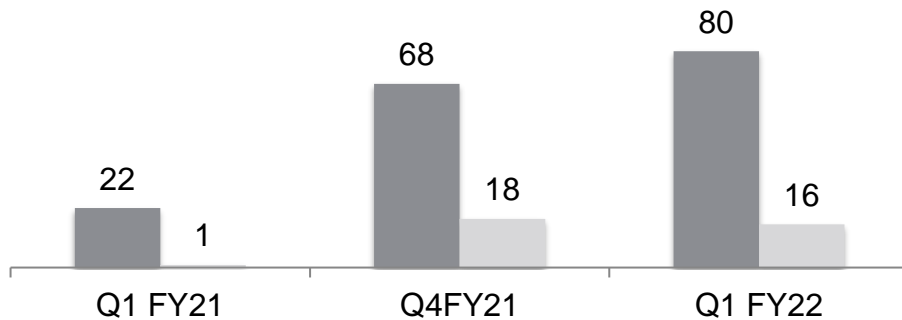
Segmental Performance

Granite



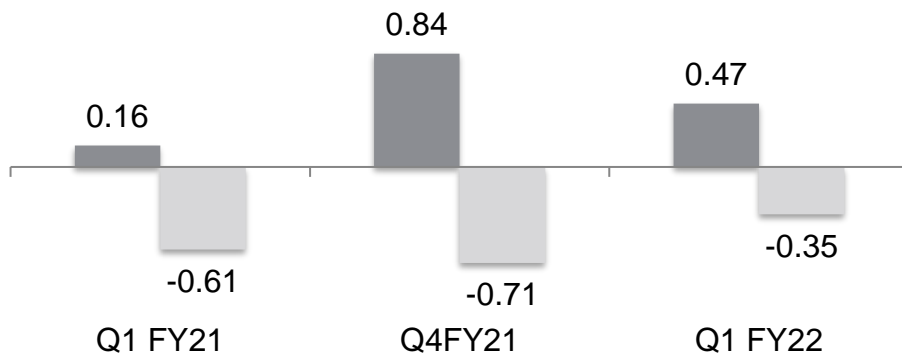
Steady performance amidst challenging operating environment. Prioritizing profitability (better product mix) over growth. Margins for the quarter stood at 29%. Business environment continues to remain challenging.

Quartz Surfaces



Demand for our new and innovative products continue to gain traction with the customers across markets. Supply side challenges though namely container unavailability and higher freight rates continue to impact business' profitability.

Apparels



Undertaking steps towards containing losses



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Key Developments

Enhancing Brand visibility



Periodic participation in International exhibition and Trade shows to amplify brand visibility and strengthen customer connect

Inauguration of new Quartz unit

- Official inauguration of the new state-of-the-art Quartz unit at Telangana on July, 31st 2021
- The new facility is equipped with the most advanced Bretonstone technologies and is spread over 160,000 square meters and has a built-up area of approximately 60,000 square meters.
- It's a smart factory with several robots and other high levels of process automation for supporting a wide range of Industry 4.0 applications and state-of-the-art fabrication division equipped with disc and waterjet cutting machines, CNC stoneworking centers, edge polishers and other machines for ensuring maximum speed and precision in fabrication
- When fully operational, it will more than double our production capacity and will be used mainly to produce super jumbo size 347 x 201 cm and jumbo size 330 x 165 cm slabs.
- The unit will help PESL meet the growing requirements of its customers located across North America, Europe, Middle East and India

Way Forward

Focus on improving capacity utilization at new quartz unit

Supply chain disruptions, port congestion, container unavailability and rising shipping costs would continue to pose a challenge and impact revenue

COVID-19 disruption remain a major uncertainty



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Key Strengths & Capabilities

Key Strengths & Capabilities

Quartz

- Experienced leadership team with significant tenure and track record.
- State of art production facilities and continued focus on R&D
- Comprehensively serving through private label products and Quantra brand
- Laser-focused on operational excellence
- Focused on key niches in the US market with clear roadmap to healthy margins.

Granite

- Vertically integrated with captive quarries and state of the art mining and processing infrastructure
- Broad, diverse presence by geography, for last 30 years
- Experienced management team.



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Company Overview

Business Overview



Years of Experience



State of the art Granite
Mfg. units in Telangana



State of the art Quartz
Mfg. units in Telangana
and Andhra Pradesh



State of the art Apparel
Mfg. unit in Telangana



Captive Quarries located in
Andhra Pradesh,
Telangana and Tamil Nadu



Countries of Presence

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
Coral Gold		

- **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



- Pokarna Engineered Stone Limited (PESL) – wholly owned subsidiary of Pokarna Ltd., is India's largest manufacturer and exporter of quartz surfaces.
- Global Demand – Products exported across various geographies.
- Diverse Product offering – Color Palette of 80+ 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 raw material.
- In addition to private label manufacturing, distributed and supplied across the globe under the brand name Quantra®.

State-of-the-art Manufacturing Facilities

- Two state-of-the-art Manufacturing units
- Best in business technology - Bretonstone® System of Breton S.p.A, Italy.

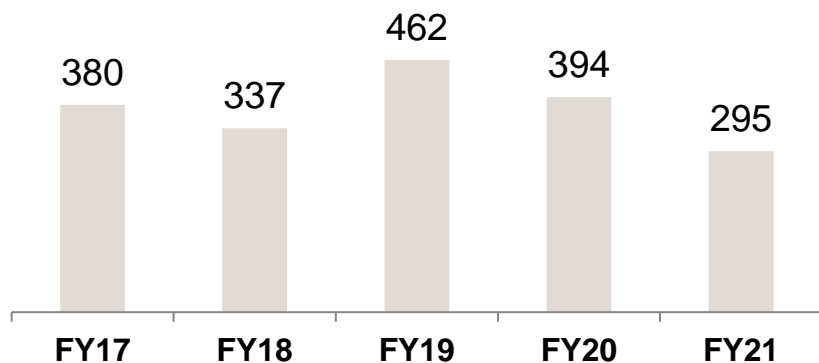
Factory:

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

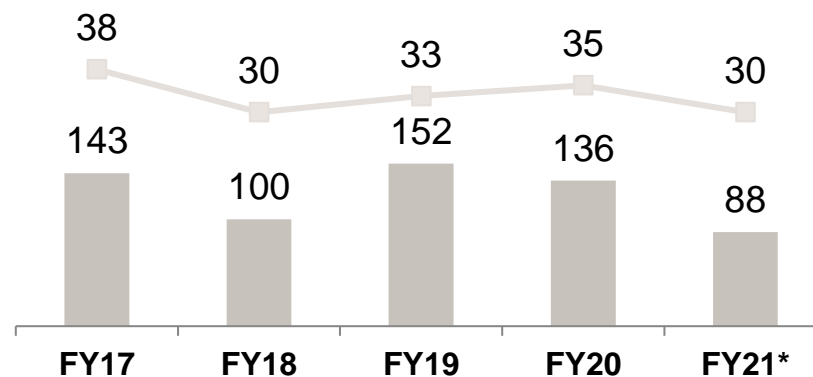
Unit II: Survey No.901-902,908-912, Mekaguda Grampanchayat, Nandigam Mandal, Ranga Reddy, Telangana

Financial Performance

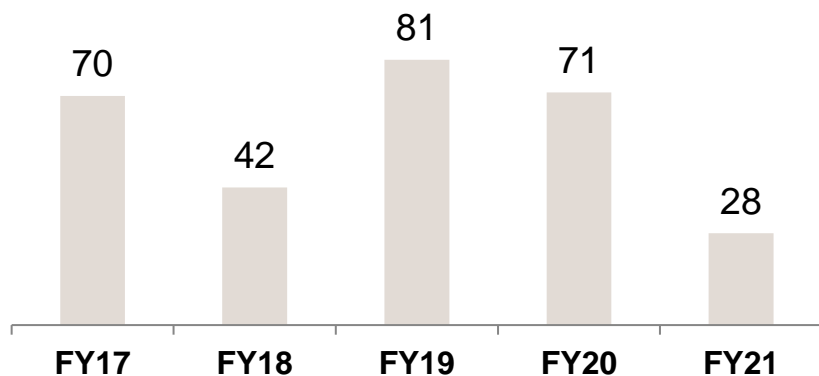
Revenues (Rs.cr)



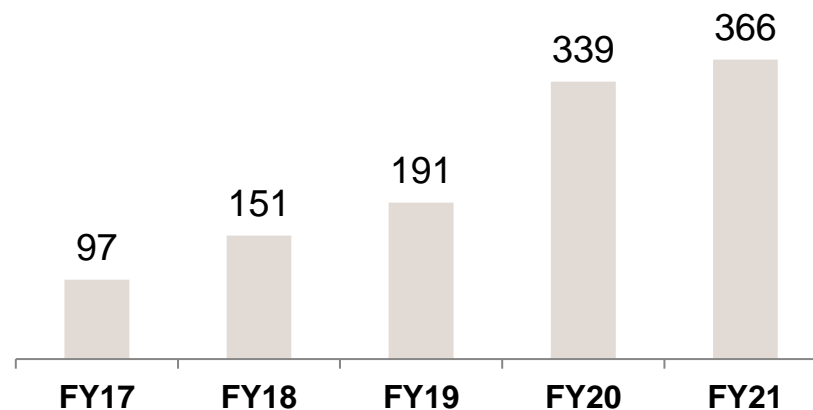
EBITDA (Rs.cr) Margins (%)



PAT (Rs.cr)



Networth (Rs.cr)



* Q4FY21 includes –

- One time inventory write-down of ~Rs. 5 crore on finished goods to cover risks arising from slow-moving items, discontinued products, excess inventories and net realizable value lower than cost.
- ~Rs.6 crore towards CSR expenses, included under the head “other expenses”.

Investor Contacts

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