



# Q4 & FY15 Results Presentation

May – 2015



**POKARNA LIMITED**

India's No.1 granite company

CIN: L14102TG1991PLC013299

# Safe Harbour



POKARNA LIMITED  
India's Best public company

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# Year at a glance



**POKARNA LIMITED**  
India's No.1 granite company

# Year at a glance



**POKARNA LIMITED**  
India's No. 1 granite company

**Quantra**<sup>®</sup>  
Natural Quartz surfaces from Pokarna  
Technology. Powered by nature.

**STANZA**<sup>®</sup>  
Sameness Deleted

## Key Performance Indicators

Revenue **↑ 41%**

EBITDA **↑ 94%**

PAT **↑ 158%**

**Rs.50.88\*** Earnings Per Share

\*Inclusive of extraordinary item

**Rs.3.00** Dividend Per Share

# Q4 & FY15 Financial Results



**POKARNA LIMITED**  
India's No.1 granite company



## Financial Performance - Consolidated

Rs. crore

Particulars	Q4 FY15	Q4 FY14	Shift %	FY15	FY14	Shift %
Revenues	103	67	+53.7	326	231	+41.13
EBITDA	31	13	+138.4	91	47	+93.62
<i>Margin (%)</i>	30.1	19.4	+1070 bps	27.9	20.3	+760.00 bps
EBIT	26	8	+225.0	*76	*35	+117.14
PBT	19	0.1	+18900.0	*43	*3	+1333.33
PAT	14	10	+40.0	*31	*12	+158.33
EPS diluted and non-annualized (in Rupees)	22.2	16.5	+34.5	*50.6	*18.8	+169.15

\* Inclusive of extraordinary item

- FY15 Revenues increased by 41.13% to Rs. 326 crore as against Rs. 231 crore during FY14; owing to improved utilization level and strong demand for the product's across geographies
- FY15 EBITDA stood at Rs. 91 crore as against Rs. 47 crore during FY14; better realisations and cost rationalization resulting in margin progression; Margins for Engineered stone business stood at 32.03%
- FY15 PAT stood at Rs. 31 crore as against Rs. 12 crore registered during FY14; improved profitability on the back of higher revenue and margin enrichment



## Financial Performance - Standalone

Rs. crore

Particulars	Q4 FY15	Q4 FY14	Shift %	FY15	FY14	Shift %
Revenues	53	47	+12.8	191	169	+13.0
EBITDA	15	9	+66.7	49	27	+81.5
Margin (%)	28.3	19.1	+920 Bps	25.7	16.0	+970 bps
EBIT	13	6	+116.7	38	18	+111.1
PBT*	10	4	+150.0	25	7	+257.1
PAT	6	2	+200.0	16	5	+220.0
EPS diluted and non-annualized (in Rupees)	10.4	3.9	+166.7	26.2	7.9	+231.6

- FY15 Revenues increased by 13.02% to Rs. 191 crore as against Rs. 169 crore during FY14; owing to consistent demand and improved realisations
- FY15 EBITDA stood at Rs. 49 crore as against Rs. 27 crore during FY14; better realisations and cost discipline resulting in margin progression
- FY15 PAT stood at Rs. 16 crore as against Rs. 5 crore registered during FY14; profitability enhancement on the back of overall improved performance





## Segment Wise - Performance

Revenue	Q4 FY15	Q4 FY14	Shift %	FY15	FY14	Shift %
Granite	51	45	+133.3	183	155	+18.1
Quartz	50	20	+150.0	136	61	+122.9
Apparel	2	2	+0	7	14	-50.0

RS. Crore

*Consistent demand and greater usage of raw material from captive quarries to improve profitability of natural stone business*

EBIT	Q4 FY15	Q4 FY14	Shift %	FY15	FY14	Shift %
Granite	15	10	+50.0	46	29	+58.6
Quartz	14	2	+600.0	32	10	+220.0
Apparel	(3)	(4)	(25)	(10)	(12)	(16.7)

RS. Crore

*Better realisations, strong demand and higher utilization level to drive profitability of Quartz business*

Capital Employed	Q4 FY15	Q4 FY14	Shift %	FY15	FY14	Shift %
Granite	79	82	(3.7)	79	82	(3.7)
Quartz	160	173	(7.5)	160	173	(7.5)
Apparel	21	12	+75.0	21	12	+75.0

RS. Crore

# Chairman's Comments



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India's Best public company



**Commenting on the performance, Mr. Gautam Chand Jain, Chairman of Pokarna Limited said** “FY15 has been an extremely good year for the Company with solid revenue and profitability growth underpinned by strong performance of our core stone businesses.

*Demand for both the stone products remained strong across geographies reflective of our brand connect with customers. We are optimistic that our exciting product pipeline will help us further strengthen our bond. Further, we are also investing in our brands for increasing their visibility across existing and newer markets.*

*Lastly, given our focus towards enhancing portfolio, increasing reach and brand awareness coupled with improving business sentiments we believe we are well placed to deliver sustained growth in the long term.”*



# 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

## Alliance with Dekker Zevenhuizen B.V

- Entered into a strategic agreement with Dekker Zevenhuizen B.V
- Dekker to exclusively market PESTL's quartz surfaces in Benelux (Belgium, Netherlands and Luxembourg) Market
- Products to be co-branded as "EQ by Quantra" under the agreement
- Tie up to widen and strengthen PESTL's presence in Benelux region



# Recent Developments

## 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

## PESL'S PRODUCTS RECEIVE GREENGUARD AND GREENGUARD GOLD CERTIFICATION

- PESL's becomes the first Indian Quartz surfaces manufacturer to receive GREENGUARD and GREENGUARD GOLD certification
- GREENGUARD certification demonstrates that PESL's products meet stringent standards for low-chemical emissions
- Products carrying GREENGUARD certification can also contribute to LEED (Leadership in Energy and Environmental Design system developed by the U.S. Green Building Council) points attainment



# Company Overview



**POKARNA LIMITED**  
India's No.1 granite company

# Pokarna Ltd



POKARNA LIMITED  
India's Best granite company

## Founded

1991

## Corporate Headquarters

Secunderabad, India

## Business Segments

Granite, Quartz, Apparel

## Manufacturing Units

Granite – 2; Apparel – 1  
Quartz – 1, Captive Quarries

## Geographical Presence

50+ Countries  
(Granite + Quartz)

## Customers

National, International &  
Global Independent entities

# Fast Facts

# At a Glance.....



POKARNA LIMITED  
India's Best public company

- 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)

## GRANITE

75+ 50+

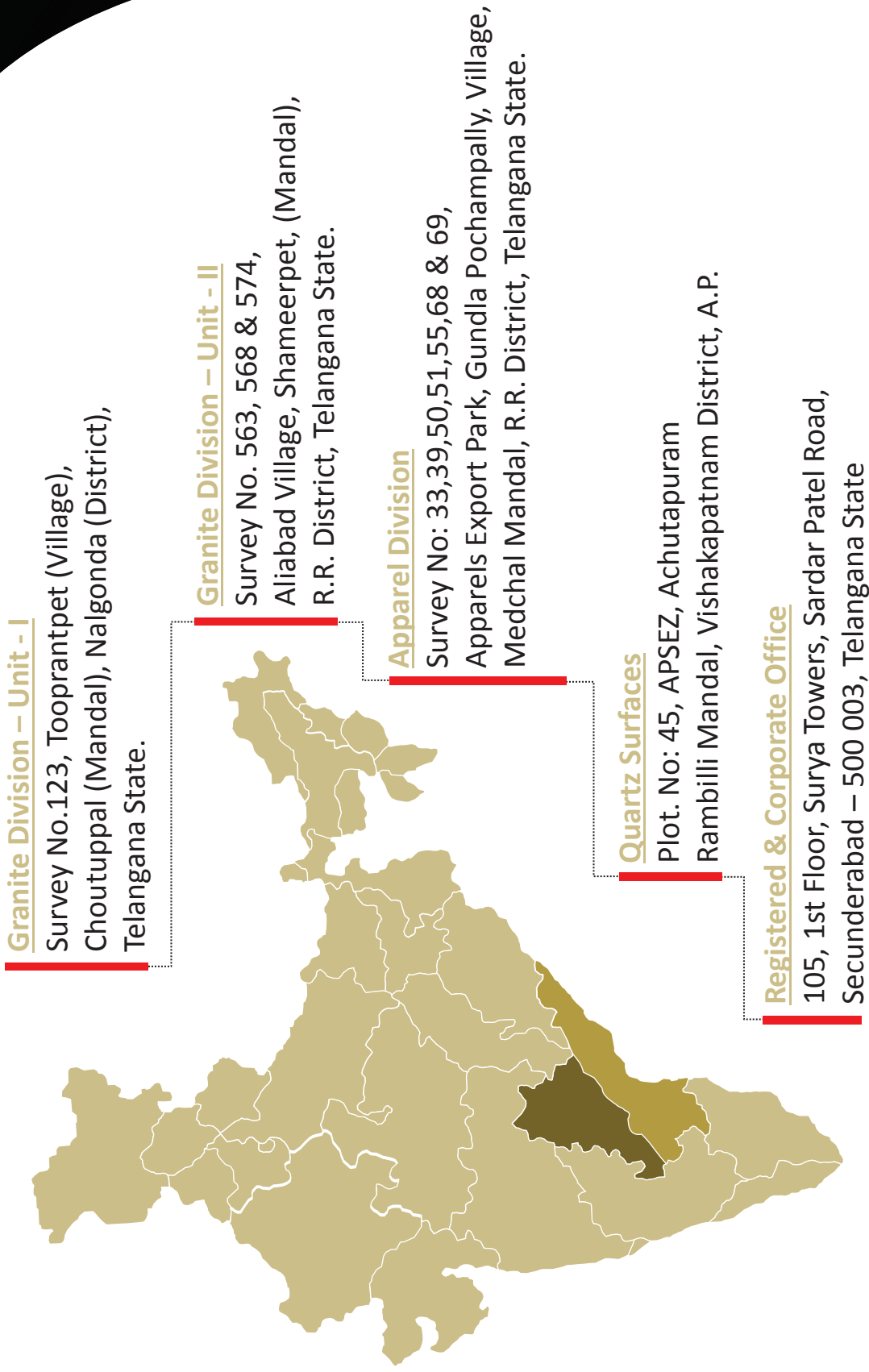
Color Palette Global Presence (Countries)

64 20+

Color Palette Global Presence (Countries)

## QUARTZ

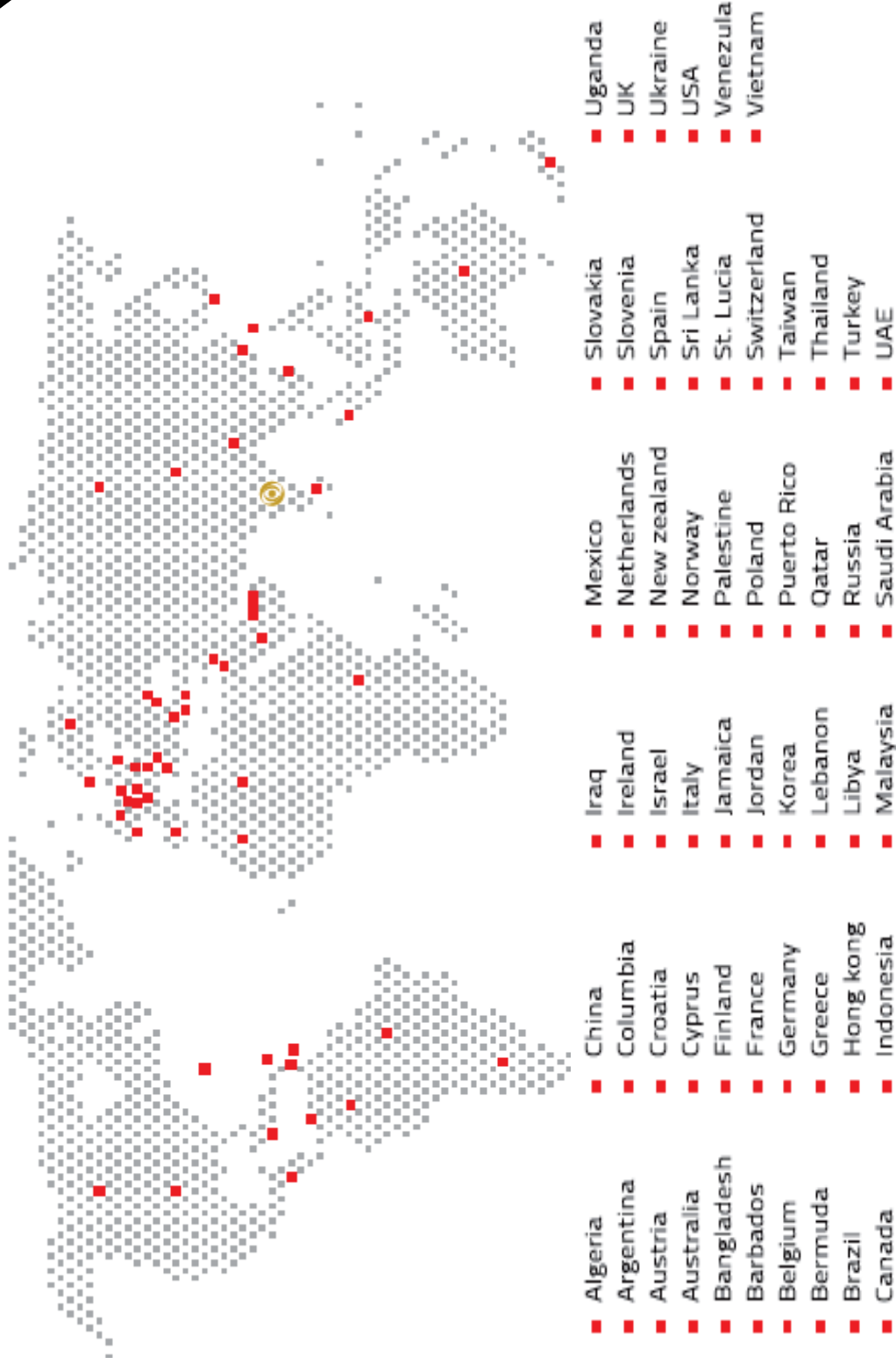
# Our Presence







# Global Presence



Exports (Granite): 50+ countries; Exports (Quartz): 20+ countries



# Strengths

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

Strong R&D



Global Presence

- Presence in more than 50 countries (Granite + Quartz)
- Deeper penetration in existing mature markets
- Entering newer high growth markets

Integrated Facilities



- Captive quarries
- Rich in source— Colors / Shades

## Strengths



Nimble Marketing Strategy

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



World Class Manufacturing

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

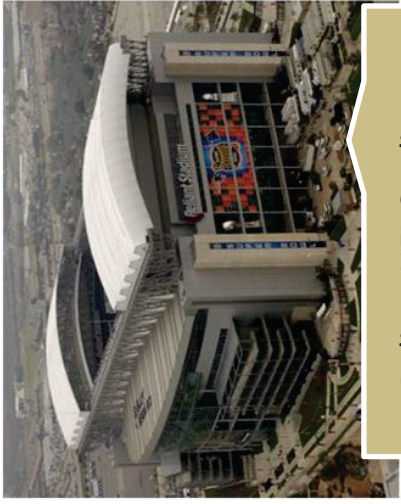
# Marquee Projects



Prestige Neptune's  
Courtyard



Prestige Bella Vista,  
Chennai



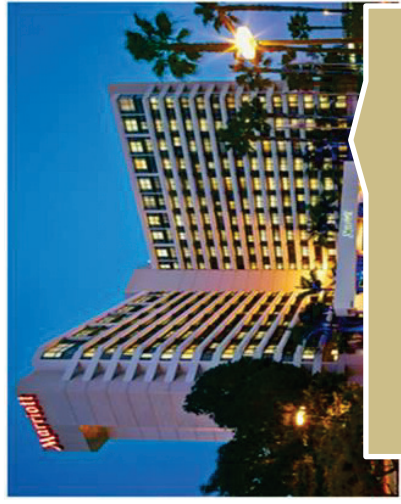
Reliant NFL Stadium,  
Houston, USA



Radisson Hotel, Flint,  
Michigan, USA



Mumbai International  
Airport (T2)



Marriott Irvine - USA

# Industry Overview

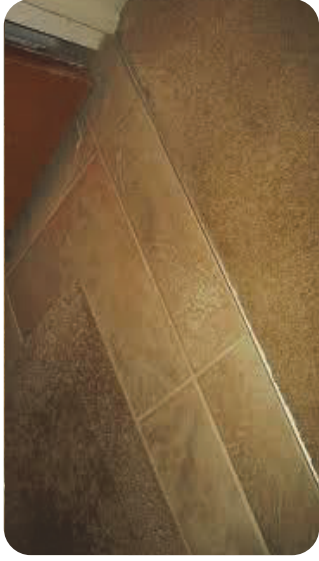


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# World of Surfaces

- 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 for floor covering is expected to rise 4.5 % annually to 19.4 billion square meters, reaching a level of \$325 billion through 2018
- Through 2018, the fastest demand growth for floor coverings is projected for North America

Source: Freedonia

## Countertops

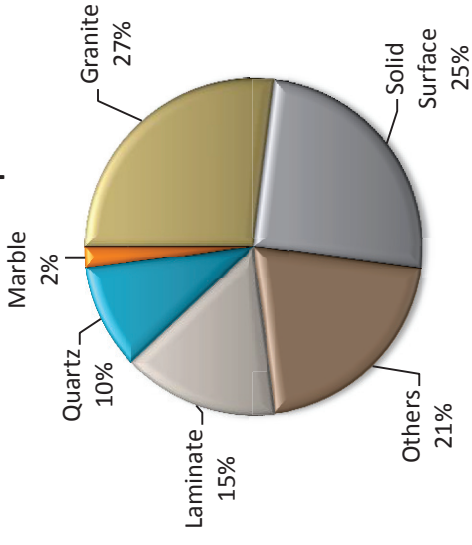


- Global demand for countertops is forecast to rise 4.3 percent per year to 505 million square meters in 2018
- Engineered stone countertops will record the fastest growth, reflecting lower penetration rates in many markets

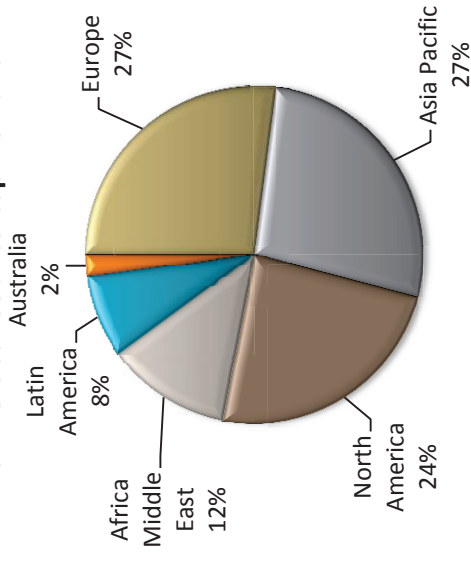
# Countertop Industry - 2014

- Market Size** – Global countertop industry generated ~\$81 bn in sales to end consumer in 2014 (based on average installed cost including installation & other related costs)
- Amongst the surfaces, **Granite with a share of 27%** remained preferred material for countertops, to be followed by **Solid Surfaces constituting 25%**
- Quartz** the **fastest growing category** with a **market share of 10%** remains near the **infancy stage** of a long term penetration opportunity
- Demand wise Europe, Asia Pacific and North America continued to remain the fastest growing regions with growth rate in excess of 20%

**2014 Global Countertop Demand**



**2014 Global Countertop Demand**



Source: Industry



# Countertops – Poised for Growth

- **Road Ahead –**
  - According to latest Freedonia report, Global demand for countertops is projected to grow at 4.3 percent annually through 2018 to 505 million square meters
  - Pick up in building construction activities particularly in developed areas is expected to be the key demand driver
  - Asia/Pacific region is expected to achieve the fastest gains in countertop through 2018
  - Engineered stone countertops will record the fastest growth, reflecting lower penetration rates in many markets

World Countertop Demand (Mn Sq. Mtrs)	World Countertop Demand (Mn Sq. Mtrs)			% Annual Growth	
	2008	2013	2018	2008-2013	2013-2018
Countertop Demand	349.12	409.00	503.00	3.2	4.2
North America	65.38	67.85	80.30	0.7	3.4
Western Europe	51.20	44.30	51.20	-2.9	2.9
Asia/Pacific	141.38	190.95	242.60	6.2	4.9
Central & South America	26.91	31.90	38.60	3.5	3.9
Eastern Europe	18.82	19.00	21.40	0.2	2.4
Africa / Mideast	45.43	55.00	68.90	3.9	4.6

**Source:** Freedonia

# 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** –

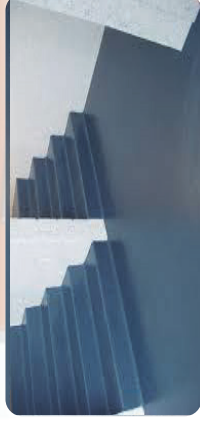
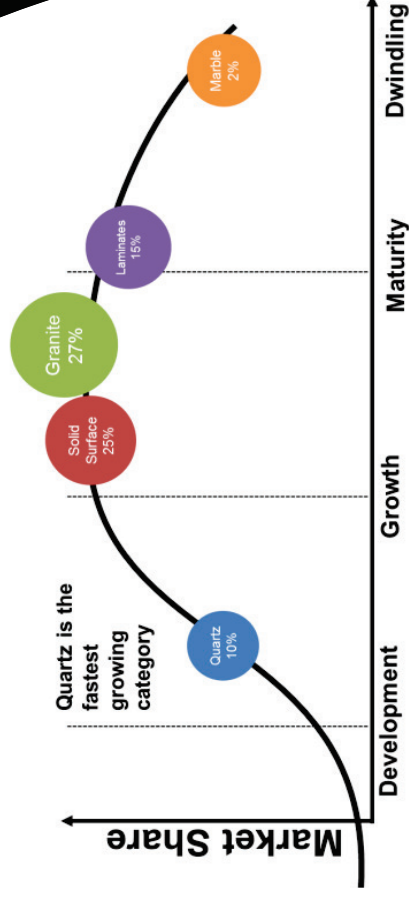
- Strong
- Durable
- Designer friendly
- Versatile
- Low Maintenance

- Initial malleable form, **permits flexibility in design, texture and ease of fabrication & installation**

- **Area of application** –

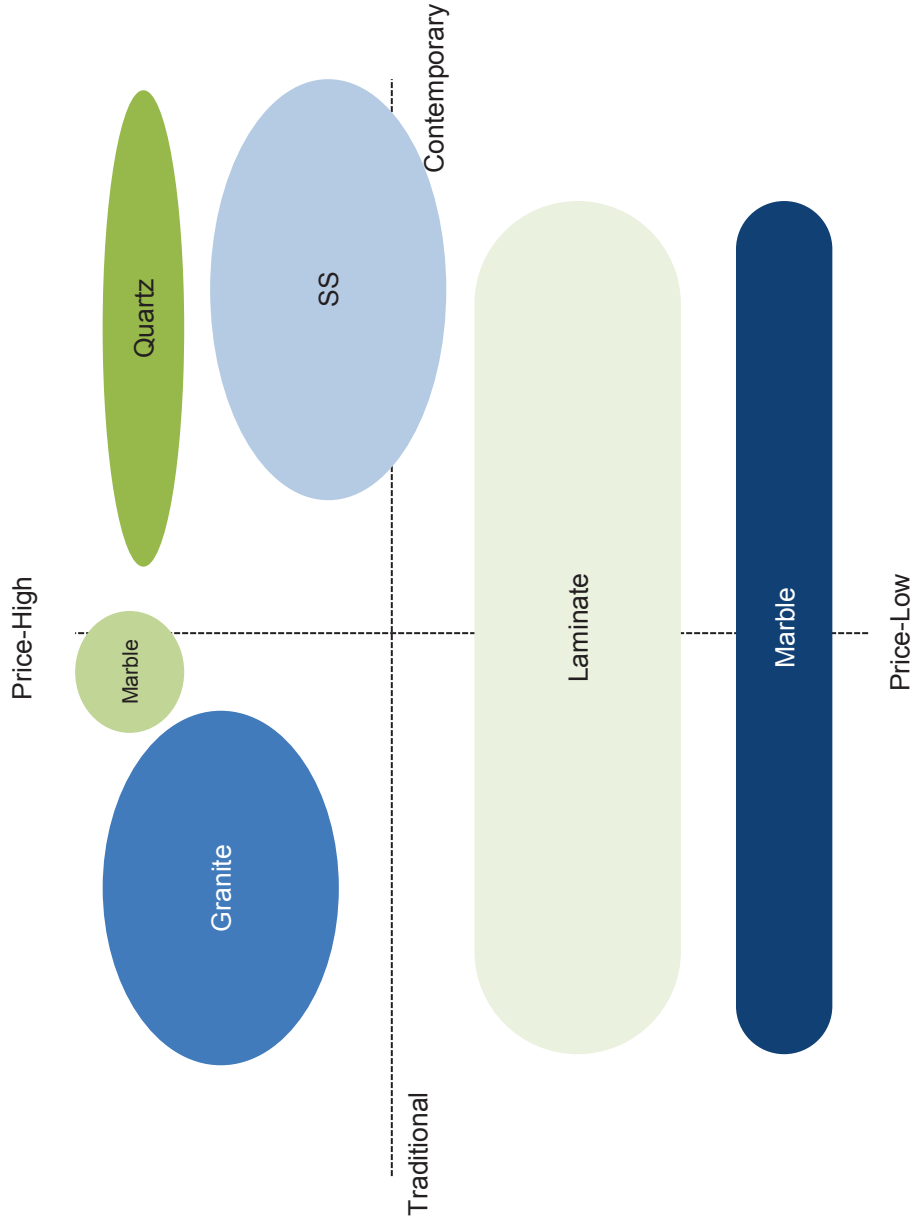
- Kitchen
- Flooring
- Stairs
- Walls

Quartz is the Fastest Growing Category in a \$81bn Market





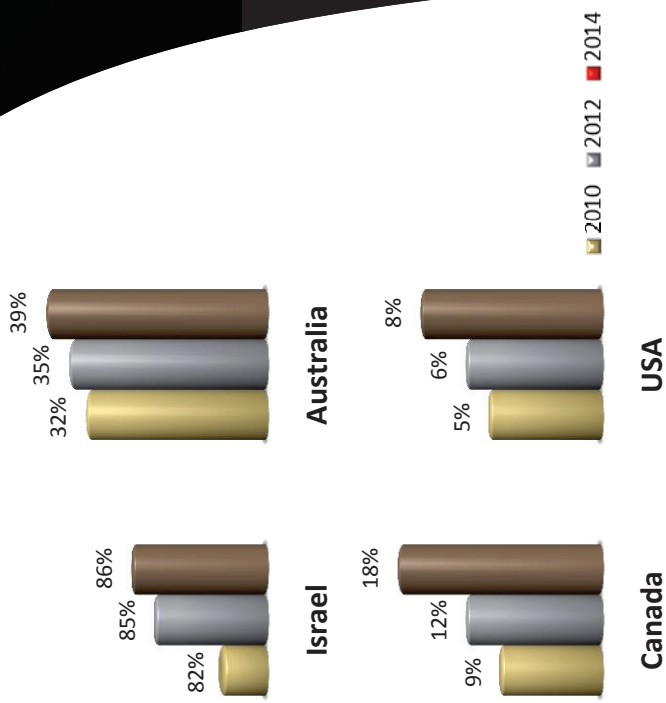
# Price Comparison



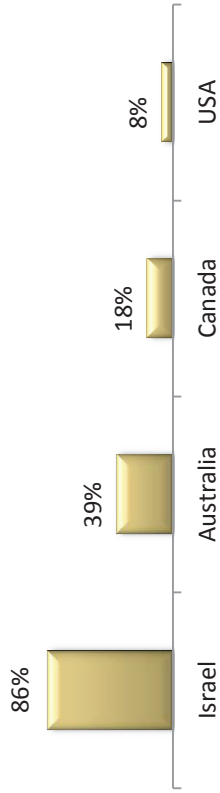
# Quartz as a countertop

- **Market penetration: 10% market share during 2014** (in terms of sales)
- **Growing Market Share:** Fastest growing surface category ('99-'14)
  - ✓ Increased at 15.7% CAGR
  - ✓ Grew from 2% penetration in 1999
  - ✓ Eating into market share of other stone surfaces
- **Increasing Popularity:** Gaining popularity amongst industry users and customers resulting in key markets

**Quartz penetration in key markets**  
(For the year ended December 31)



**2014 Quartz Share of Countertop Market by Region (Volume)**

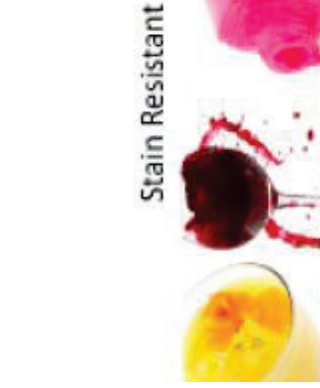
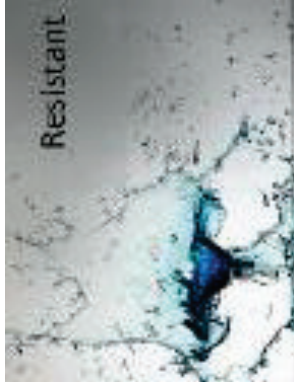


Source: Industry

# 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)

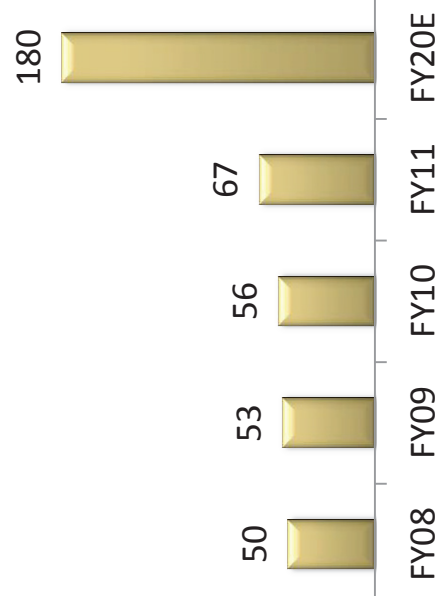
	2014	2015	2016	2017
Billions \$	301.7	319.4	332.3	343.9
% Change	5.9	5.9	4	3.5

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



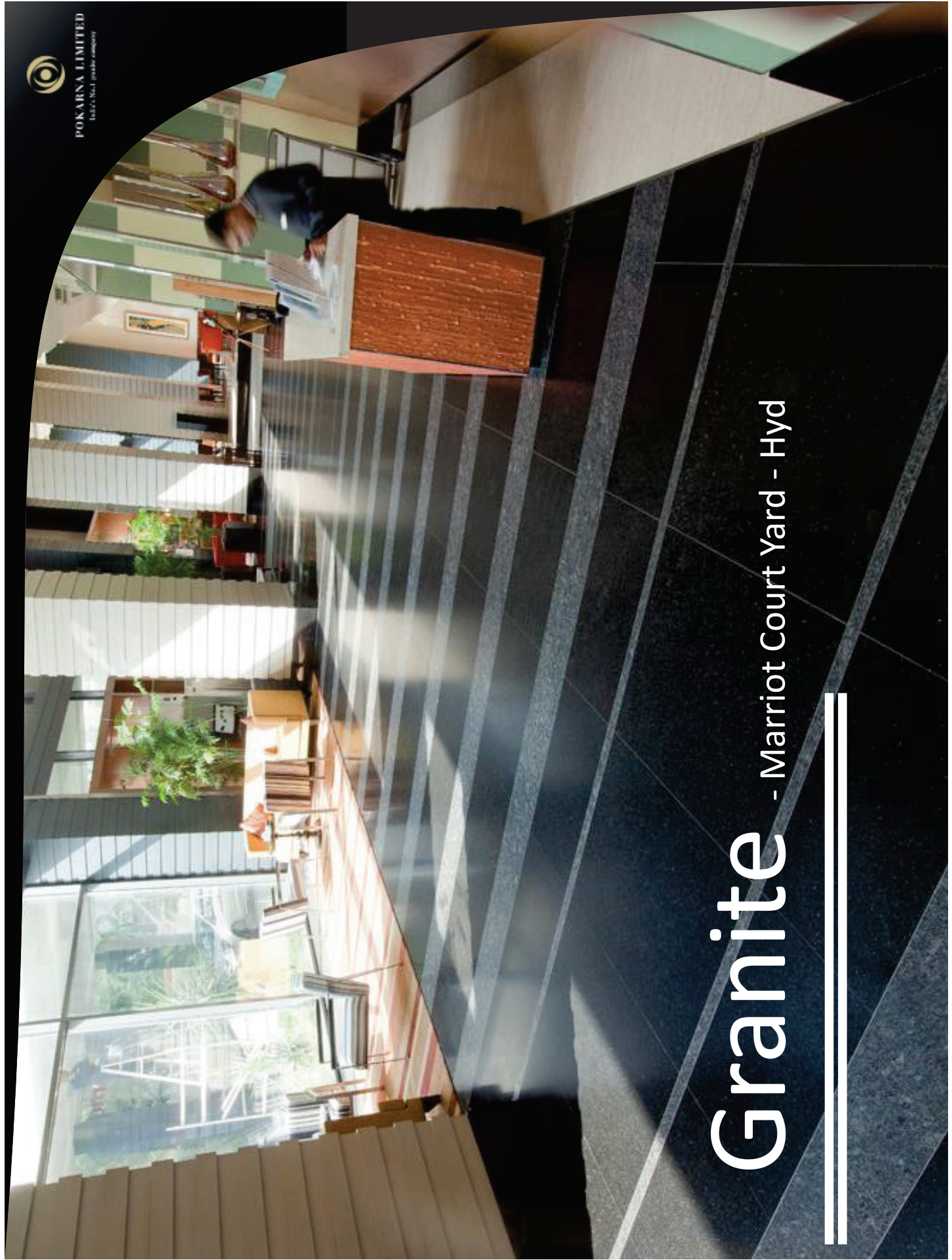
POKARNA LIMITED  
India's Best granite company

# 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 **50+ 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)**



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India's Best public company

# Quartz

- Avasa Hotels - Hyd

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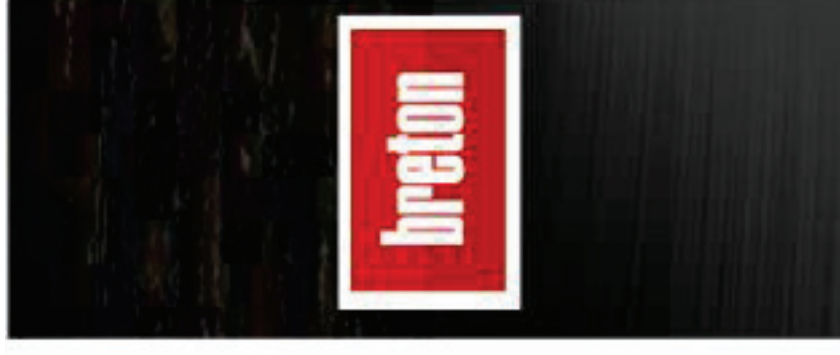
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# Overview

- 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
  - **Unrivaled 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

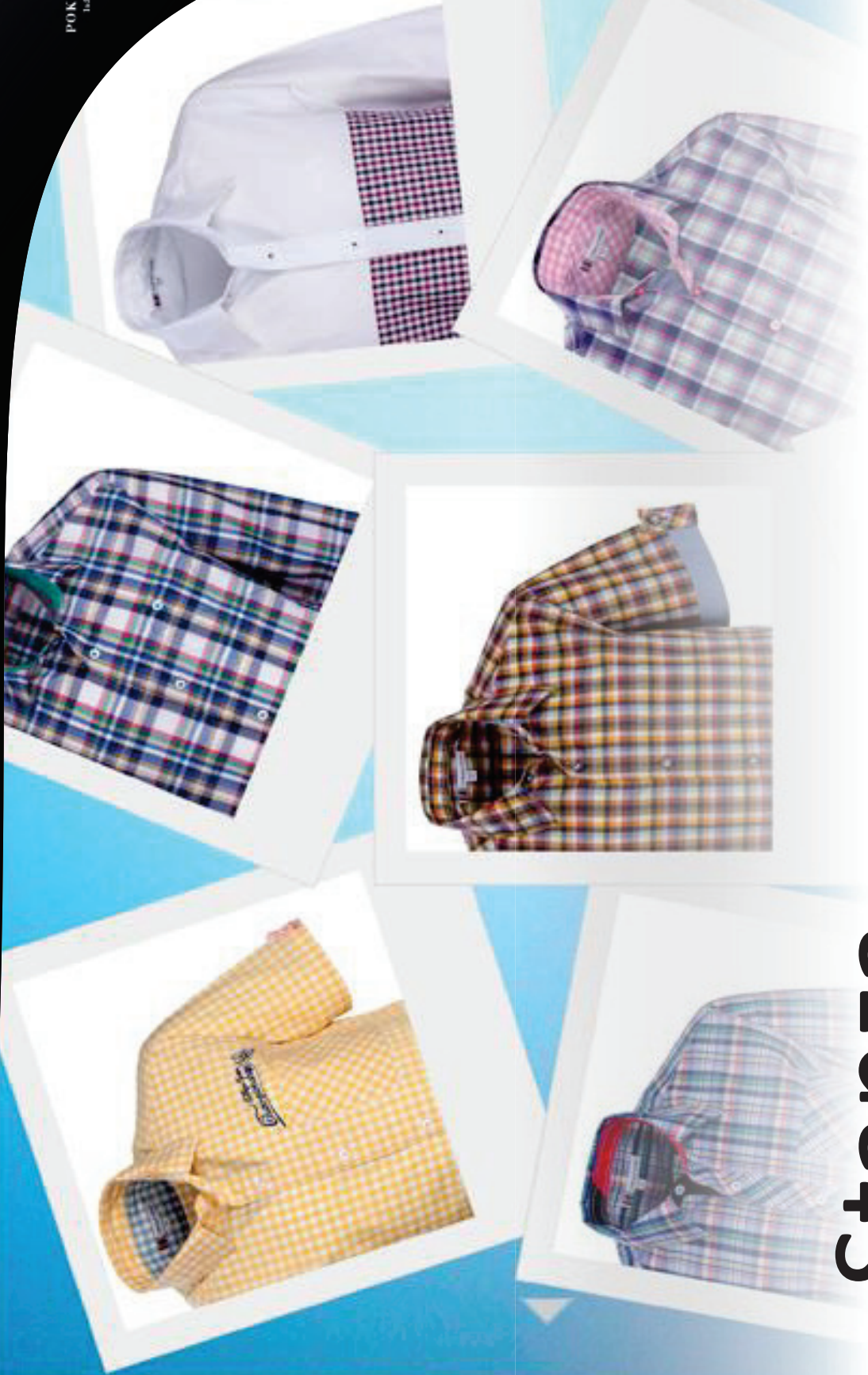
# Apparels



**POKARNA LIMITED**  
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POKARNA LIMITED  
India's Best product company



# Stanza



# Overview

- **Launched in 2004**, Stanza focuses on premium product / lifestyle brand category for men & children

- **Experienced Management / Promoters**

- Largest distributor of Raymond Ltd
- Successfully turned around two sick units

- **Range of products include –**

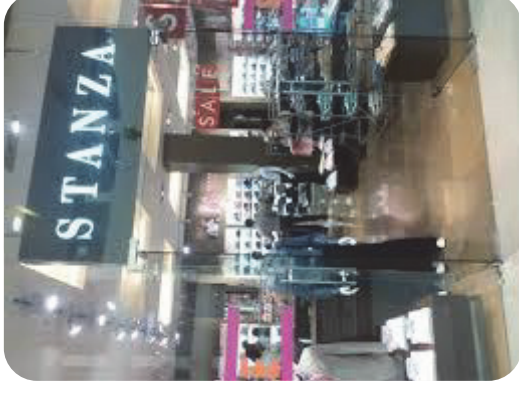
- Formal & Dress Shirts
- Smart Casual & Sport Shirts
- Fashion & Evening Shirts

- **Strong connect with customers –**

- Premium product
- Wide choices

- **Reach –**

- 13 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 13 retail shops pan India.

*For more information about us, please visit [www.pokarna.com](http://www.pokarna.com) or contact:*

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