

POKARNA LIMITED

**Reinvesting  
for a better  
Tomorrow**



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about the Company

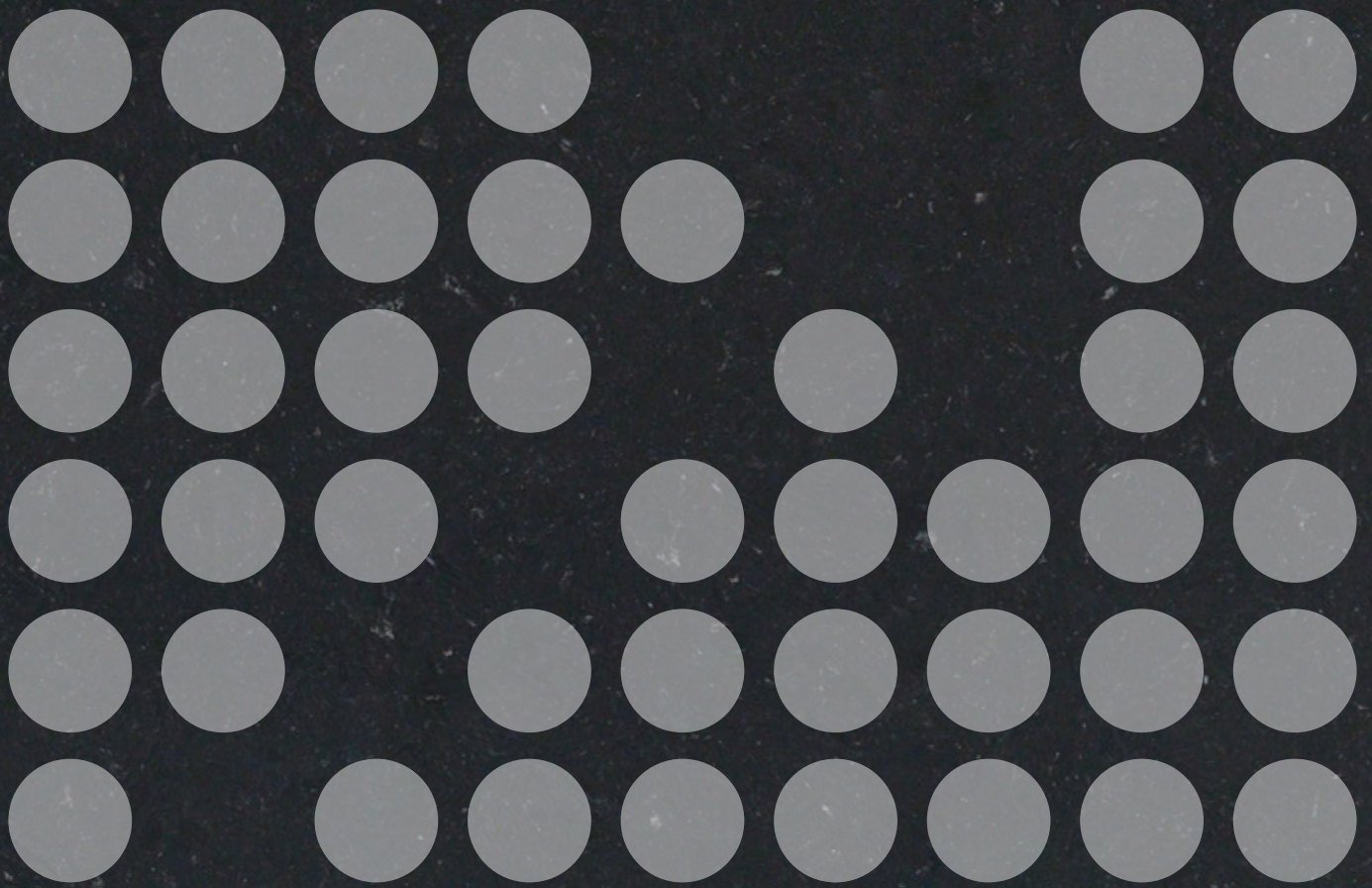


This Report is also available  
online on [www.pokarna.com](http://www.pokarna.com)

### Forward-looking Statement

This report contains forward-looking statements. Such forward-looking statements include, without limitation, statements regarding cost savings, productivity, operating performance, cost structure and competitive position. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to price volatility, currency fluctuations, increased production costs and variances in grade or recovery rates from those assumed in mining plans, political and operational risks in the countries in which we operate, and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly revisions to any forward-looking statement, to reflect events or circumstances after the date of this annual report release, or to reflect the occurrence of unanticipated events, except as may be required under applicable laws.





**A rock solid foundation need not be synonymous with an inflexible one. For years we have crafted strategies that fortified our position in the industry and brought us results.**

However, being a future-focused company, we are also aware that progress often lies in the willingness to tweak and reform one's approach to leverage the present market scenario and thereby ensure faster growth.

Hence, keeping our values, visions and quality promises intact, we have reshaped our strategies, reworked on our focus areas, revived our efforts in certain aspects and thereby, we have accelerated our growth, consistently and remarkably!



# Message From the desk of Chairman



“

**Over the last few years we have laid firm foundations for future growth of the Company through PESL. The benefits of this strategy are evident in the results set out in this report.**

”

## Dear Shareholders

On behalf of the Board, I am pleased to present the Company's 2018- 2019 Annual Report.

What have we done well for our shareholders? What do we need to do better? What do we want the future to hold? Like most committed business leaders, these are the questions that I contemplate every day. In my letter to you this year, I wish to share my reflections on these questions.

We achieved a number of notable accomplishments in FY 2019 at consolidated level. The consolidated income of the Company for the

financial year ended 31st March, 2019 is ₹471.30 crores vis-à-vis ₹343.37 crores in the previous year, thereby registering a growth of 37.26%. Consolidated net profit for the financial year ended 31st March, 2019 is ₹81.26 crores as compared to ₹42.77 crores in the previous year, registering a growth of 90%. The Board has recommended a dividend of 30% as we believe that it is prudent to align the dividend level with earnings and the current market outlook. However, the Board expresses confidence in the ongoing actions to improve Company's financial performance, and has the ambition to

increase the dividend over time as our performance improves.

Despite these accomplishments, I believe we still have opportunities to improve our businesses.

Granite industry has become highly competitive with limited entry barriers. We compete both in domestic and international markets on the basis of price, color, quality, geographic proximity, service, design availability, production capability, and delivery options. Mother nature has lot to do with quarrying operations. Unlike many other minerals, we cannot see inside the

granite to know what quality it is. We have to quarry it to see what quality it is. If it is not saleable it is waste rock, if it is not first grade, we have to sell it a lower price than first grade block to a different customer base. Recovery rate from quarry are very dramatic and vary from quarry to quarry. During the year under review we had declining rate of recovery in some of our quarries and this resulted in our inability to meet demand while we incurred higher cost per cubic meter. While we still cannot see into the granite, we think steps we are taking would help us reduce our quarrying costs. To revive profitability of this business, our strategy is to enhance productivity in every quarry we operate while we actively pursue exploration of new quarries for the colors and grades sought by the markets. We are seeking ways to reduce our costs of quarrying in each of our quarries and enhance our productivity through investments in equipment and technology and maintaining a flexible workforce.

The Board of the Company has decided not to pursue restructuring solution for Apparel business as despite continuous efforts, no attractive restructuring solution could be identified. Accordingly, Apparel business has been reclassified from discontinued operations to continuing operations in the financial statements. Apparel business performance is sensitive to changes in economic and retail conditions and the cyclical patterns of consumer spending. To make Apparel business viable and profitable, we would continue to retain cost discipline and continue reduction of expenditures. While we aim to grow in Apparel business, at the same time we don't want to relinquish our cost discipline. In the current environment, the Company has to work extremely hard to turnaround Apparel business.

To be successful and relevant to our stakeholders, we need to be profitable. We seek to enhance the overall profitability of all the Company's businesses.

We anticipate that the majority of our growth in the coming years will be from our wholly owned subsidiary - Pokarna Engineered Stone Limited ("PESL"). Therefore, I would now like to briefly touch upon PESL. Over the last few years we have laid firm foundations for future growth of the Company through PESL. The benefits of this strategy are evident in the results set out in this report. Our strategy for PESL is primarily anchored to an evolved set of five pillars, now reflecting that people, safety and sustainability, technology and innovation, operating performance, and profitable growth, are fundamental to the next stage of our growth.

Our short-term focus is to commercialise world-class green field facility of PESL in order to deliver value to our shareholders. The year 2020 for Pokarna will mark a new era of change and innovation, during which PESL will build momentum and accelerate innovation, thereby strengthening our foundation for stronger and more sustainable growth.

With 10 years in the quartz surfaces business, PESL has gained tremendous industry knowledge and capability for innovation. We are boosting our commitment to innovation by focusing on our people and resources in two areas of PESL: design and operations. Excellence in designing is a key competitive advantage at PESL. We're constantly innovating to maximize our design aesthetics and determining the best ways to bring them into production quickly and efficiently.

PESL is at an exciting and important juncture in its history. It has demonstrated its ability to deliver value to our shareholders through competitive returns and strong balance sheet. On their own each of these value drivers is significant. Combined they form a powerful and compelling value proposition for all the stakeholders.

I want to extend my heartfelt thanks to our employees and the Board, whose commitment and dedication have contributed immeasurably to what Pokarna is today.

As we have laid the foundation for the future growth of the Company by drawing upon every inch of agility, courage and execution, we will further distinguish Pokarna as a strong and important player in the global stone industry. Along the way we are certain to face challenges, but our team is experienced, patient and resourceful at navigating challenges- and doing so with integrity, trust and respect.

In closing, Pokarna is uniquely positioned for the future. We look ahead with confidence and remained focused on creating long term value for our all stakeholders. You have my commitment and my word, that I will do what is necessary to ensure Pokarna thrives and endures, well into the future. It is with a heartfelt thank you that I turn my energy and focus to the year 2020 and to realizing the tremendous future Pokarna has in store for years to come.

Sincerely

**Gautam Chand Jain**  
Chairman & Managing Director

# We are Pokarna

We are India's leading exporters of Granite and largest exporter of Quartz surfaces. With manufacturing facilities in Telangana and Andhra Pradesh, we export to over 20 countries. We market Quartz surfaces under the brand Quantra.

Our Quartz surfaces operations are under our wholly owned subsidiary Pokarna Engineered Stone Limited. Our products are well accepted across developed and developing nations. We also possess the best of the manufacturing technologies where we use patented Bretonstone® technology for Quartz surfaces. Our brand Quantra today stands as a synonym for best quality product and design. We also have a very robust distribution network across various countries where we are known for our perfection. We offer a vast range of granite, quarried from 17 mines (color-wise) and finished at our two factories in Telangana. Our brand Quantra offers some of the most exhaustive range of designs. We also manufacture apparel and market under our brand STANZA.





## Our Five Pillars



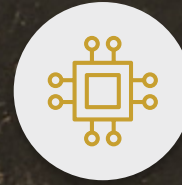
### Value Our People

Our people are capable, engaged and empowered to deliver superior returns. We are focused on developing our people at all levels.



### Health, Safety and Sustainability

Ensuring the health and safety of our people is always our important focus. Respect for the environment is a core part of the way we operate and we are committed to applying sustainable practices across all aspects of our business.



### Embrace Technology and Innovation

We see innovation as critical to advancing PESL's business and we actively seek opportunities to improve. We believe PESL's quartz surfaces technology from Breton and its own proprietary processes and techniques will enable it to achieve aesthetic and technical breakthroughs for continued future success.



### Operating Performance

Operating performance will always be central to what Pokarna is and how we deliver value to our shareholders.



### Focus on Profitable Growth

Our Focus is to improve profitability and create a strong base for future value growth. We will diligently continue to work on efficiency and effectiveness across all operations.

# Accelerating growth



## Financial Highlights

Revenue from operations

₹ **462** crore

EBIT

₹ **127** crore

Net Profit

₹ **81** crore

EPS

₹ **26.02**

Debt-equity ratio

**0.67** times

Note: All the above numbers are on Consolidated basis





## Sustaining Growth

CAGR over 5 years

Revenue from operations

**8.49%**

EBIDTA

**13.80%**

Cash Profit

**22.92%**

Profit after tax

**36.20%**

Gross Block

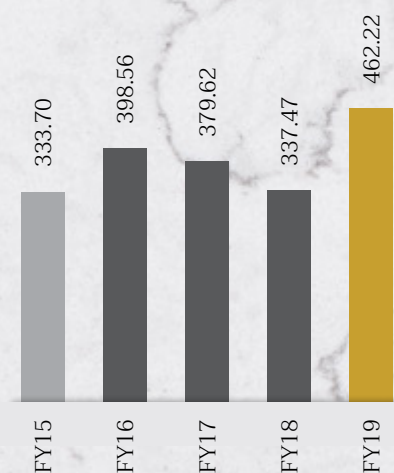
**5.02%**

Note: All the above numbers are on Consolidated basis

Antonio - Quantra Quartz Surface

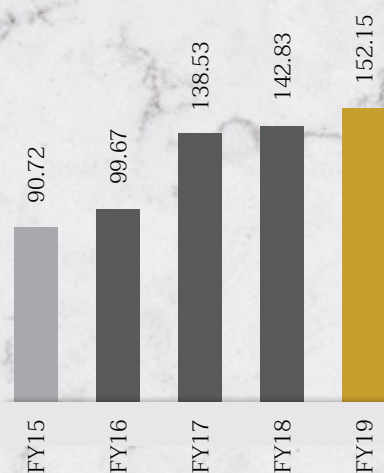
# Delivering results

Revenue from operations  
(₹ in crore)



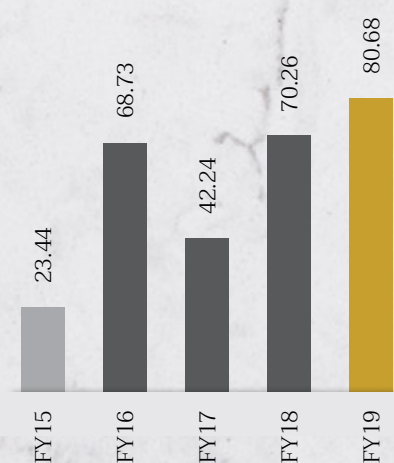
**37%**  
YoY Growth

EBITDA  
(₹ in crore)



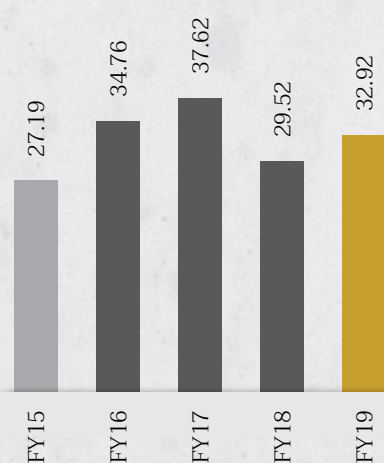
**52.65%**  
YoY Growth

PAT  
(₹ in crore)



**91%**  
YoY Growth

EBITDA Margin  
(in %)



**340bps**  
YoY Growth

Note: All the above numbers are on Consolidated basis