

**ANNUAL REPORT
2019-20**



POKARNA LIMITED

**Resiliently
Shaping
Our Future**

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Scan QR code to know more about the Company



This Report is also available online on 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.

Periods of volatility often dampen the spirit to decisively move ahead.

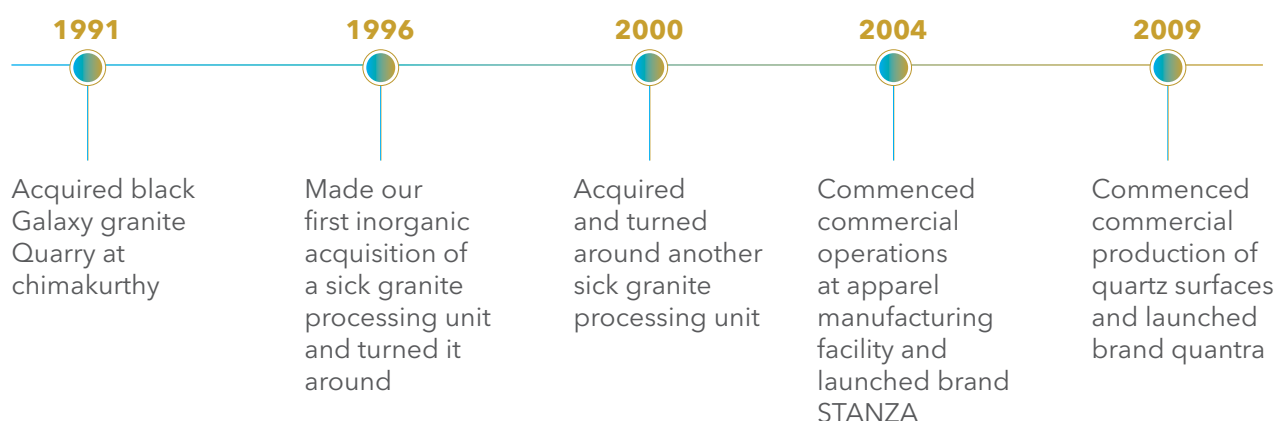
But, our resilience defines our capacity to absorb stress, mend critical functionality and prosper in altered circumstances. It is our enthusiasm to consistently recalibrate our efforts and attune ourselves to the demands of an evolving market that keeps us poised to take on challenges - head on.

As we explore alternate avenues to explicitly design our future, we are embracing change and shaping our perspectives to grow and develop amidst crisis. At Pokarna, we realize the need to navigate disruptions to ensure business continuity. Thus, with every shift and turn, we are bolstering our efforts, recouping our capabilities and identifying our strengths to resiliently shape our future.

Pokarna at a Glance

With over three decades of experience, Pokarna Limited is one of the leading exporters of Granite and the largest exporter of Quartz surface. We produce and deliver superior quality, innovative products to customers across the globe.

Established in 1991, our products today are renowned for its quality, uniqueness, design and variation. Our state-of-the-art manufacturing facilities are equipped with specialized Bretonstone® technology, used for producing Quartz surfaces. Our strong presence in 23 countries and a robust distribution network enables us to maintain uninterrupted and steady supply of products. Our Quartz surfaces are marketed under the brand name Quantra, while our granite products are sold under the Pokarna brand. We also have apparel manufacturing & retailing business under STANZA brand.



Our five pillars



Value our people



Health, safety and sustainability



Embrace Technology and Innovation



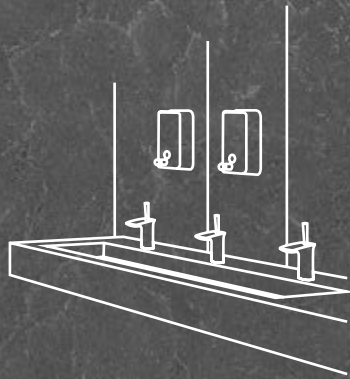
Operating Performance



Focus on Profitable Growth



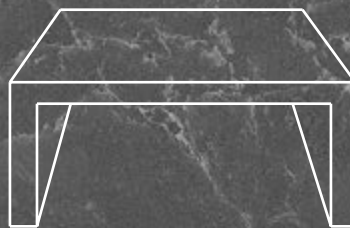
Quartz Application



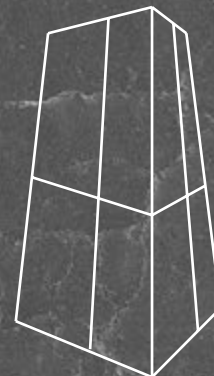
Bathroom



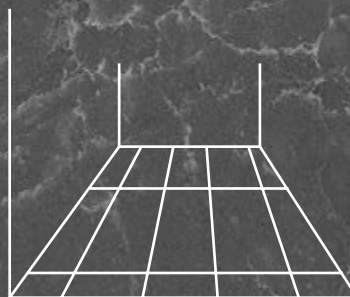
Kitchen countertops



Furniture



Cladding



Flooring

Numbers that matter

2

State-of-the-art Granite manufacturing facilities located in Telangana

2

State-of-the-art Quartz manufacturing facility in Telangana and Andhra Pradesh

29

Years of experience

20+

Countries of presence

50.27%

5-year CAGR growth of Net worth

8.76%

5-year CAGR growth of Cash and Cash equivalent

8.41%

5-year CAGR growth of EPS

1

State-of-the-art Apparel manufacturing facility at Telangana

10+

Captive Quarries located in Andhara Pradesh, Telangana and Tamil Nadu

Note: All the above figures are on Consolidated basis



Our core competencies

Leveraging our core competencies....

Lasting partnerships

We believe in forging lasting relations with our customers, business partners and other key stakeholders. It enables us to ensure business sustainability and efficiency across operations.

Cutting edge technology

Our manufacturing facilities are equipped with Breton technology, one of the finest in the world and we are among the very few companies in India to utilize it. We continuously strive to introduce cutting edge technology within our operations to increase our efficiency and produce superior quality products at cost effective rates.

Robust presence

Over the years, we have successfully established a strong foothold in more than 23 countries across the globe. Our revenue from export accounts for 73% of our total revenue share.

Strong product pipeline

We have leveraged our expertise and experience to develop a strong product pipeline that is at par with the highest standards of quality. Our wide portfolio of products allow customers to pick and choose varied products, based on individual requirements.

Customer-centric business model

At Pokarna, we strive to build a customer-centric business that prioritizes customer needs. We aim to understand their requirements and deliver products that meet and exceed expectations.

Talented and trained team

Our strong leadership and committed team ensures effective implementation of strategies and enables us to strive for greater success. We constantly invest in our people, motivating them to participate in training & skill development initiatives. Further, we aim to attract the best talent in the industry while retaining our existing pool of competitive employees.

Experience and expertise

With over three decades of experience, we can quickly respond & adapt to changes within the industry. We constantly leverage our expertise to strategically stay ahead of the curve and expand our operations.

We are creating value for....

Customers

- ▶ Innovative and unique products
- ▶ Cost-effective and superior quality products
- ▶ Multiple options in terms of colour and design

Investors and shareholders

- ▶ Constant payment of dividend
- ▶ Timely disclosure of material information
- ▶ Sustained balance sheet
- ▶ Effective risk management framework

Communities

- ▶ Social upliftment
- ▶ Reduction of environmental impact

Employees

- ▶ Fair and timely remuneration
- ▶ Opportunities for Career growth
- ▶ Focus on occupational health & safety
- ▶ Performance and merit based reward system

Suppliers and business partners

- ▶ Timely payment of dues
- ▶ Mutually beneficial relationship
- ▶ Creating and maintaining long-standing relationship

Chairman's Message



As we look ahead, we remain motivated to grow despite challenges.

Dear Shareholders,

Thank you for your support of Pokarna as one of our shareholders. FY 20 has been a year of progress in implementing our strategy to drive long-term growth notwithstanding the difficult market environment and US tariff hangover.

In FY 20, the resilience of our business faced a test like never before. Pokarna's consolidated income declined 14.78% to ₹ 393.91 crores and consolidated profit after tax declined 12.33% to ₹ 70.73 crores, largely reflecting the challenging market environment. While sales were short of expectation in FY2020 as demand softened in several key markets and some external delays and disruptions impacted the industry, we maintained our focus on improving the things we can control. A concerted effort to reduce overhead costs, align our operations with demand and optimise margins enabled EBITDA margins to increase from 33% to 35%.



We recognise the importance of dividends to our shareholders and are proud of our stable dividend history. 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.

Calendar 2020 so far is proving to be an enormously challenging year for everyone – for governments, businesses, communities, and for all of us as individuals. Construction and commercialisation of our green field quartz surfaces facility has been delayed by about nine months due to the impact of COVID-19 pandemic. The emotional, mental and economic stresses as a result of the COVID-19 pandemic and necessary restrictions are profound. Given these external factors, the business outlook for FY2021 would be challenging and returning to growth may take some time. We are taking decisive actions to prudently preserve cash and protect our Company for the long term, including by:

- reducing costs and discretionary expenditure across the entire business;
- right-sizing operations including temporary closures to align production with current and expected lower activity levels;
- rigorously managing cash flow and working capital; and
- reducing non-essential capital expenditure.



Our Company has established a competitive advantage within the global quartz surfaces industry, with unrivalled technical expertise, strong relationships with key suppliers and partners, and a unique market strategy focussed on style and a premium product positioning.

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. Our Company has established a competitive advantage within the global quartz surfaces industry, with unrivalled technical expertise, strong relationships with key suppliers and partners, and a unique market strategy focussed on style and a premium product positioning. As the external environment may get more complicated going forward, we need to keep enhancing the competitiveness of our products and services.

The progress we made this year is the result of the combined efforts of

many people, including our dedicated employees who serve our customers and help us return value to our shareholders. I would also like to take this opportunity to thank my fellow Board members for the contributions they make to our Company.

On behalf of everyone at Pokarna, thank you for your support and we wish you a happy and healthy year ahead.

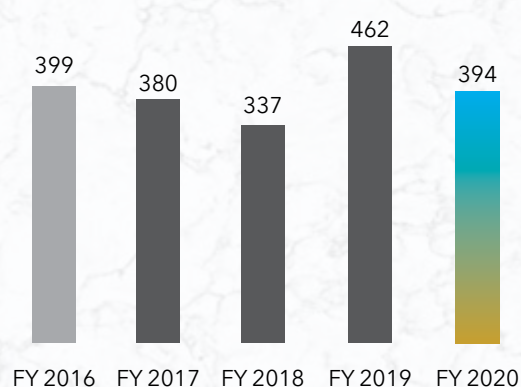
Sincerely,

Gautam Chand Jain
Chairman & Managing Director

Financial Highlights

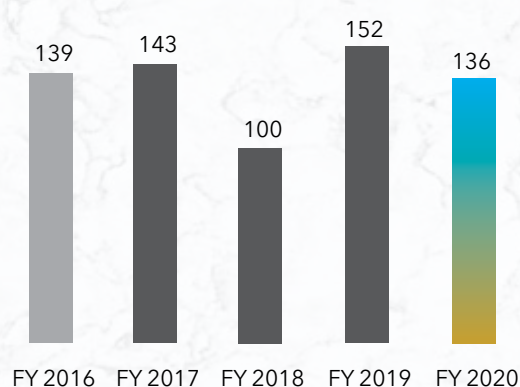
Revenue from operations

(₹ in crore)



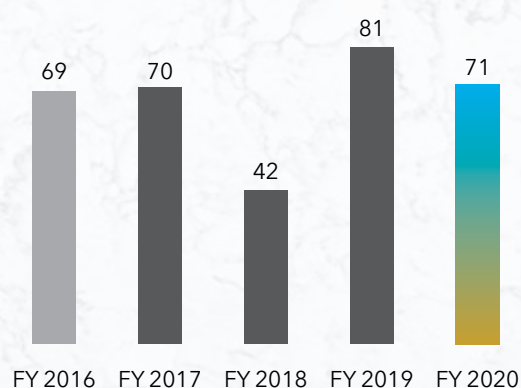
EBITDA

(₹ in crore)



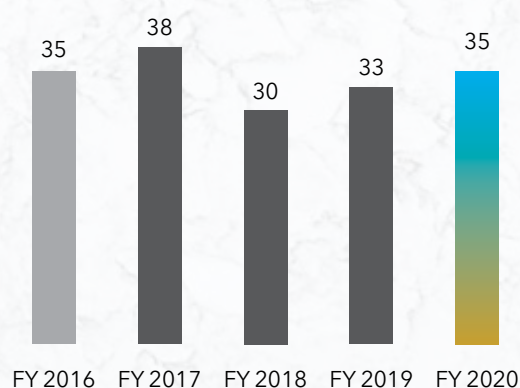
PAT

(₹ in crore)



EBITDA Margin

(in %)



Note: All the above figures are on Consolidated basis