

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Granites & Marbles	Rs 1079	Buy in Rs 1069-1092 band and add on dips in Rs 945-968 band	Rs 1182	Rs 1260.5	2-3 quarters

HDFC Scrip Code	POKLTDEQNR
BSE Code	532486
NSE Code	POKARNA
Bloomberg	POKR:IN
CMP Sep 13, 2024	1079
Equity Capital (Rs Cr)	6.2
Face Value (Rs)	2.0
Equity Share O/S (Cr)	3.1
Market Cap (Rs Cr)	3339
Book Value (Rs)	191.0
Avg. 52 Wk Volumes	159586
52 Week High	1099
52 Week Low	421

Share holding Pattern % (Jun, 2024)	
Promoters	56.7
Institutions	18.4
Non Institutions	24.9
Total	100.0



\* Refer at the end for explanation on Risk Ratings

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### Our Take:

With over 30 years of expertise in the stone industry, Pokarna Ltd. (Pokarna) has established a robust global footprint, spanning over 20 countries. The company's strength lies in its vertically integrated operations, encompassing captive quarries and state-of-the-art mining and processing infrastructure. Pokarna's Granite division's offers a collection of over 75 varieties of granite sourced from India and around the world. The division is backed by advanced technology and a strong distribution network, ensuring the global delivery of high-quality products. However, the key piece of the business is the Quartz surface division, which is operated through Pokarna's wholly-owned subsidiary Pokarna Engineered Stone Limited (PESL). The division specializes in the manufacturing and export of premium quartz surfaces. Pokarna's Board in its meeting held on March 23, 2024, approved the potential transfer, sale, lease, exchange, hive-off, or other disposal of the company's Apparel Business on a going concern basis. Ultimately the division was closed wef March 31, 2024.

The company aims to distinguish its quartz surfaces in the market by creating distinctive products with premium features and a superior value proposition. This advantage is reinforced by PESL's investments in state-of-the-art production technology and strategic marketing resource allocation. During FY25, PESL will commercialize two cutting-edge technologies from BRETON S.p.A of Italy: the KREOS and CHROMIA lines. Both in the short and long term, the company anticipates strengthening its market position, diversifying its operations, and enhancing profitability.

Demand for countertops is expected to be driven by rising installations of countertops – which continue to be selected over freestanding or wall-mounted fixtures in kitchens and bathrooms – for both residential and nonresidential applications. Within the overall bouquet of countertops, the demand for Engineered Stone (primary offering of PESL) is expected to grow at an above average pace of 9.3% p.a. Over the past decade, engineered stone has significantly increased its market share, from 7% of global countertop sales in 2012 to 14% in 2022.

Pokarna continues to face operational challenges in terms of escalated ocean freight rates in terms of its imported procurements. While the international shipping situation influences its procurement expenses, the company's sales are generally protected as they are typically conducted on an FCA/FOB basis. For sales on a CIP basis, the company is able to pass the increased freight rates on to its customers. The company has remained resilient in an otherwise challenging environment, delivering double-digit revenue growth as it remains steadfast in continuing to improve its sales mix through differentiated offerings. We believe this approach will help Pokarna mitigate pricing pressures and position itself for incremental growth.