



SOMANY CERAMICS LIMITED

Corporate Presentation

FEBRUARY 2015

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Somany Ceramics Ltd. - Overview

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Global Tiles Market



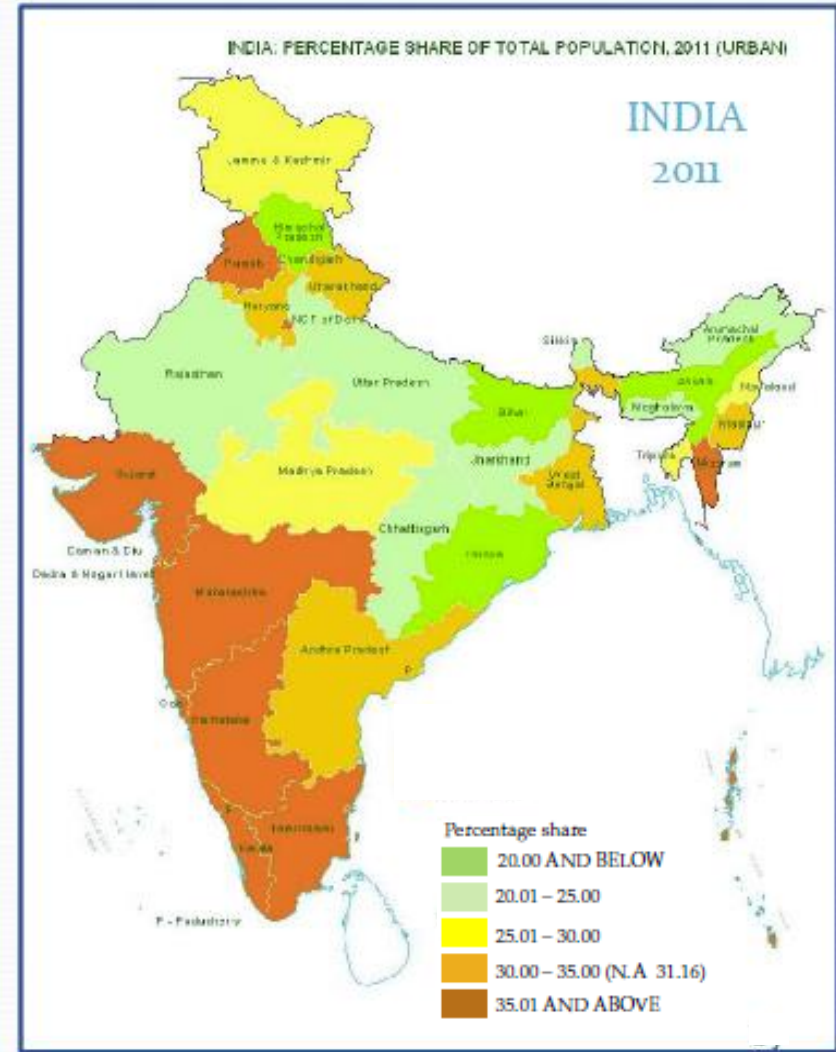
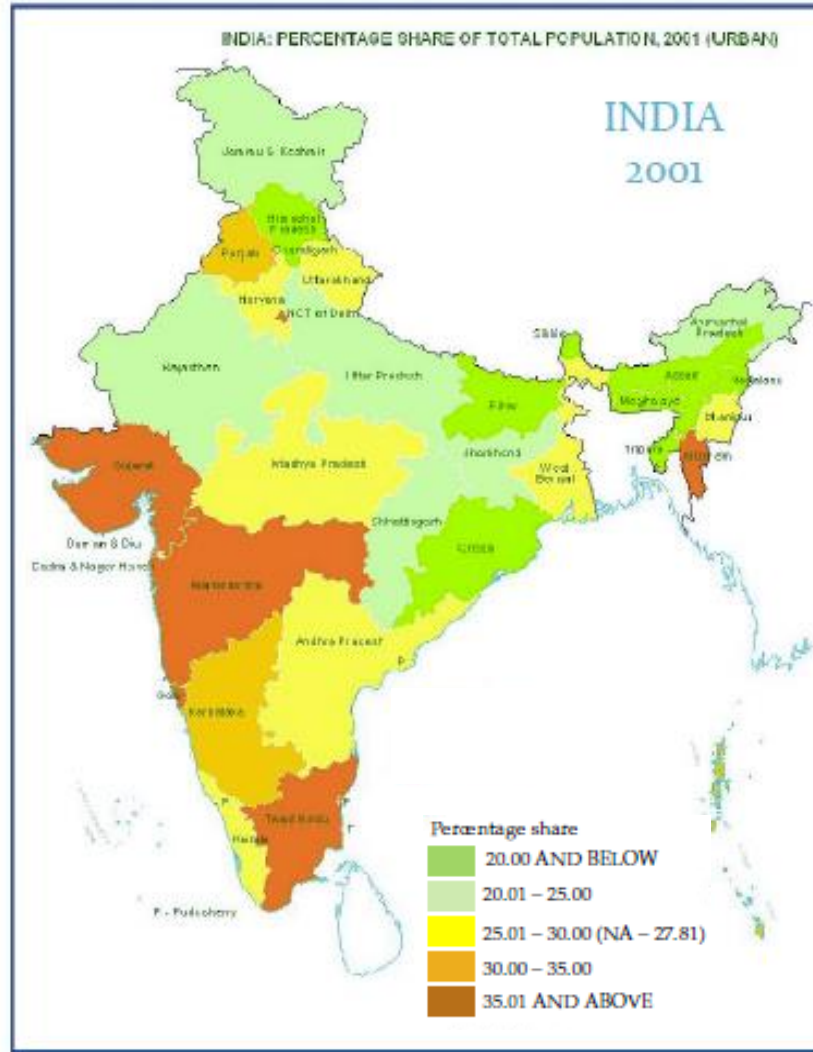
- Global tiles production touched 11.91 bn sqm in CY2013, while consumption strengthened by 5.9% to 11.57 bn sqm
- Estimated value of global tile market was \$ 48 bn out of which India's share is \$ ~3.6 bn
- Global tiles market grew at a CAGR of 7.9% (2009-13)
- India's rank in the total world production improved from 5th in 2008 to 3rd in 2013; Indian market CAGR higher than that of Global
- Top-3 tile producing and consuming countries in CY13 and per capita consumption:

Country	Production (MSM)	Production (% share)	Consumption (MSM)	Consumption (% share)	Per capita consumption (sqm)
China	5,700	48	4,556	39	3.4
Brazil	871	7	837	7	4.1
India	750	6	748	6	0.5

- Huge potential in Indian tiles market owing to low per capita consumption
- Unlike India, globally tiles are used extensively outdoors (paving, claddings, external facades etc.)

Source: Ceramic World Review, Industry

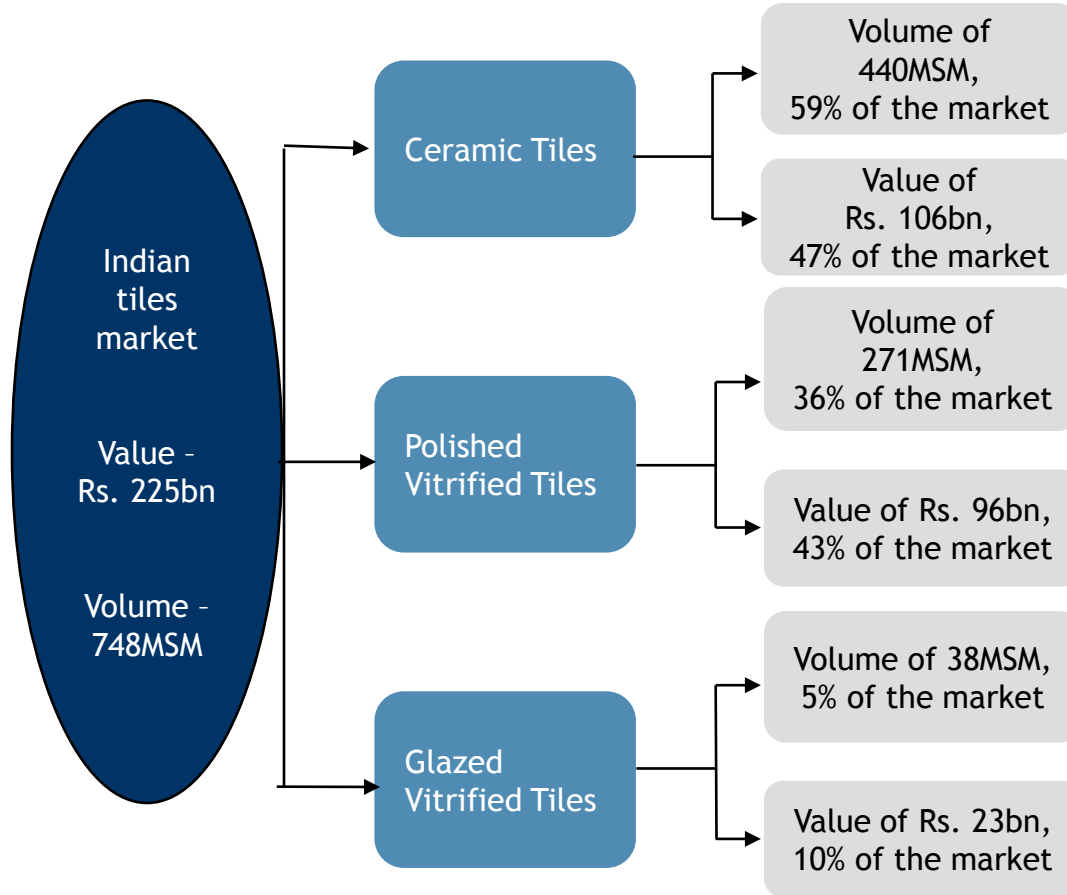
Indian Tiles Market (Macro)



Increased Urbanisation is the key driving factor of the Indian Tiles Market

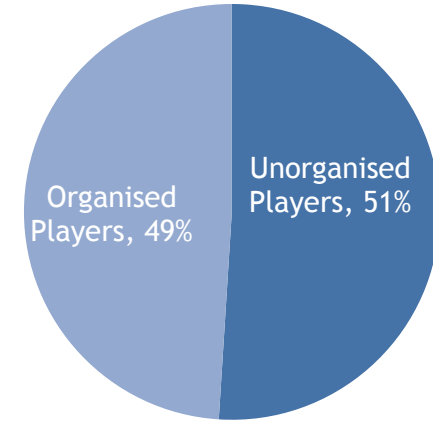
Indian Tiles Market (Macro)

Ceramic tiles - market segmentation in CY13

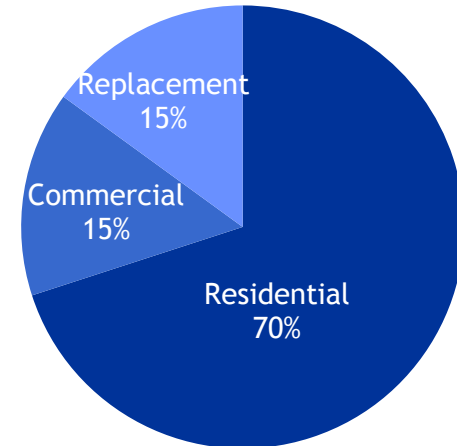


Source: Industry, MSM - million square metres

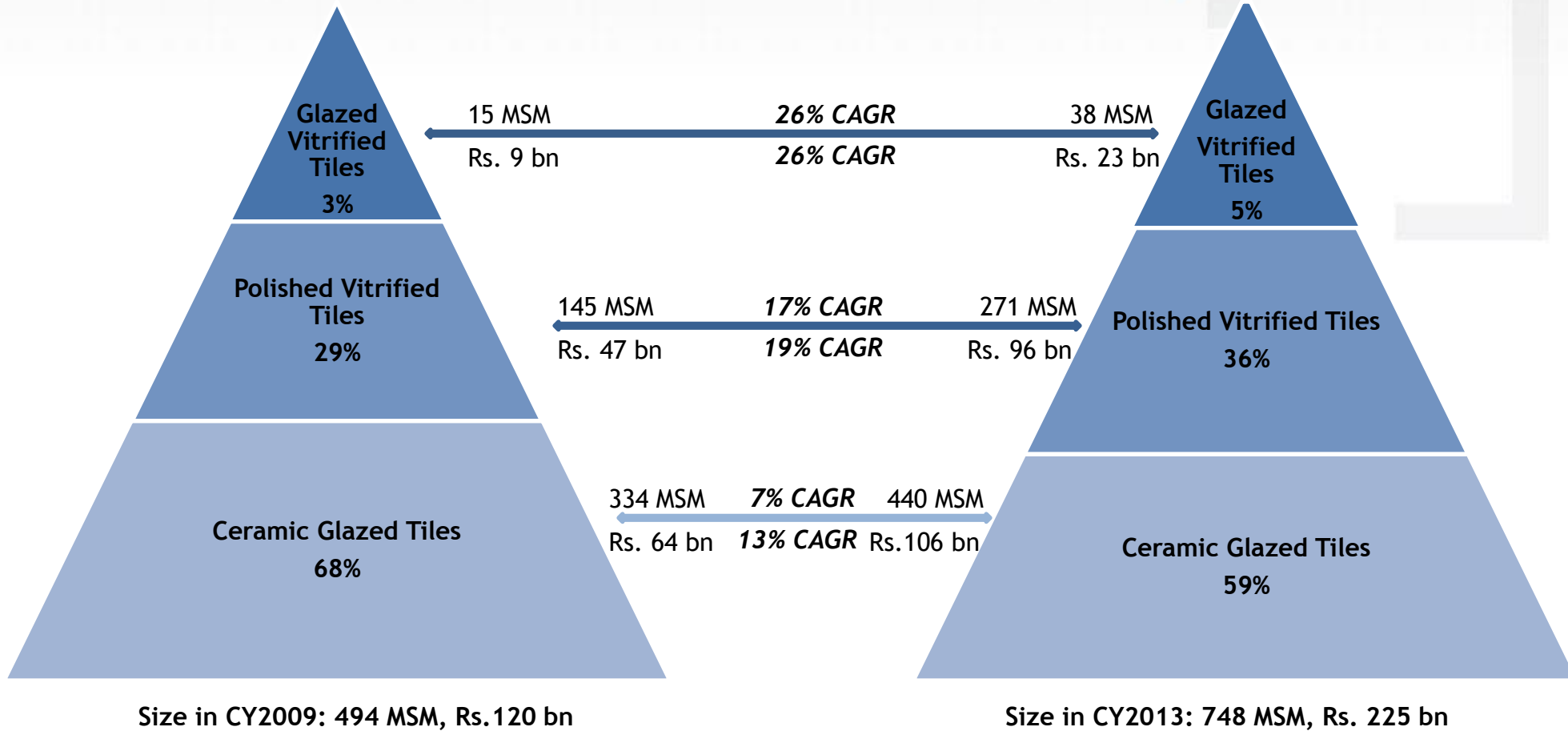
Organized vs. Unorganized market - Equally split in value terms



Break up of tiles demand - Residential consumes 70% of demand



Indian Tiles Market (Macro)



Structural shift in consumer preference to better value proposition vitrified tiles to drive profitability improvement especially for branded players

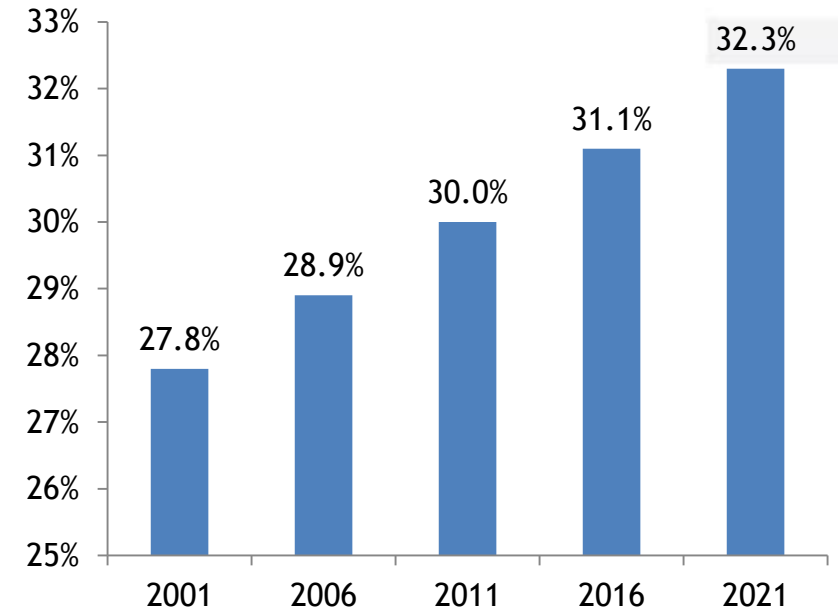
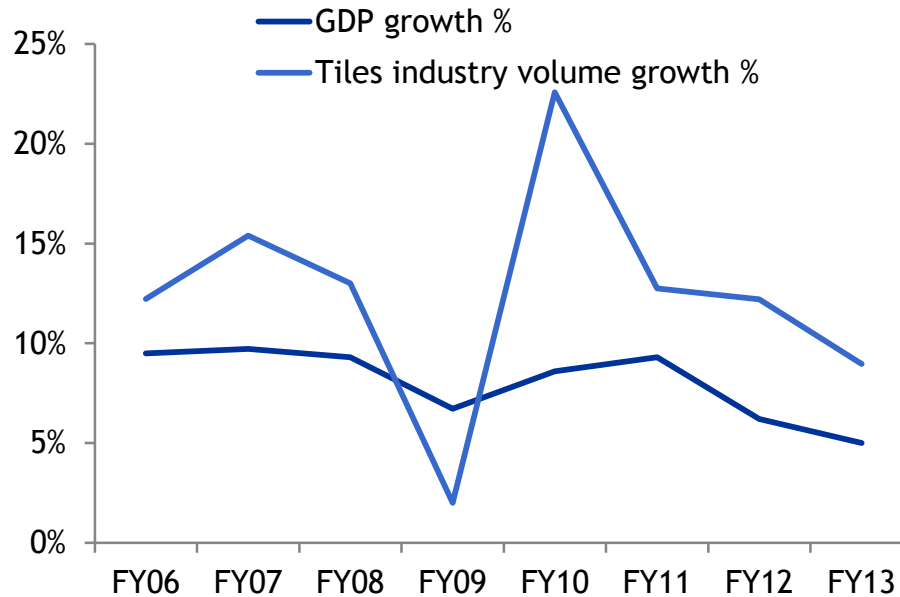
Source: Industry

Indian Tiles Market (Macro)



GDP and tiles growth - Avg multiplier is 1.5x with a range of (1.3x-2.6x)

Increasing urbanization trend is expected to continue



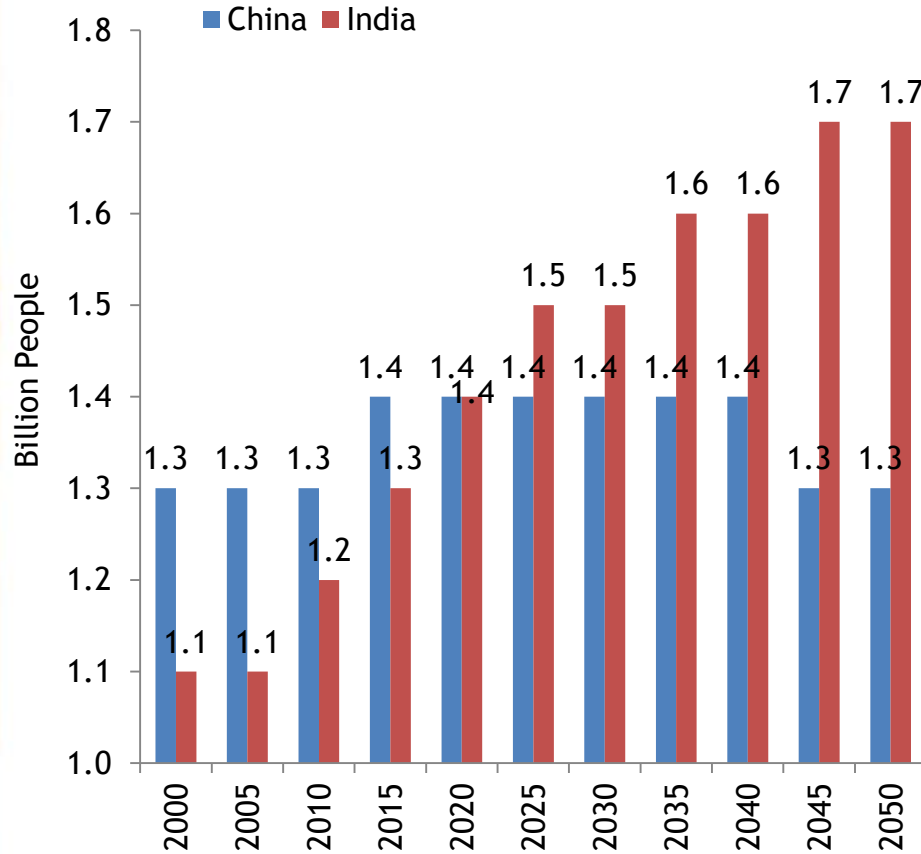
Tiles Industry is the direct beneficiary of Economic boom in the country and is positively correlated to the GDP growth

Source: Industry

Indian Tiles Market (Macro)

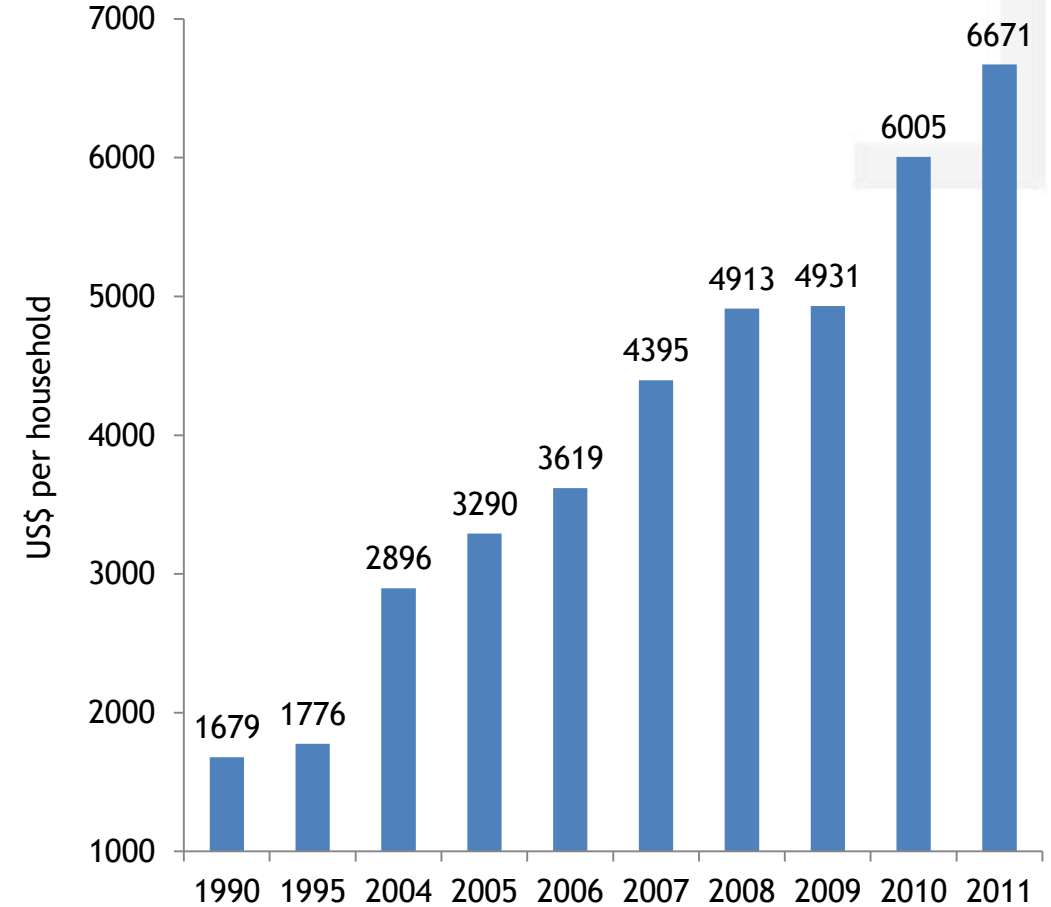


India population to be higher than China from 2020



Source: United Nations

12.7% CAGR increase in disposable household income



Source: Euromonitor International

Government Initiatives to augur well

Infrastructure development is the DNA of Modi Govt.

Swachh Bharat Abhiyan (SBA) - to make Rural areas "open defecation free"- ODF by enabling construction of individual, cluster & community toilets

Development of 100 smart cities as satellite towns of larger cities

Development of Industrial corridors

Housing for all by 2022

Rural housing fund under National Housing Board (NHB)

Corporate India committed to SBA...

Coal India to spend Rs. 2.35bn on building toilets and improving sanitation

Bharti foundation to spend Rs. 1bn for building toilets over the next 3 years

TCS has pledged Rs. 1bn towards sanitation facilities for girl students

HUL plans to construct 24,000 toilets by 2015

ITC plans to construct 10,000 toilets

Vedanta group announced to build 10,000 more toilets

Aditya Birla Center plans to build 10,000 toilets in MP, UP, TN and Gujarat

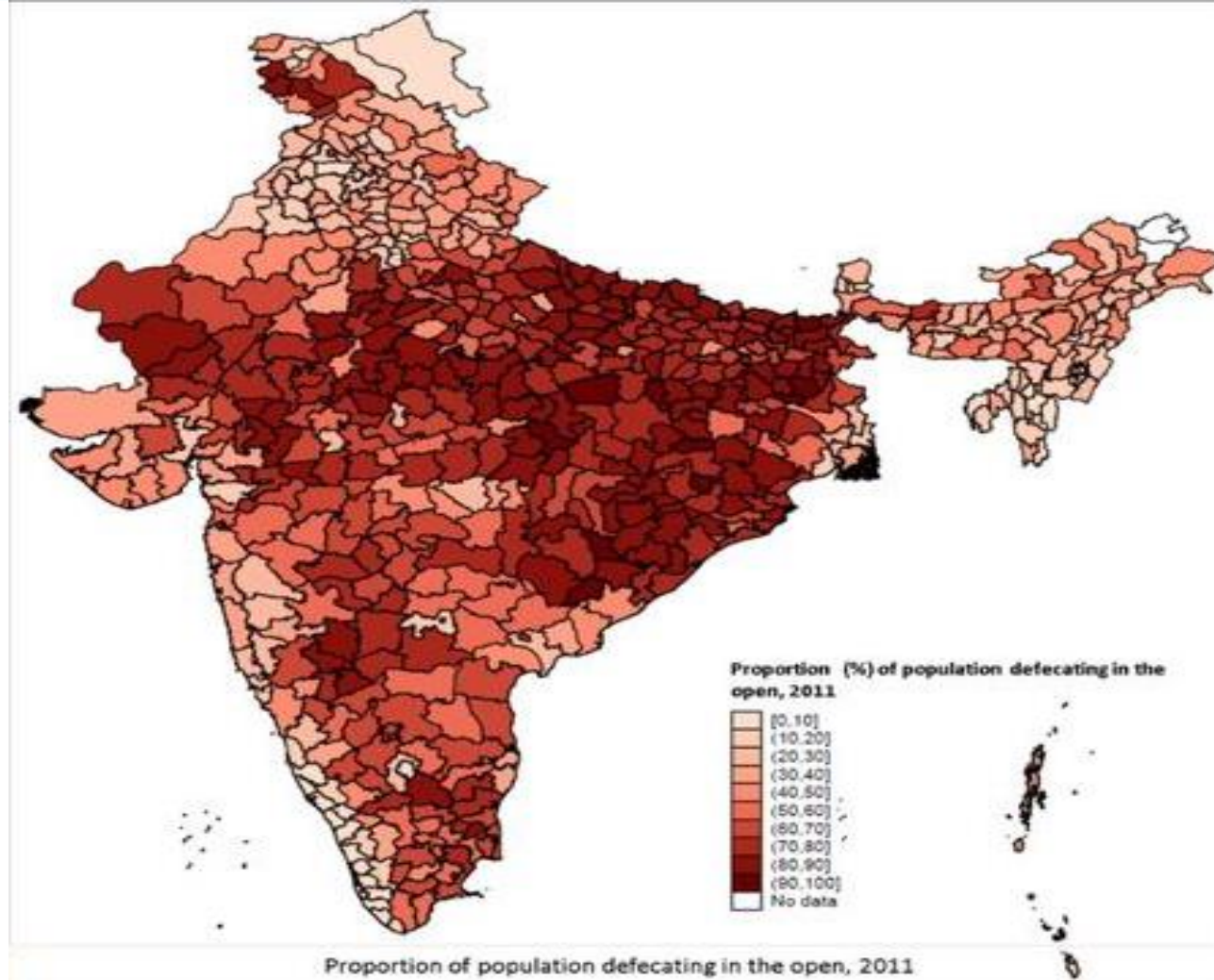
L&T committed to build 5,000 toilets under L&T Public Charitable Trust

GAIL to spend Rs. 270mn for building toilets

Dabur & NBCC plans to build 100 toilet each in rural areas & for girls students respectively

Focus of the Modi Government on Infrastructure to create exponential business opportunities for companies in the Tiles and Sanitary Ware Industry

... toilets before temples key agenda



Government to target to achieve Total Sanitation/Swachh Bharat and make India Open Defecation Free (ODF) by 2019

Morbi - Mecca of Indian Tile Industry (Micro)



Mecca of Indian Tile Industry

- Home to >600 tile manufacturers out of over 700 in India
- Represents almost entire unorganized tile market of India
- Manufactures ~60% of the total tiles production in India

Competitive

- Capability to manufacture vitrified tiles, floor tiles, quartz stone, sanitary ware, roofing tiles and mosaic tiles
- Exports to markets such as Middle East, Africa, Sri- Lanka and Bangladesh along with supplying significant quantities to the Indian branded players
- Proximity to ports make it a low transport hub

Proximity to Raw Materials

- Proximity to key raw materials make it a formidable region for tile manufacturers
- Clay, red and black soil, minerals including calcite and wallastonite, frits and glazes are abundantly available locally or from neighboring region of Rajasthan
- Dedicated gas lines are available from GSPC

Morbi in Gujarat is the nerve centre of the Indian Tile Industry and is witnessing structural shift via exclusive tie up with Branded Tile Players



Industry Overview

Somany Ceramics - An overview

Financial Overview

Strong Promoter Pedigree



Mr. Hira Lall Somany - Chairman Emeritus

- Patriarch of Somany Family which promoted leading companies in Ceramics space in India such as HSIL Limited (Sanitaryware), Hindusthan National Glass & Industries Limited (Container Glass) and Somany Ceramics Limited (Tiles)
- Held key positions in reputed industry associations such as ASSOCHAM, PHDCC, FICCI, Capexil etc.



Mr. Shreekant Somany - Chairman & Managing Director

- Science Graduate from Kolkata University
- Over 40 years of hand on experience in Ceramics and Glass industry
- Currently Deputy Chairman of CII Northern India
- Held key positions in ASSOCHAM, PHDCC and ICCTAS



Mr. Abhishek Somany - Joint Managing Director

- Graduate in Business Administration from Richmond University, UK
- Received specialized intensive training at Pilkington Tiles, UK
- 18 years of experience in the Ceramic Industry
- Member of Executive Committee of FICCI



Company Overview



SOMANY'S JOURNEY SO FAR

1970



In technical collaboration with Pilkington's Tile Holding (U.K.), Somany Pilkington's Ltd. established a manufacturing unit in Kassar, Bahadurgarh (Haryana) and started its first commercial production in 1970

1973 : Somany Pilkington Ltd. got listed on Calcutta Stock Exchange and made a right and public issue.

1978: Total production capacity at Kassar was 6000 sq. mt. per day.

1980



1981: Second manufacturing unit set up in Kadi (Gujarat) taking total production capacity to 7500 sq. mt. per day.

1990



1992 : A new production line added at Kassar floor plant with manufacturing capacity of 3500 sq. mt. per day.

1995 : Floor tiles manufacturing capacity enhanced in Kassar by 3500 sq. mt. per day.

1996 : Wall tile DFF plant set up in Kadi with manufacturing capacity of 6000 sq. mt. per day.

1997: Floor Tile Plant capacity at Kassar further expanded by 5000 sq. mt. per day.

Company Overview...Contd.



STAYING AHEAD
OF THE
GROWTH CURVE

2000



2001: A new floor tiles manufacturing plant set up in Kadi with a capacity of 6000 sq. mt. per day.

2002 : Wall tiles SFF (Single Fast Firing) plant with a capacity of 6000 sq. mt. per day set up at Kassar (Haryana).

2004: FTP at Kadi setup with manufacturing capacity of 6000 sq. mt. per day.

2007: MTP at Kassar setup with a capacity of 7500 sq. mt. per day.

2009: Somany Ceramics earned the PATENT for its invention of a "HIGH ABRASION RESISTANT GLAZE COMPOSITION", which is known as VC SHIELD HARD-COAT technology.

2010



2010 : A new production plant of GVT (Glazed Vitrified Tiles) installed at Kassar with a capacity of 7000 sq. mt. per day.

2012 : Acquired 26 percent equity stake in 2 JVs with an aggregate annual capacity of 5.30 mn sqm. Entered into the sanitary ware business.

2013 : Got the CE Certification for exports in European Union. Forayed into Bath Fittings. Launched Slip Shield tiles taking a lead in innovations in the Indian Ceramic Industry. Added 3 more JVs.

2014: JV for Sanitaryware production.



Evolution of the Brand



1972



In technical collaboration with Pilkington's Tile Holding (U.K.), Somany Pilkington's Ltd. established a manufacturing unit in Kassar, Bahadurgarh (Haryana) and started its first commercial production in 1972.

1996



Indian promoters of SPL Ltd. bought all the equity shares held by Pilkington's Tile Holding (UK)

1998



Changed the logo from SPL Ltd. To Somany Tiles.

1999



Changed to Somany Wall & Floor Tiles to bring in more product focus.

2004



Launched India's toughest heavy duty vitrified tiles – Durastone'.

2005



Somany invented a 'High Abrasion Resistant Glaze Composition' called 'VC shield'.

2007



Changed our company name from SPL Ltd. to Somany Ceramics Ltd.

2010



Brand Somany changed to more vibrant, young, bold and smart look. The brand got 'Power Brand' status on the basis of research conducted by ICMR.

2007



Introduced polished vitrified tiles under the brand name 'Somany Vitro'.

2010



Launched 'Duragres' (GVT) an alternative to high end marble & mosaic varieties.

Evolution of the Brand...Contd.



2011



Received the prestigious
'Powerbrand Award'

2012



Received the Indian
'Powerbrand Award' for the
second year in a row

Declared 'Asia's Most
Promising Brand'

2013



Won Inc. India
Innovative 100
award for our
smart innova-
tion 'VC Shield'
technology.

2013



Taking the lead in
innovations, 'Slip
Shield' tiles were
launched.

2014

'BEST IN
CLASS DISTRIBUTION'

India's strongest
distribution and
one of the best
retail footprint -
1700 dealers &
8000 retailers.

2014



Presented India's
glossiest tiles -
'Glosstra'

Accreditations & Recognitions

Global Communications Award



Power Brand Award 2010-11



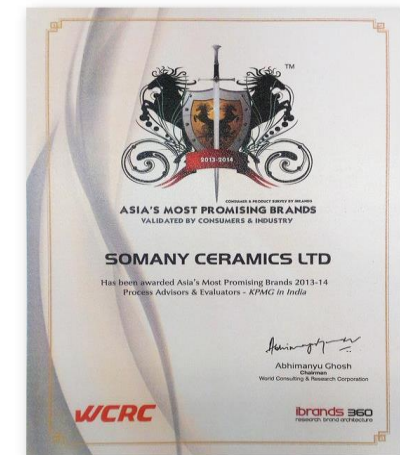
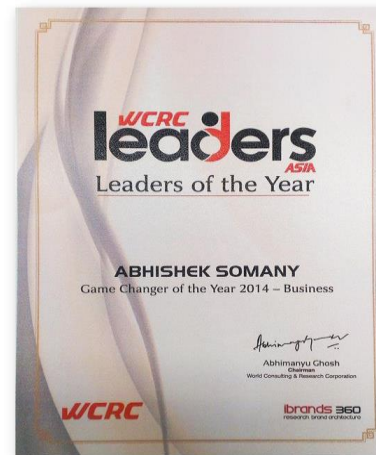
Ceramics Brand of the Year 2012-13



ISOQAR, UK accreditation



Asia Brand and leadership Summit (ABLS) 2014 Award



Institutional Customers

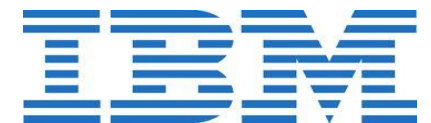
Developers



Shapoorji Pallonji & Co Ltd



Corporates/Banks



Institutional Customers



PSU



दिल्ली मेट्रो रेल कॉर्पोरेशन लिमिटेड
DELHI METRO RAIL CORPORATION LTD.

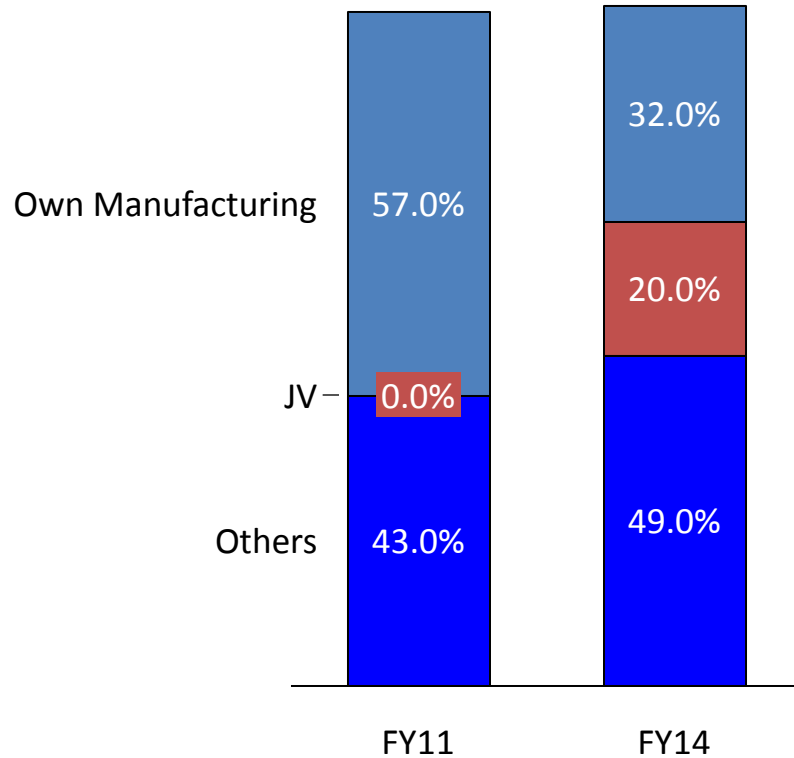


Retailers/Hospitals/Hospitality

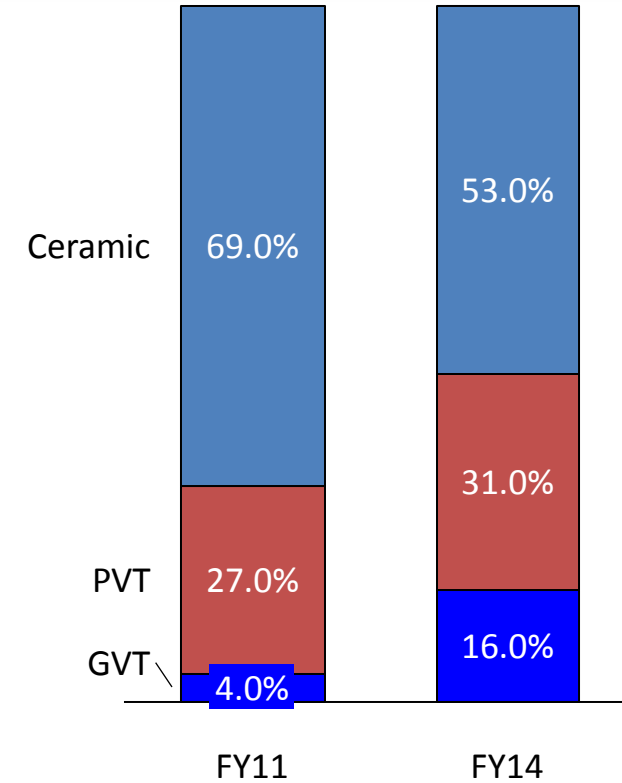


Strategically moving up the value chain...

Increasing Share of Outsourced & JV Sales in Overall Sales



Increasing Share of Vitrified Tiles in Overall Sales



Moving up the value chain likely to improve profitability margins going forward and provide operational flexibility

... to gain faster market share



Vintage Tiles Pvt. Ltd

- 26% equity acquired in 2012
- ~2.55 MSM of Polished Vitrified Tiles

Commander Vitrified Pvt. Ltd.

- Acquired 26% equity
- ~ 2.04 MSM of Glazed Vitrified Tiles
- ~2.72 MSM of Polished Vitrified Tiles

Vicon Ceramic Pvt. Ltd.

- Acquired 26% equity stake
- ~1.84MSM of Industrial Vitrified Tiles
- ~2.14MSM of Ceramic Wall Tiles

Amora Tiles Pvt. Ltd.

- Acquired 51% equity stake
- ~4.56 MSM of Ceramic Wall Tiles

Acer Granito Pvt. Ltd.

- Acquired 26% equity stake
- 5.10 MSM of Polished Vitrified Tiles

Somany Fine Vitrified Pvt. Ltd.*

- To acquire 51% equity stake
- ~4.0MSM of polished Vitrified Tiles
- To commence production in FY16

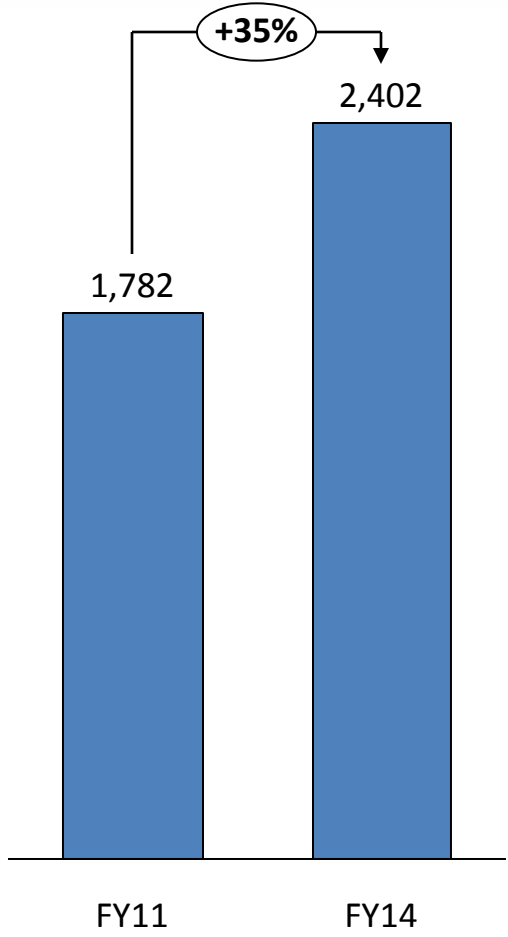
- Low capital requirement
- Faster access to capacity
- Faster Payback
- Better controlled co-owners

MSM - million square metres
* Proposed

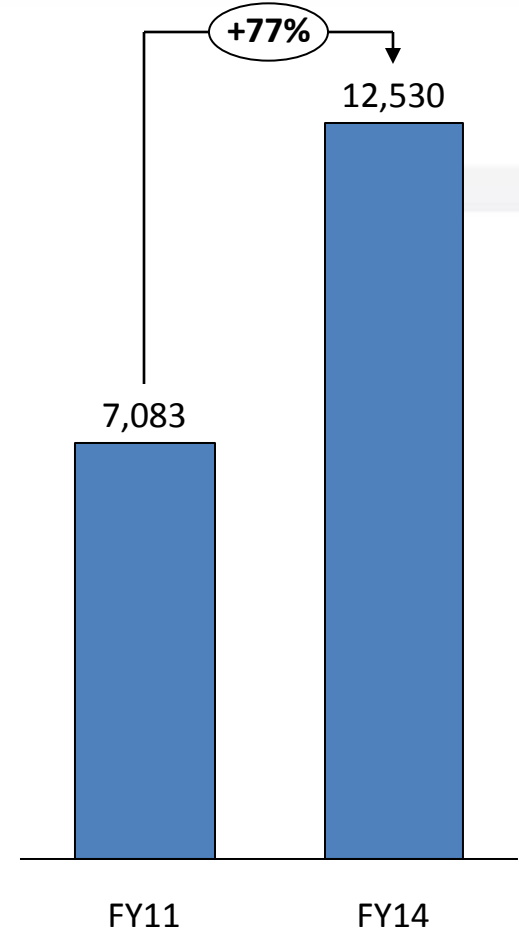
Outsourcing - An asset light model...



Net Block + CWIP + Investments (Rs. mn)



Net Sales (Rs. mn)



Lean Balance Sheet approach without sacrificing growth

Higher asset turnover will lead to faster gain of market share ultimately strengthening Brand Somany

Capacity Profile (Tiles)



JV Plants in Morbi, Gujarat

Vintage Tiles Pvt. Ltd.
26% Equity holding

Commander Vitrified Pvt. Ltd.
26% Equity holding

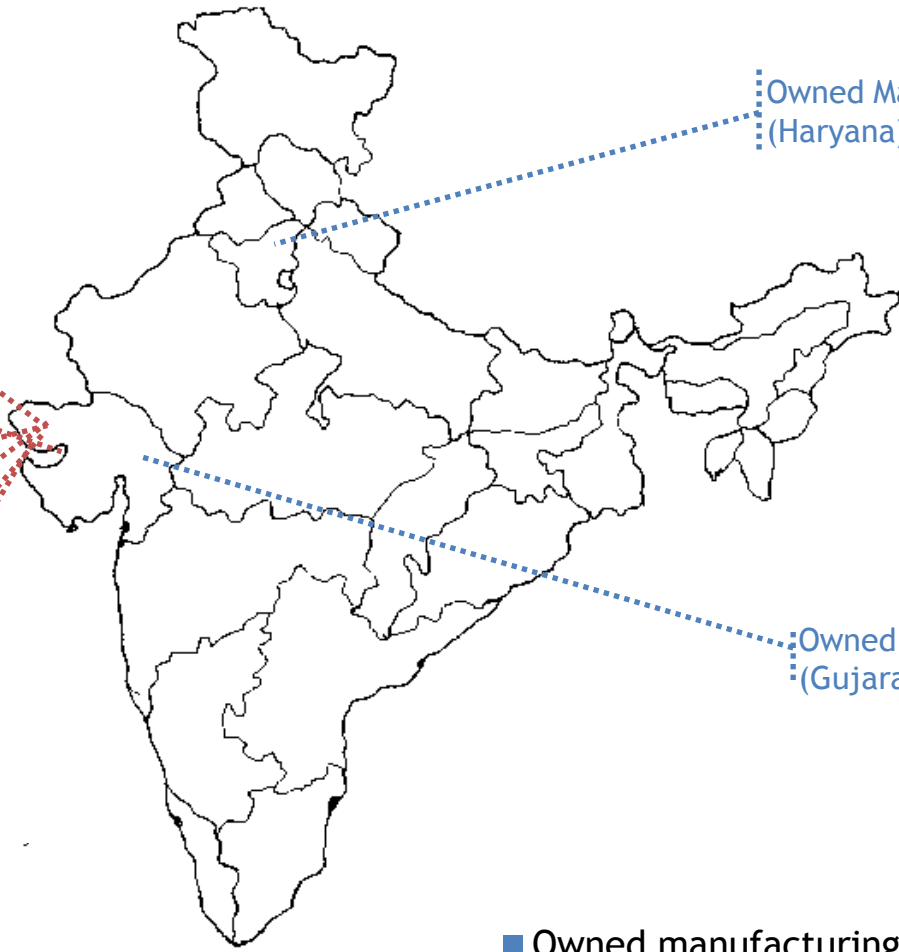
Amora Tiles Pvt. Ltd.
51% Equity shareholding

Vicon Ceramic Pvt. Ltd.
26% Equity shareholding

Acer Granito Pvt. Ltd.
26% Equity shareholding

*Somany Fine Vitrified Tiles Pvt. Ltd.
51% Equity shareholding

MSM - million square metres
*Proposed



Owned Manufacturing at Kassar (Haryana)

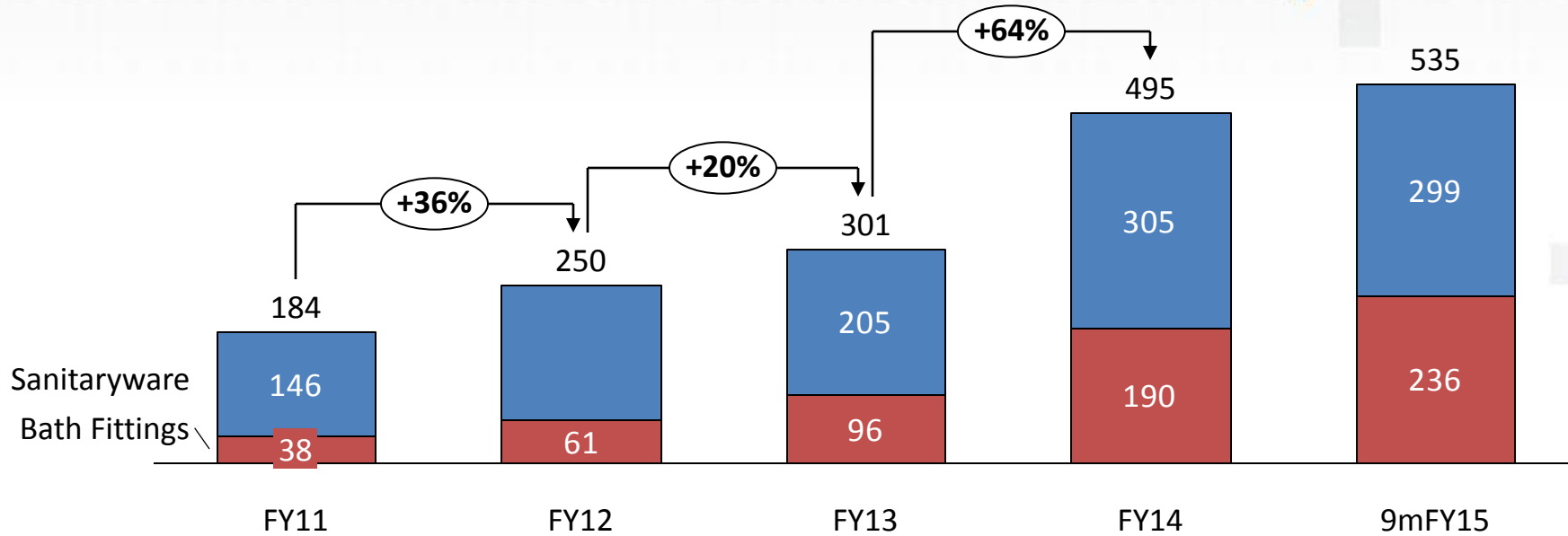
Owned Manufacturing at Kadi (Gujarat)

Existing capacity = 51.52MSM

Ongoing Expansions = 4.0MSM



Sanitaryware & Bath fittings...



Business Synergy

- Products are sold mostly through the same dealer network
- Surrogate advertising due to higher brand visibility
- Lower outward freight
- Higher margins

Mfg. Capacity

- Acquired equity stake in M/s Sonec Sanitaryware Pvt. Ltd. to produce 0.3 mn pieces of sanitaryware per annum. Expansion on cards
- Exploring opportunities (Joint Venture/ Greenfield) for bath fittings

Increasing Global Footprints...



- Currently present in more than 40 countries
- Exclusive showrooms in 6-7 countries with Galleries in 4 continents

Global Presence

- 1st Indian company to participate in Italy - CERSAIE from last 3 years
- 1st Indian company to participate in Mosbuild, Russia

Creating a Global Brand Image

- Exports grown from ~1% of sales in FY11 to ~2.5% of Sales in FY14
- Continuously expanding global footprint

Growth in Exports

Future Strategy for Exports Division

- Establish global office & warehouse
- Work out International Business Division as an SBU

Exports higher from Rs. 80mn in 2010-11 to Rs. 320mn in 2013-14 and growing...

Innovating to stay...



Translated Technology in to everyday benefits by launching VC Tiles (Vield Craft) in 2009



India's first Process & Product patent in the Ceramic tiles industry



Patent authorizes exclusive rights for production & commercialization of VC tiles in India for 20 years



VC Shield technology which solves the key issue of tiled surfaces which is abrasion resistance. It shields the tile against weathering - wear and tear, stains and scratches, keeping it fresh and new as ever

1st mover advantage has helped create a Rs. ~2 billion blockbuster brand (VC Shield) for Somany



**Abrasion-Resistant.
Against the
World's Most
Dangerous
Stilettoes.**



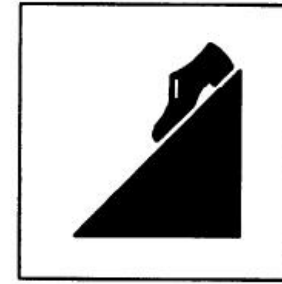
**Abrasion-Resistant.
Against the
World's
Toughest
Skates.**



...ahead of the curve



SOMANY
SLIP SHIELD



Another innovation - Slip Shield tiles - a unique coating technology which gives anti-skid property to ceramic tiles

Patent application filed with the Controller of Patents and Designs (Indian Patent Office)

Characteristics of Slip Shield tiles:

- No dirt accumulation on the surface; easy to clean and maintain
- Feel of original surface/ design does not get altered by this coating
- Coefficient of friction is high enough even in wet or soapy condition thus making it highly slip resistant



Industry Overview

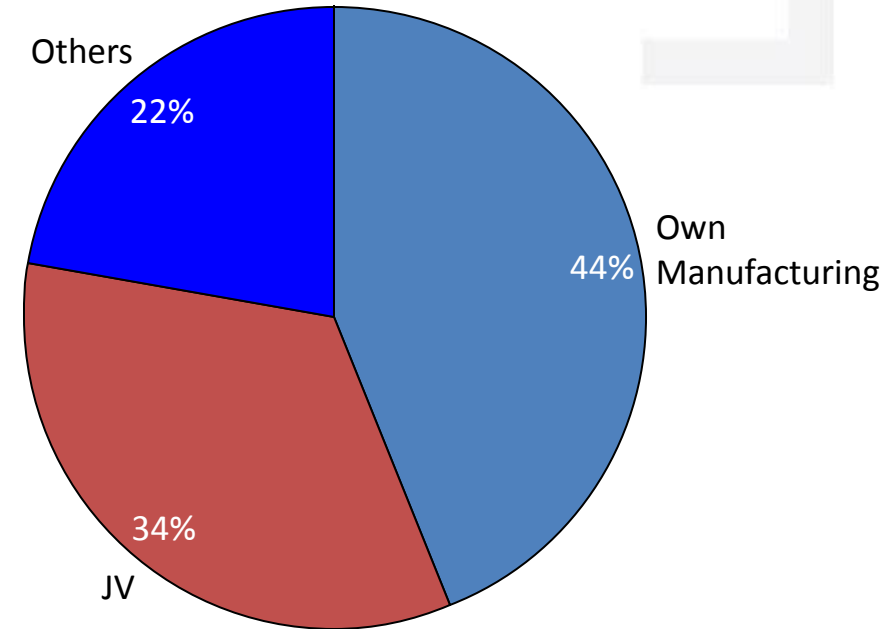
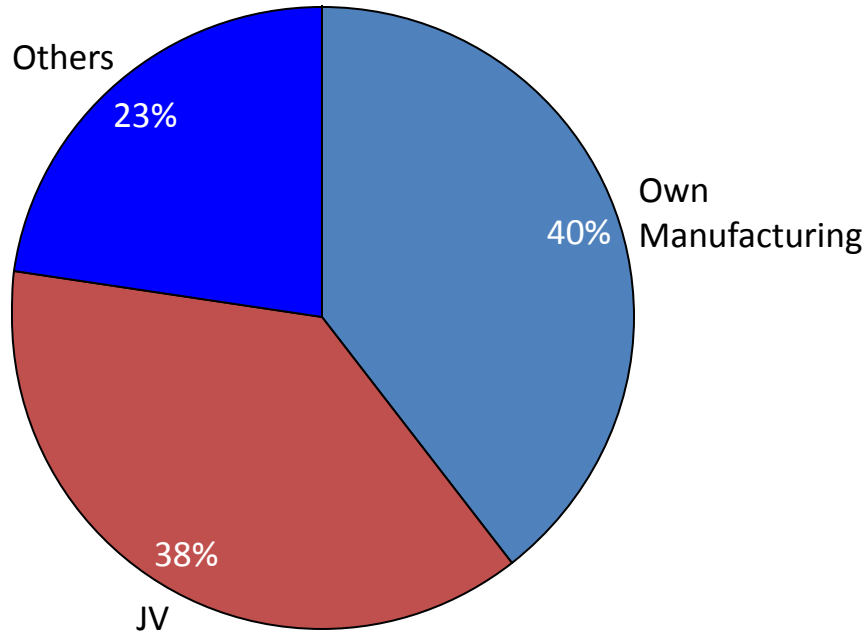
Somany Ceramics Ltd. - Overview

Financial Overview

9M'FY15 Operating Performance

Gross Sales - Rs. 11,170 mn

Volume - 29.77 MSM



Strategy to move to higher sales from Outsourced and JV's segment and push up sales of Value added products. Strategy to reflect in higher PBT margins over 3-5 year period

Q3/9m'FY15 Financial Highlights

Particulars	Q3'FY15	Q3'FY14	Growth	9M'FY 15	9M'FY 14	Growth
Net Sales	3,712	2,835	30.9%	10,697	8,453	26.5%
EBIDTA	268	174	53.6%	734	557	31.8%
Depreciation	56	57	-1.6%	163	165	-1.0%
Finance cost	41	46	-10.0%	116	138	-16.5%
Profit before tax	170	71	138.9%	456	254	79.3%
Tax expenses	60	23	156.0%	160	86	86.5%
Profit after tax	110	48	130.5%	296	169	75.6%
Basic EPS (Rs.)	2.84	1.38	105.8%	7.62	4.88	56.1%

Standalone figures in Rs. million

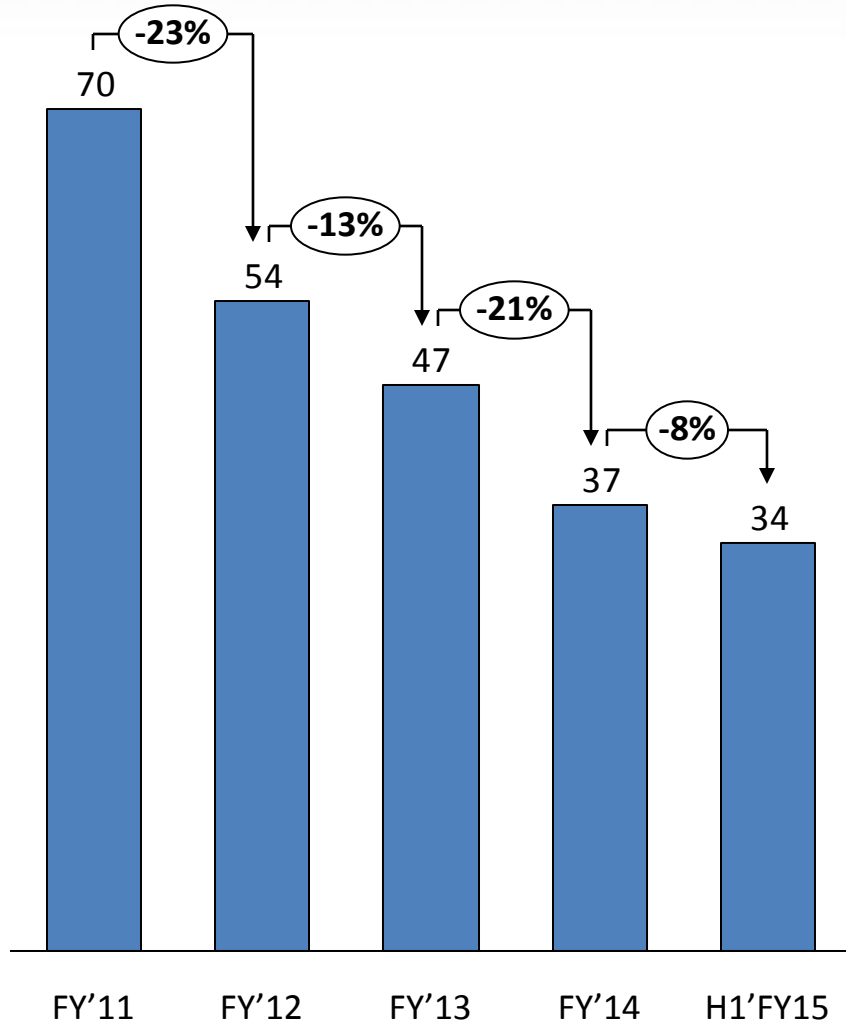
September'14 Balance Sheet

Particulars	September 2014	March 2014	September 2013
Equity Share Capital	78	78	69
Reserves & Surplus	2,297	2,127	1,559
Net Worth	2,375	2,205	1,628
Total Debt	1,657	1,698	1,887
Net Block	2,265	2,185	2,190
Investments	217	217	92
Net Current Assets	1,649	1,647	1,406

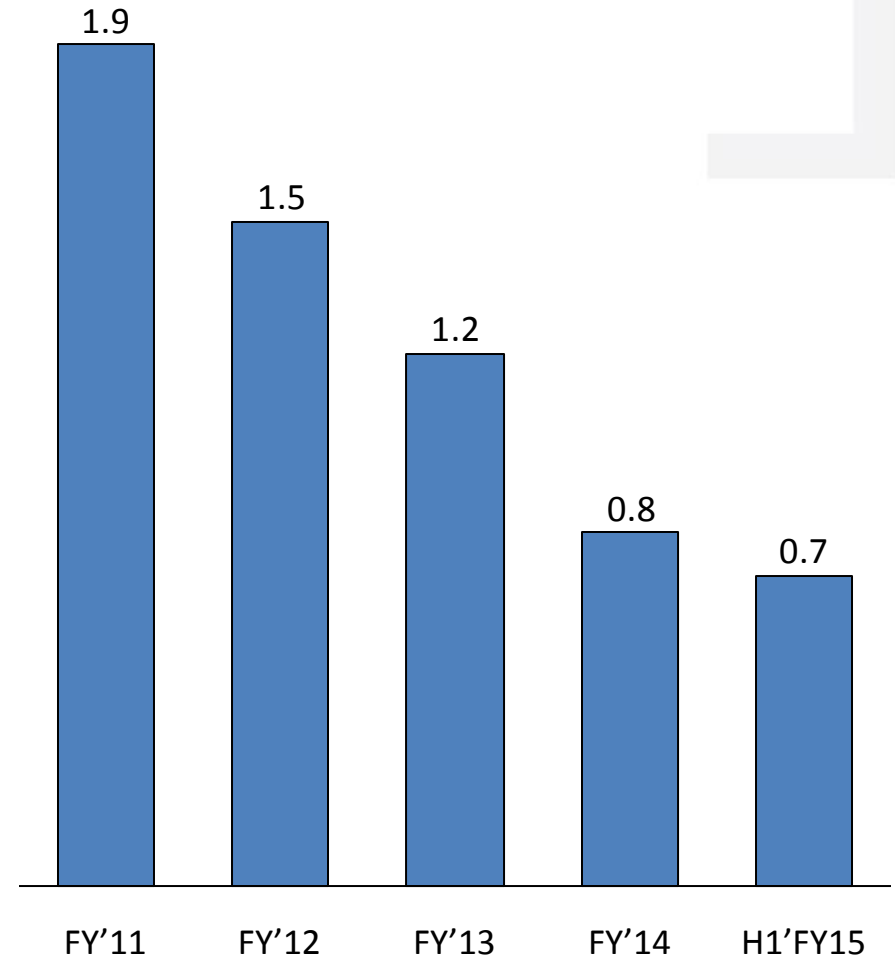
Standalone figures in Rs. million

Debt Management

Working Capital Days*

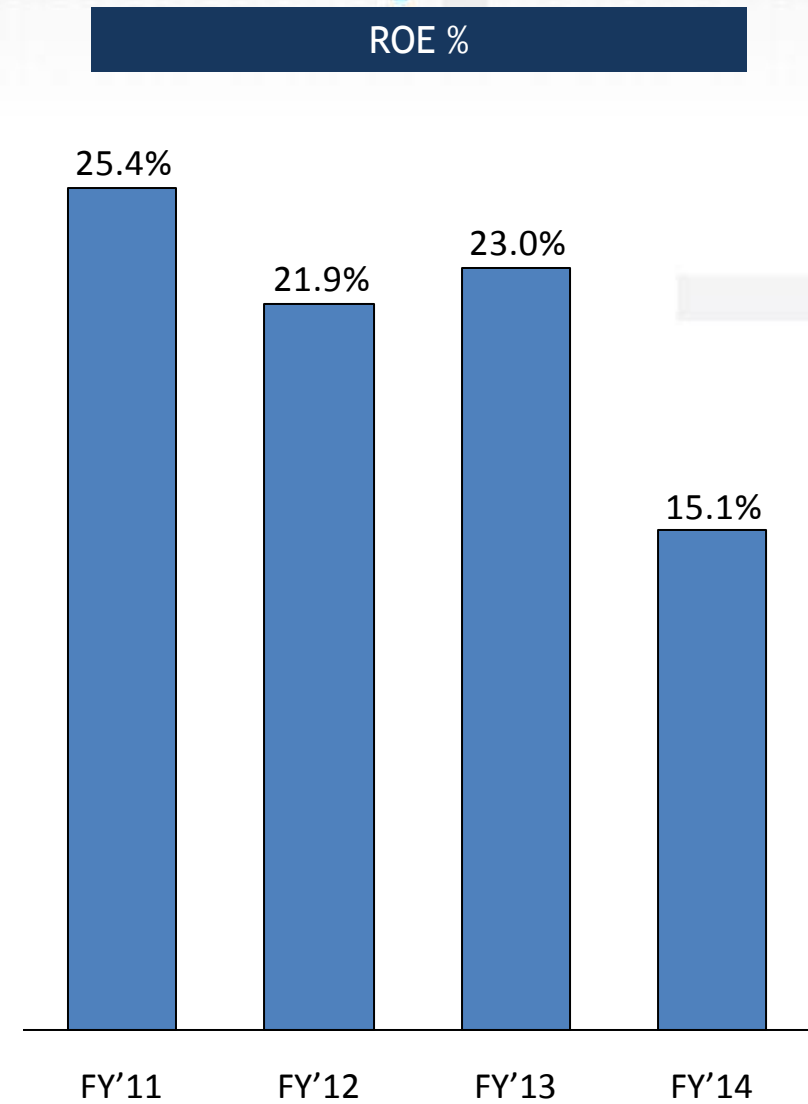
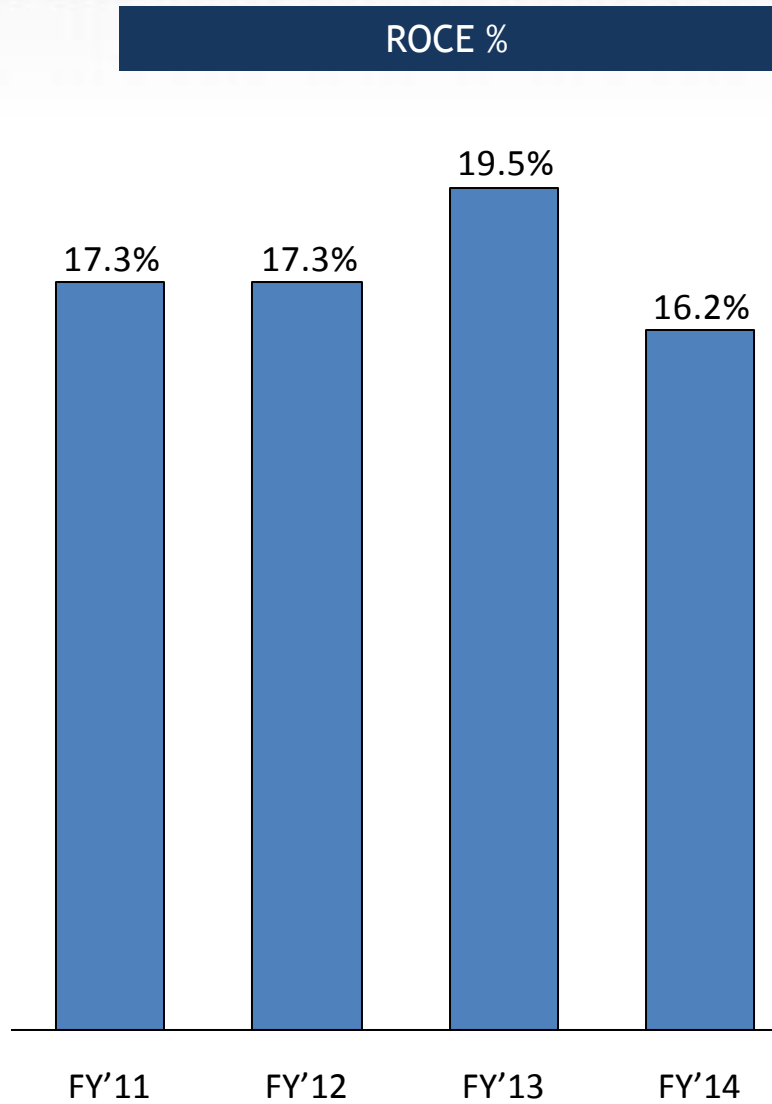


Leverage Ratio



*excludes Current Investment of Rs. 37 cr in F'Y14 and Rs. 34.78 cr in H1'FY15

Return Ratios



Historical Profit & Loss Statement

Particulars	FY 10	FY 11	FY 12	FY 13	FY 14
Net Sales	5,369	7,083	8,704	10,462	12,530
EBIDTA	583	681	746	871	844
Depreciation	145	173	182	204	221
Finance cost	133	171	207	199	183
Profit before tax	306	337	357	467	440
Tax expenses	101	103	109	151	159
Profit after tax	205	234	248	316	280
Cash Profit	329	432	427	528	514
EPS (Rs.)	5.93	6.79	7.17	9.16	8.01

Standalone figures in Rs. million

Historical Balance Sheet

Particulars	FY 10	FY 11	FY 12	FY 13	FY 14
Equity Share Capital	69	69	69	69	78
Reserves & Surplus	750	956	1,171	1,439	2,127
Net Worth	819	1,025	1,240	1,508	2,205
Total Debt	1,622	1,912	1,809	1,761	1,698
Net Block	1,538	1,759	1,939	2,089	2,185
Investments	17	17	59	92	217
Net Current Assets	1,117	1,367	1,281	1,333	1,647

Standalone figures in Rs. million

Key Strengths



Focused Management

- Committed to value enhancement by adopting asset light model and increasing share of value add products
- 1st in the Indian Tile industry to have Government recognized R&D facilities, thereby giving credibility to 'Brand Somany'
- Long term firm contract with GAIL, GSPC and IOC for supply of natural gas
- High credibility & reputation for 'Brand Somany' and its Promoters amongst dealers, suppliers and financial institutions

Strong Distribution Network

- Pan India distribution and marketing network creating stronger Brand Somany
- More than 10,000 touch points which include dealer, retailer, showrooms/display centers
- Strong brand recall in retail segment which contributes ~65% of overall sales
- Formidable association with large institutional clients comprising of Governments, Corporates and Private Builders

Wide Variety

- Wide product range covering Ceramic, Vitrified Tiles, Sanitaryware & Bath fittings
- India's largest in-house designing team dedicated to developing designs, products and concepts in collaboration with Spanish and Italian design houses
- Asset model allows company to respond faster to changing trends and market dynamics

Strategically building a sustainable growth path



Sustainable Business Growth



1

Increase market share

- Increase coverage through distributors and franchise stores

2

Faster access to capacity

- Build access to capacity through JV, outsourcing model

3

Innovation

- Increase R&D efforts to introduce new & innovative products to the market

4

Improvement in Product Mix

- Focus on high value added segments

5

Increase Branding and marketing efforts

- Improving recall of 'Brand Somany'
- Increase spend to 2-2.5% of Sales

6

Export Markets

- Increase exports to newer geographies

Future Growth Strategies



Disclaimer



The information contained herein has been prepared to assist prospective investors in making their own evaluation of the Company and does not purport to be all-inclusive or to contain all of the information a prospective or existing investor may desire.



This Information may include certain statements and estimates provided by the Company with respect to the projected future performance of the Company. Such statements, estimates and projections reflect various assumptions by management concerning possible anticipated results, which assumptions may or may not be correct.



Prospective investors will be expected to have conducted their own due diligence investigation regarding these and all other matters pertinent to investment in the Company.



This presentation may contain statements that are “forward looking statements.” The company’s actual future results may differ materially from those suggested by such statements, depending on various factors for which the company and its management does not take any responsibility.



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