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THIS
SPACE**



SOMANY CERAMICS LTD

**Investor & Analyst Meet Presentation
9th August, 2016**

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01



Industry Dynamics & Growth Drivers

02



Our Story

03



Financials

04



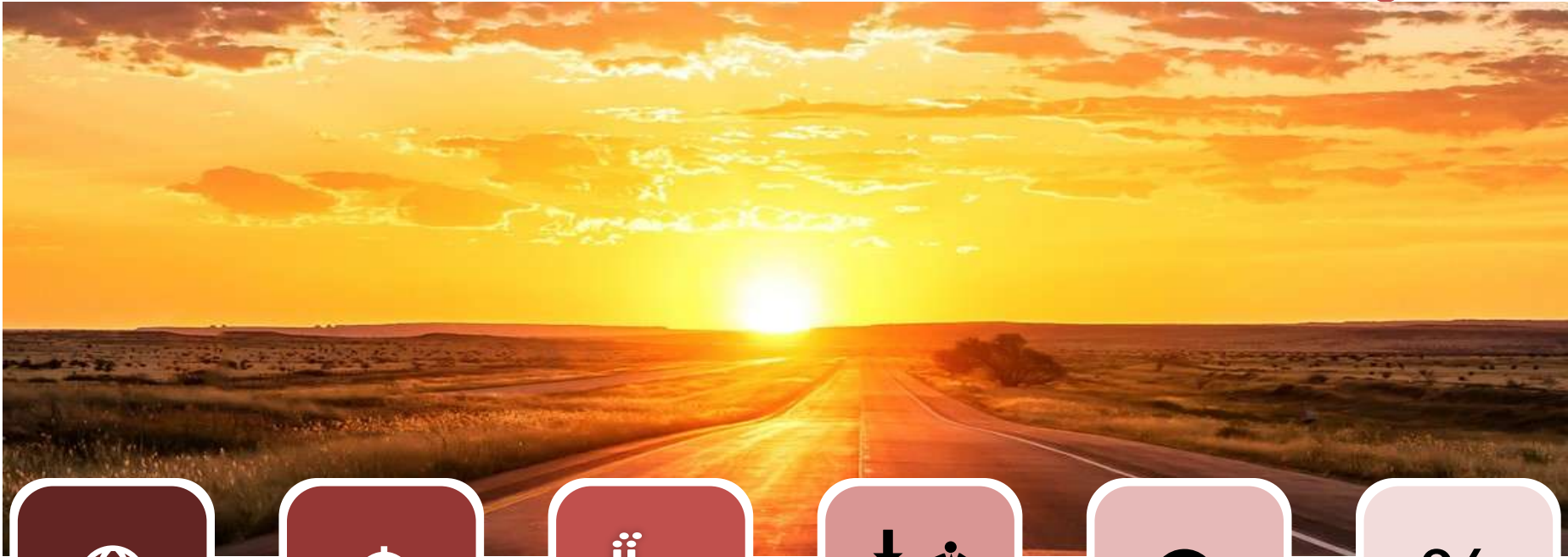
Branding & Marketing



Industry Dynamics & Growth Drivers

Indian Tiles Industry is Rising...

SOMANY



Global Size

Global Tiles Industry is estimated at \$ 48bn with China having ~50% market share



Indian Industry

Indian Tiles Market is estimated at ~\$ 3.6bn; is 3rd largest globally



Indian Tiles Production

Production increased to 825 MSM in 2014



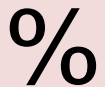
Per Capita Consumption

India per capital consumption very low at 0.5 Sqm versus 4.1 Sqm in Brazil and 3.4 Sqm in China



Volume Share

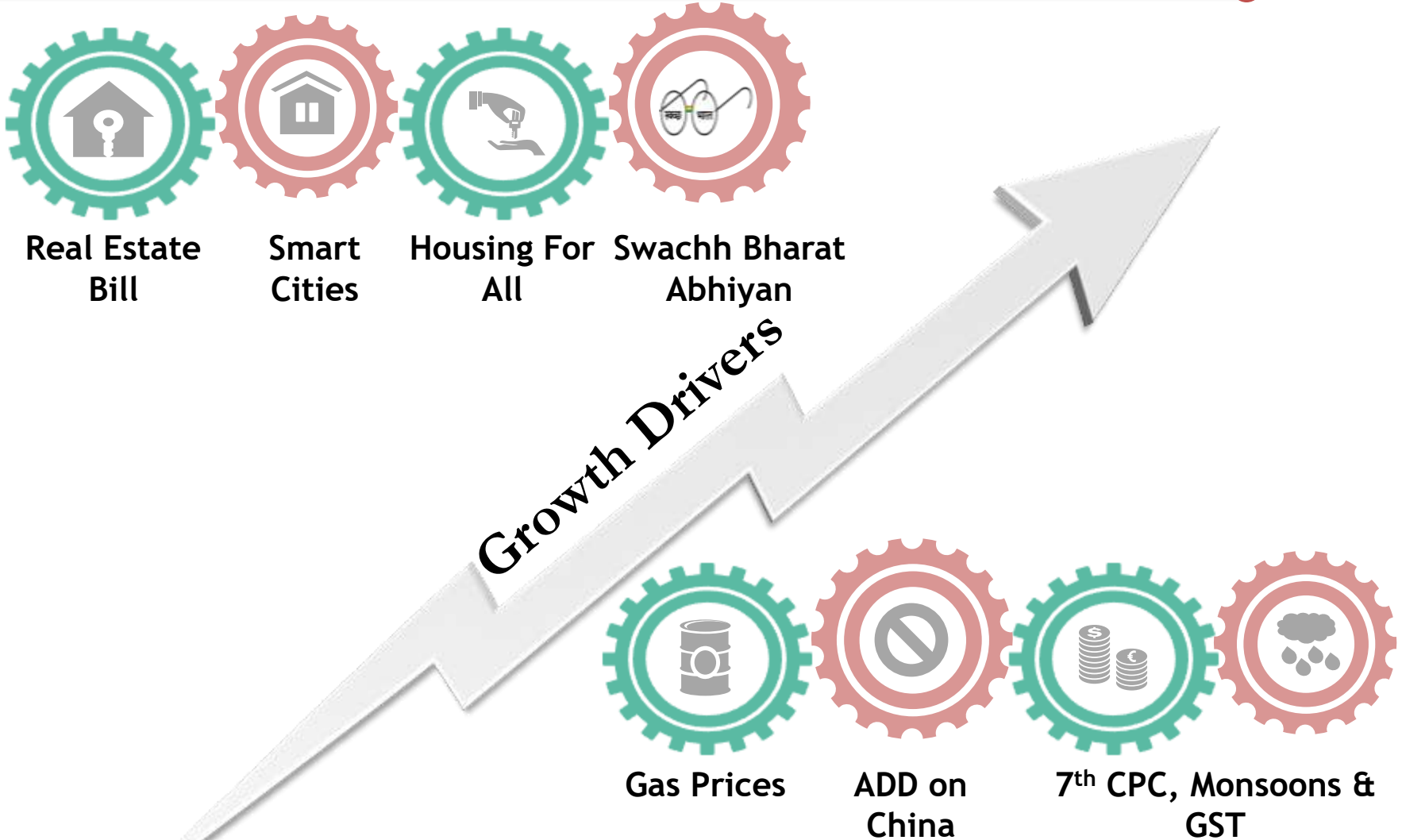
Volume Share between Organized and Unorganized Players is 40:60



Value Share

Value Share of Organized players is ~50%

... coupled with Growth Drivers



...will achieve significant size and scale in India & Globally



Growth Drivers



Real Estate Bill...

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04

- Bill provides for insurance of land title which will ensure that claims made on land can be satisfied by the insurance companies

Land Title Insurance

01

- Mandatory to register all projects with State RERA with extensive information
- All Projects with plot area of more than 500 sq. mts or 8 apartments inclusive of all phases will get registered

Transparency

02

- Developers will now have to deposit 70% of collections from homebuyers in dedicated account to be used only for that particular project

Timely Completion & Delivery

03

- Liability of the developers for structural defects will now be five years from date of handing over possession

Better Quality Buildings



...shall instill Confidence & Transparency thus encouraging Buyers & Large scale Institutional Investments



Housing for All by 2022...



...envisages every family to have a pucca house with water connection, toilet facilities, 24x7 electricity supply and access by the time Nation completes 75 years of Independence in 2022



Smart Living

- ✓ Sewerage & Sanitation
- ✓ Water Supply
- ✓ Electricity
- ✓ Storm Water Drainage
- ✓ Housing & Security

Smart People

- ✓ Education
- ✓ Public Participation in Policy
- ✓ Inclusive Development

Smart Mobility

- ✓ Transport & Allied networks
- ✓ Communication

Smart Governance

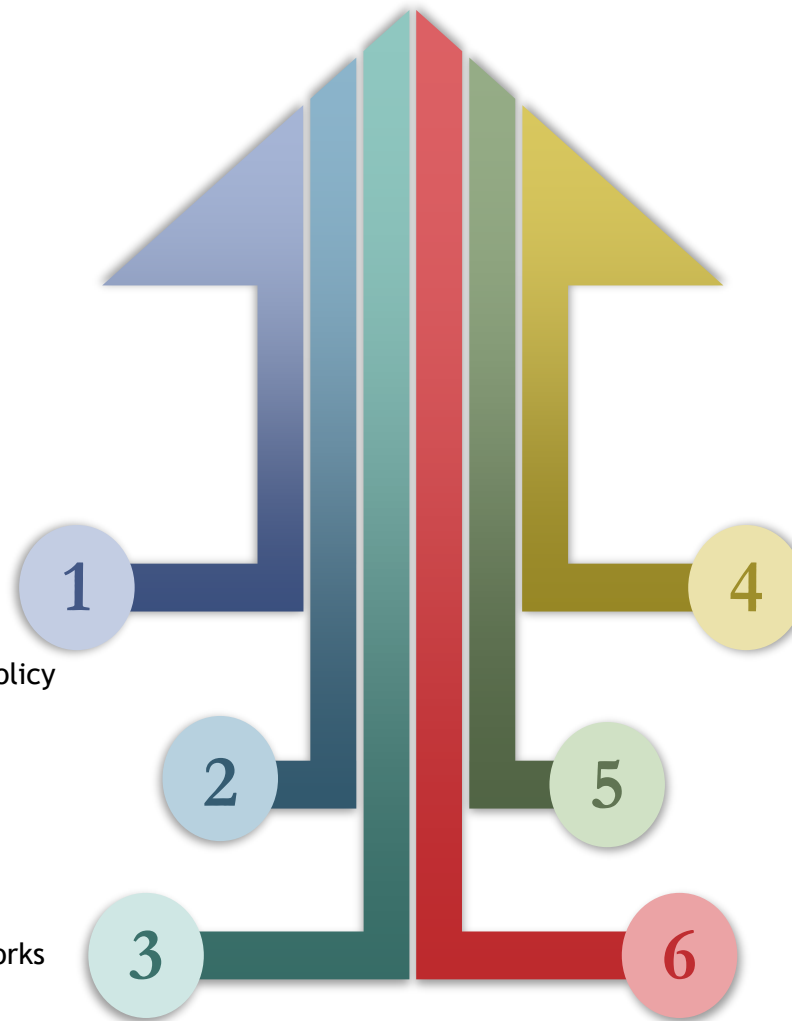
- ✓ Revenue Management
- ✓ Administration
- ✓ Grievance Management

Smart Economy

- ✓ Income Levels
- ✓ Labor Market
- ✓ Poverty Level

Smart Environment

- ✓ Pollution Controls
- ✓ Resource Management



... focuses on upgradation of facilities for sustainable, better and inclusive living benefitting Tiles Industry

Swachh Bharat Abhiyan is an initiative taken by the Government to make India open-defecation free by 2019 by providing access to toilet facilities to all



Target

- ✓ Targets the construction of 60 mn household toilets by 2019

Cost

- ✓ The total cost of the Swachh Bharat Abhiyan is estimated at USD9.6 billion

Funding

- ✓ Contribution to funding done by Government, Corporates and International Development Agencies

Impact

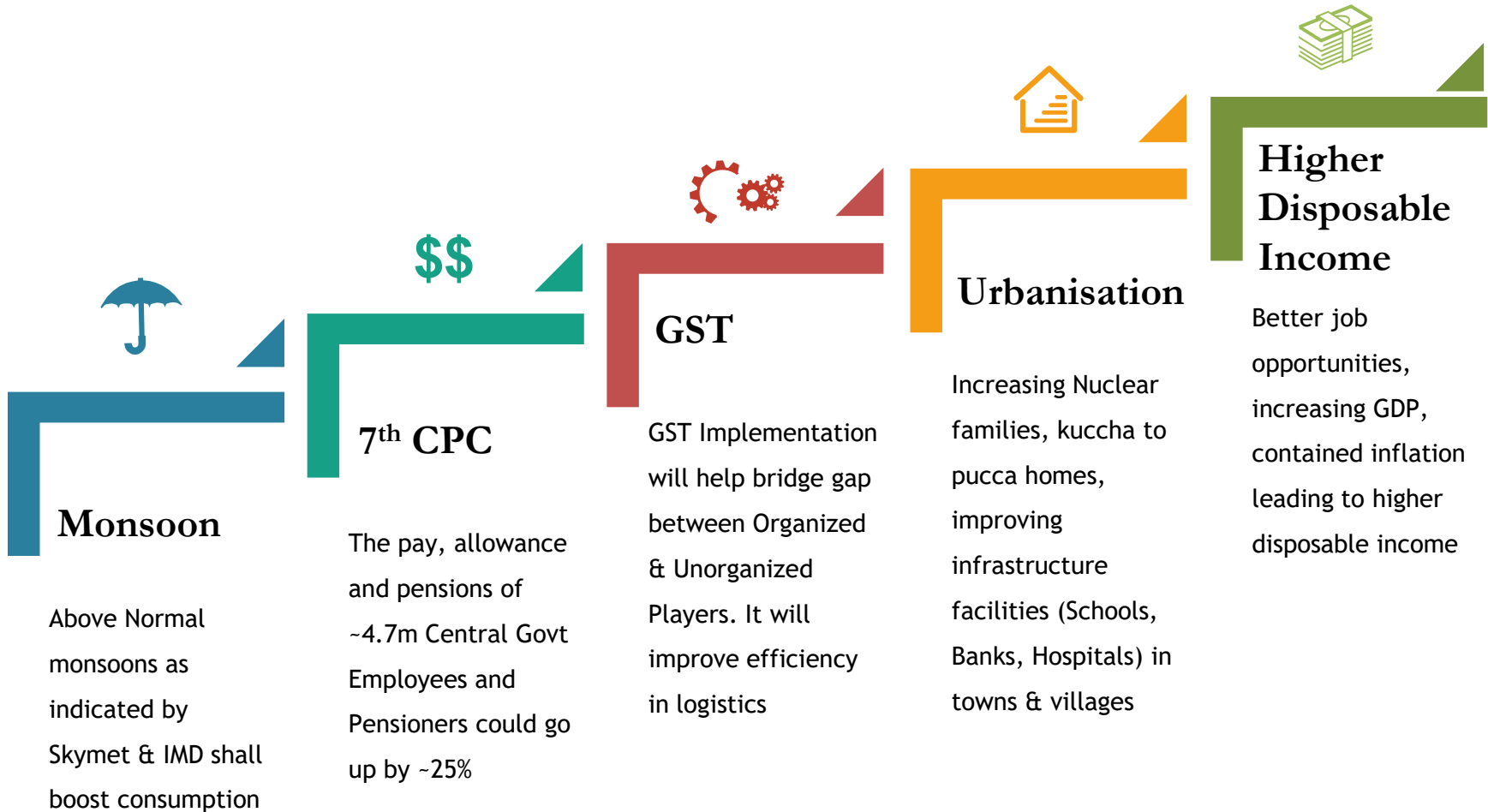
- ✓ Impact will be seen on Construction and Buildings Material Industry.
- ✓ Will generate Manpower & Job opportunities

Social Transformation

- ✓ To raise the bar on quality of Living across the strata of population

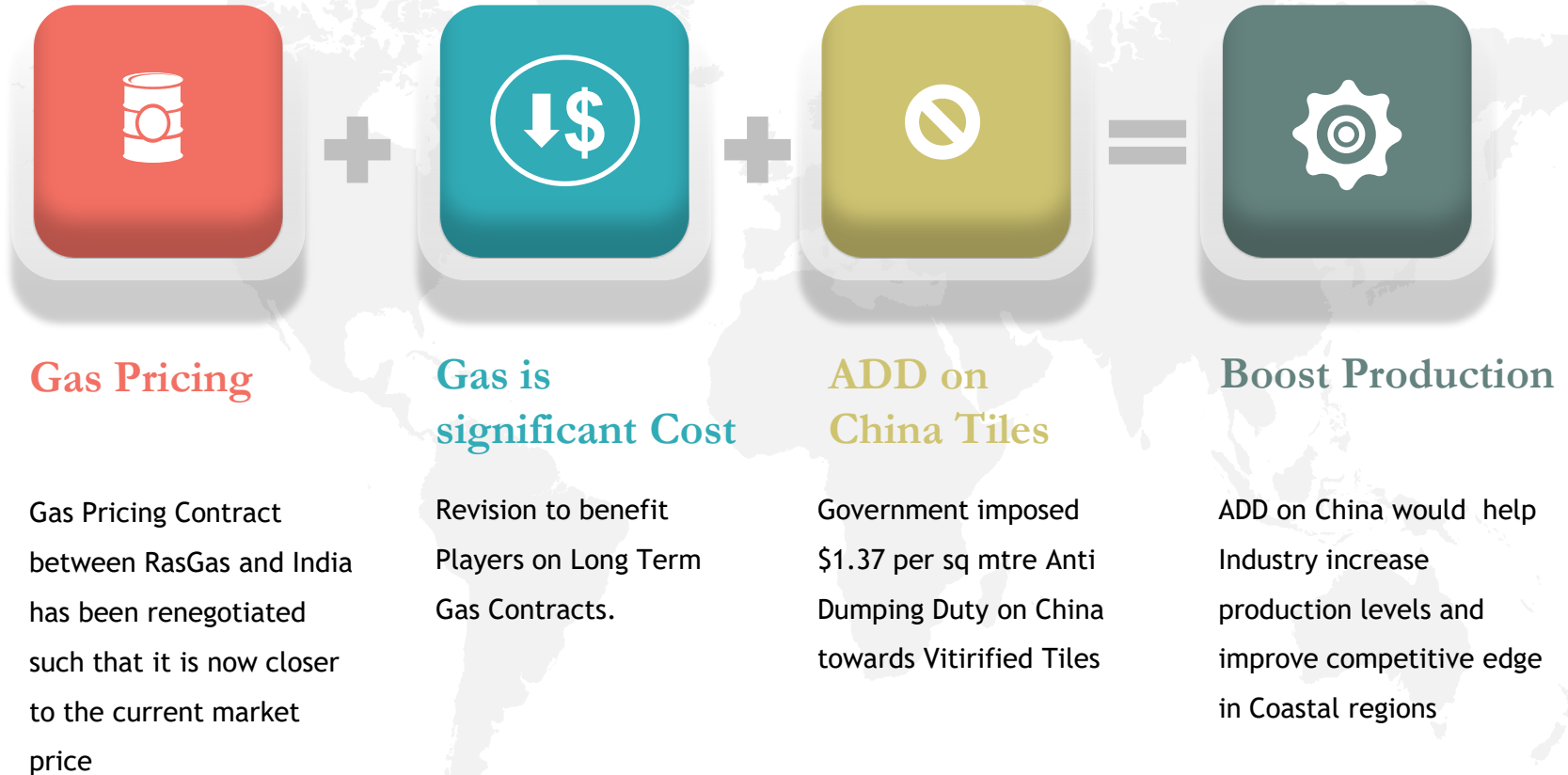


7th CPC, Monsoon & GST





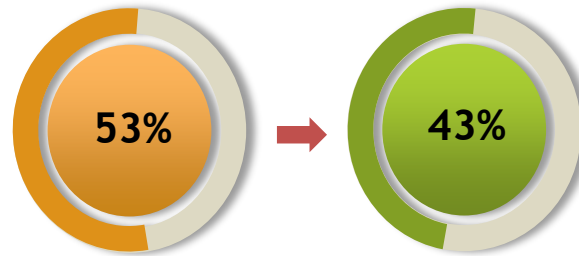
Gas Prices & ADD on China



...to increase the competitive edge of Indian Tiles Industry Globally

Evolved from 12k crs to 24k crs in 5 years...

Ceramic Tiles



CY2009

334 MSM

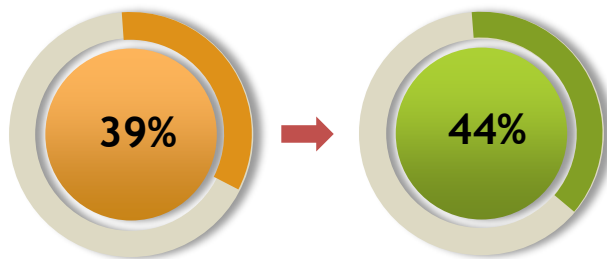
Rs 6,400 Crs

CY2014

440 MSM

Rs 10,500 Crs

PVT



CY2009

145 MSM

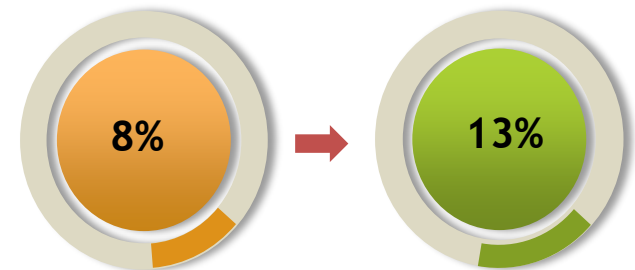
Rs 4,700 Crs

CY2014

266 MSM

Rs 10,500 Crs

GVT



CY2009

15 MSM

Rs 900 Crs

CY2014

50 MSM

Rs 3,000 Crs

... Higher Premiumisation and Value Add Across Segments

Proximity to Raw Materials

- ✓ Proximity to key raw materials in Gujarat and Rajasthan
- ✓ Raw materials abundantly available locally or from neighboring region of Rajasthan
- ✓ Dedicated Gas lines available

Mecca of the Indian Tile Industry

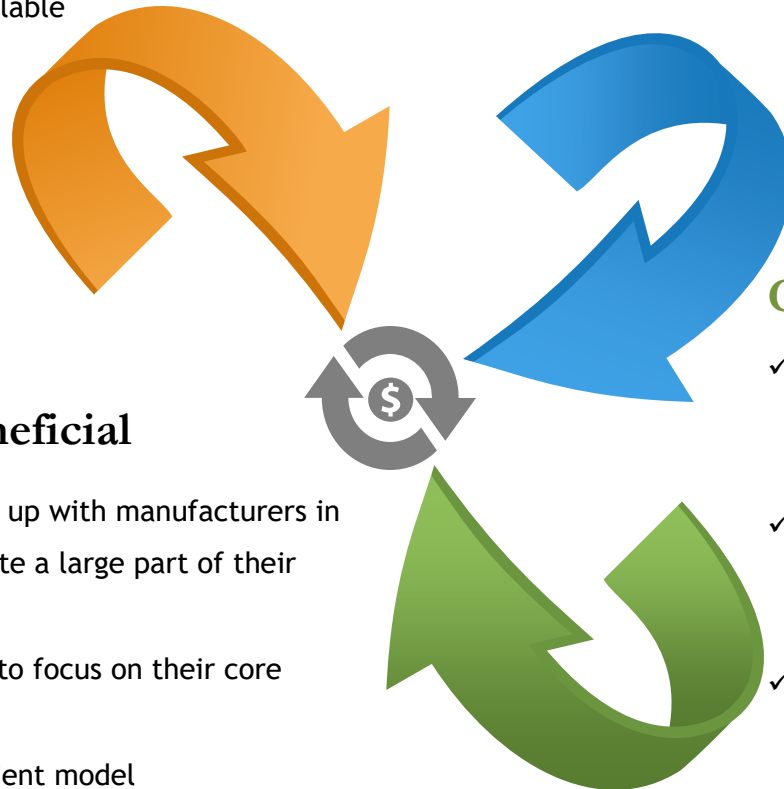
- ✓ Home to >600 manufacturers out of 700 in India
- ✓ Almost 100% of the Unorganized Tile market in India
- ✓ Manufactures ~60% of India's Total Tile production

Financially beneficial

- ✓ Branded players tie up with manufacturers in Morbi and underwrite a large part of their production
- ✓ Allows all partners to focus on their core strengths
- ✓ Highly capital efficient model

Competitively placed

- ✓ Capability to manufacture vitrified tiles, floor tiles, quartz stone, sanitary ware, roofing tiles and mosaic tiles
- ✓ Exports to markets such as ME, Africa, parts of Asia along with supply to Indian branded players
- ✓ Proximity to ports make it a low cost transport hub





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**Ceramic
Tiles**

**Sanitary
Ware**

**Polished
Vitrified
Tiles**

**Glazed
Vitrified
Tiles**

**Bath
Fittings**

Somany Wall of Fame – Pioneering Brand

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1st Ceramics Tile Company in India to get a patent for glaze and VC Shield technology in 2009

1st Brand to launch the largest size in GVT: 600x1200MM - the King of Slabs

1st Tile Company to receive the prestigious Indian Power Brand Award for 2 consecutive years

1st to receive ISO 14001 Certification & IGBC Certification

1st Indian Tile Company to get Government Recognition in 1996 for its R&D Centre

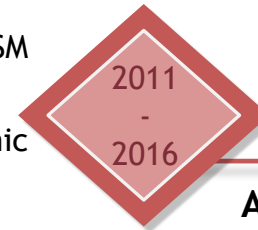
1st to be Recognized & presented with ACerS 2014 Corporate Technical Achievement Award for VC Shield

1st Indian Tile Company to participate in CERSAI, Italy and Mosbuild, Russia

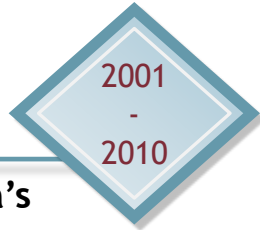
1st to be felicitated with the BIS Mark licence for its products manufactured in Kassar, Haryana

Journey

- Sanitaryware & Bath fittings becomes a Rs. 100cr + Brand
- Expanded Capacity by 20.06 MSM through Asset Light Model in Morbi and 4.0 MSM through Own Capacity in Kassar
- Received International Recognition for VC Shield Tiles from the American Ceramic Society
- Applied for patent for innovative anti skid tiles - SLIP SHIELD
- Received Power Brand Award for 2 years in Row



Asset Light Model



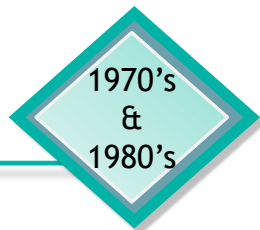
Expansion & India's 1st Patent

- Expanded Own Capacity in GVT by 2.45 MSM
- Received patent for its product VC Shield - India's highest abrasion resistant tiles, a 1st in the Indian Tiles Industry
- Received Export House Award in 2009
- Expanded Tiles capacity by further 5.64 MSM between 2001 & 2007

- Accredited with ISO 14001 and ISO 9001 certifications for Environment friendly facility & quality
- Indian Promoter family bought stake of Pilkington's Tiles Holdings Ltd, UK
- Expanded Tiles capacity by further 7.93 MSM between 1992 & 1998



Expansion & Buyout of Pilkington



Beginning

- Set up 2nd unit in Kadi (Gujarat) with Ceramic Tiles capacity of 0.58 MSM in 1983 and increased by 0.48 MSM by 1986
- Expanded Capacity by 1.55 MSM by 1974
- 1st Plant in Kassar (Haryana) capacity - 0.52 MSM in collaboration with Pilkington's Tiles Holdings, UK

Manufacturing Capacities

Own Plants (Tiles)	Location	Current Capacity (MSM p.a.)	Capacity Utilization in FY16
Kassar	Haryana	17.13	97%
Kadi	Gujarat	8.42	85%

Owned capacity of 25.55 MSM p.a.

Associates/Subsidiary Plants - Tiles	Equity Stake	Current Capacity (MSM p.a.)	Capacity Utilization in FY16
Vintage Tiles Pvt. Ltd.	26%	2.99	94%
Commander Vitrified Pvt. Ltd.	26%	4.76	87%
Vicon Ceramic Pvt. Ltd.	26%	3.98	93%
Amora Tiles Pvt. Ltd.	51%	4.58	69%
Acer Granito Pvt. Ltd.	26%	5.10	82%
Somany Fine Vitrified Pvt. Ltd.	51%	4.29	100%

Associates' / Subsidiary's plants current capacity at 25.70 MSM p.a.

Outsourced capacity with no equity stake - 9.00 MSM

Outsourced capacity of 9.00 MSM p.a.

Associate Plant (Sanitary ware)	Equity Stake	Current Capacity (pieces p.a.)	Capacity Utilization in FY16
Somany Sanitary Ware Pvt. Ltd.	51%	303,000	90%

Current capacity of 303,000 pieces p.a.

Key Strengths





Institutional Customers

Developers



Corporates/ Banks



PSU



Retailers/ Hospitality/ Hospitals





VC Shield, The Result of Veil Craft Technology, is the patented Property of Somany ceramics

- ✓ Translated Technology in to everyday benefits by launching VC Tiles (Veil 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



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



Application is to provide seamless experience to the buyers before they choose any tile

- ❑ Tile Visualizer application lets you design your home interiors through some clicks
- ❑ Through this application, one can select the measurement of their rooms and interiors.
- ❑ With the help of Tile Visualizer users can select the different patterns of tiles
- ❑ Somany introduced the Tile Visualizer application to check the look of tiles in various home settings



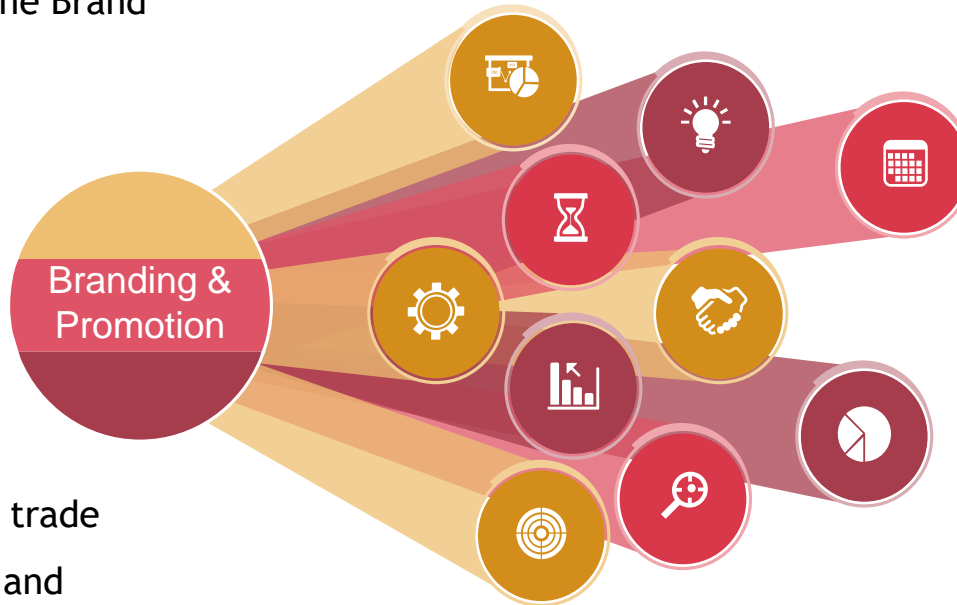
To Provide One Stop Solution to All Patrons

- ❑ The EZY Grout are polymer modified , non shrinking Cement based as well as Epoxy based; and are available in 27 fast moving colors
- ❑ Tile Master program enables tremendous improvement in standards and efficiency, understanding tile setting in totality
- ❑ Helps bring down rejection costs in terms of tiles, mortars, adhesives and grouts

Marketing Initiatives to Strengthen Brand

Investing 2% to 2.5% annually in strengthening the Brand

New innovations in industry like Tile laying solutions



Participated in well known International trade exhibitions at Spain and Italy

Introduced Tile Visualizer to give customers a 1st hand approach

Enhanced our branding activities and have launched TV commercials, electronic, print and social media

Distribution Network is Key

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Plan to add 100-150
dealers every year

Strong brand recall
in retail segment
which contributes
~65% of overall
sales

Pan India
distribution and
marketing network
creating stronger
Brand SOMANY



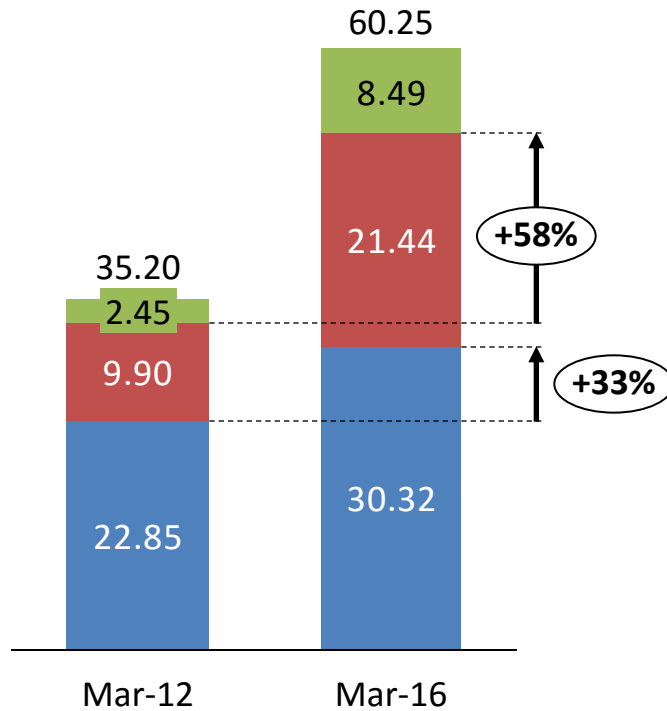
Formidable association
with large institutional
clients comprising of
Governments, Corporates
and Private Builders

~1500 active dealers,
~8500 sub-dealers
and 190 showrooms /
display centers

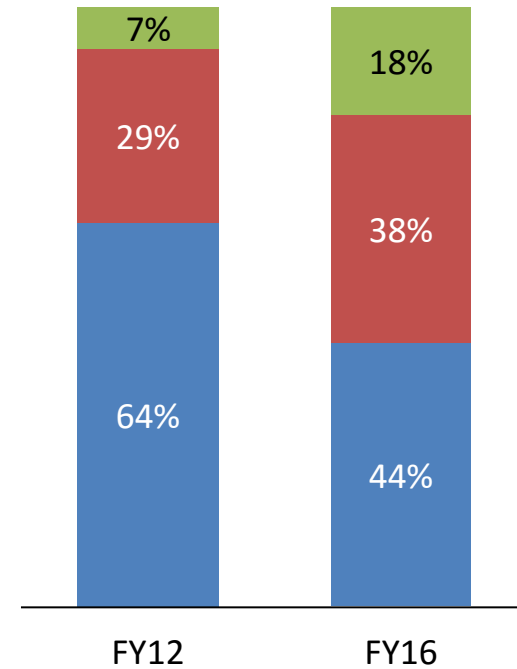
..Successfully delivering dealer orders leading to Increasing strength of Brand Somany..

Premiumization in Tiles

Access to Capacities (MSM)



Sales Break up

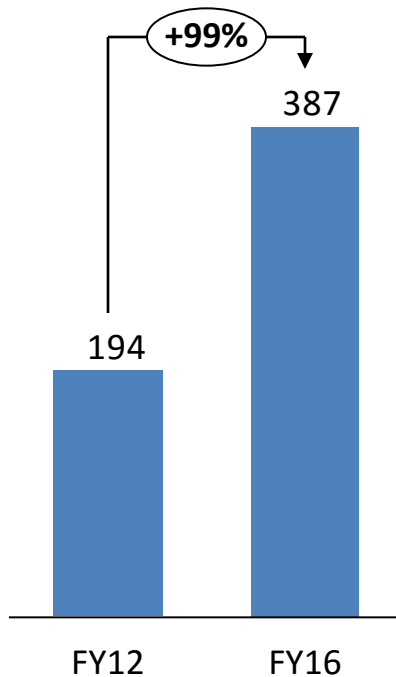


■ Ceramics
 ■ PVT
 ■ GVT

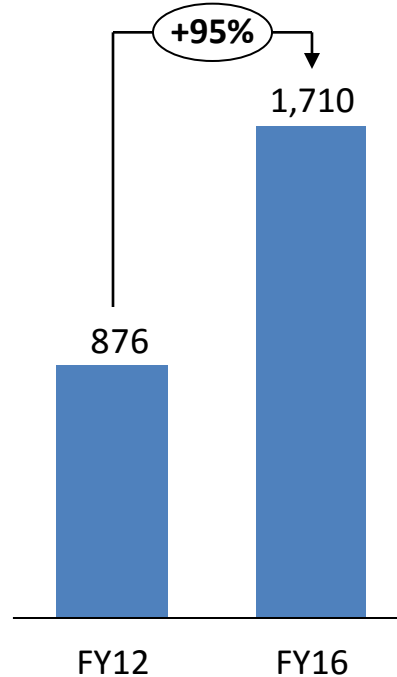
...Premiumisation has led to improvement in PBT margins from 4.1% in FY12 to 5.7% in FY16

Leveraging Asset Light Model...

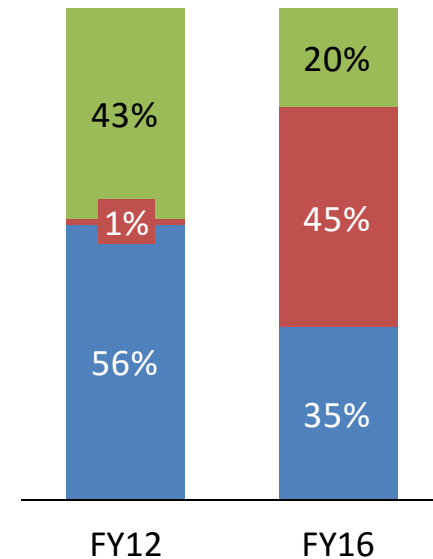
Net Block (Rs Crs)



Net Sales (Rs Crs)



Increasing Share of JV



Own Manufacturing JV Other

...to create a superior product mix thus strengthening Brand

Leveraging Brand Globally



Customer Outreach

Presence in **55+ countries Globally**



Creating a Global Brand

1st Indian Company to participate in **Italy CERSAIE** for last 4 Years



Increasing Presence

1st Indian Company to participate in **MosBuild in Russia**



Growing Revenue

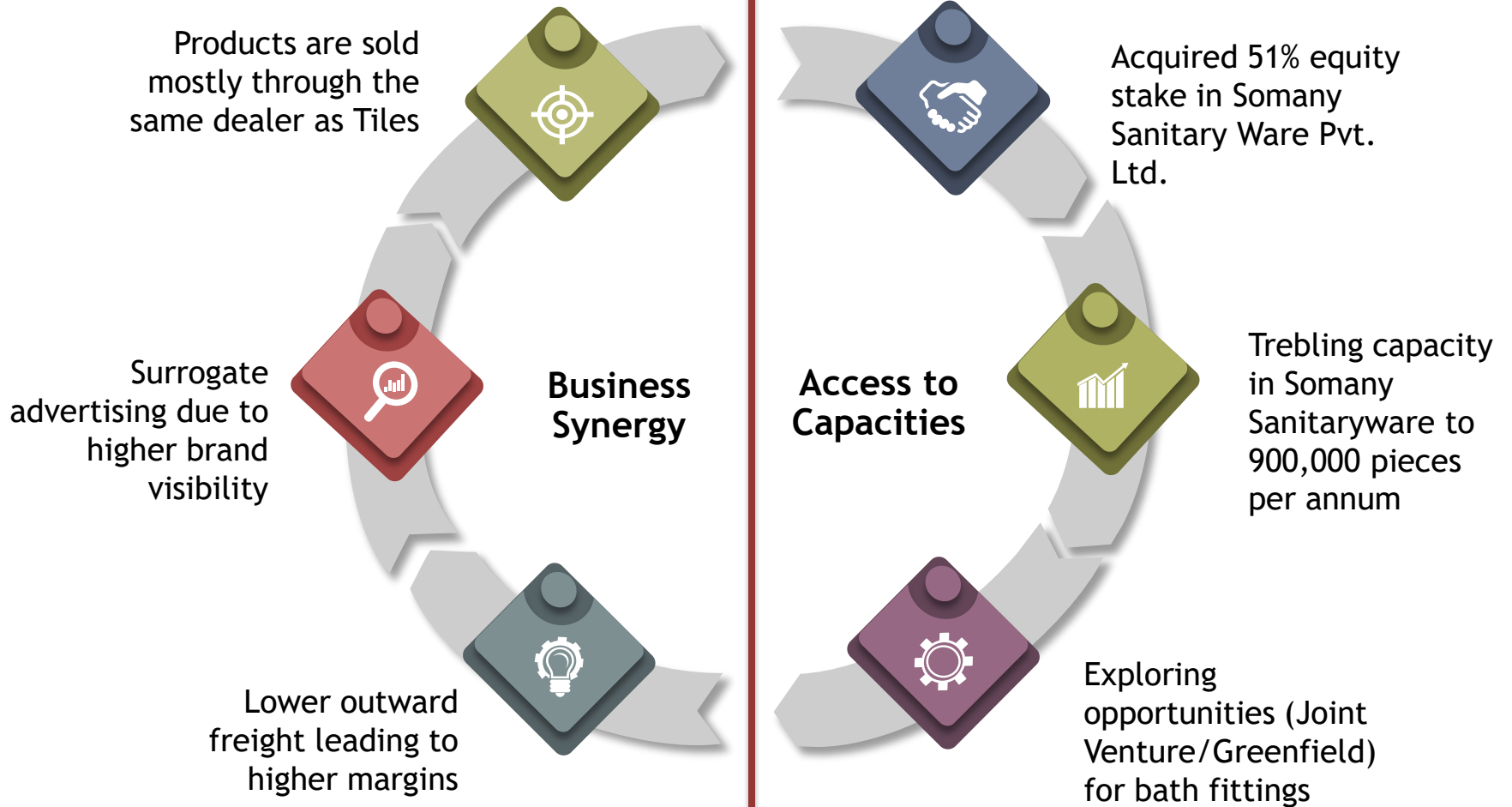
Exports grew 2.5x from FY14 to FY16



Future Strategy

To deepen **Global presence**

Sanitaryware & Bath Fittings – a Natural Extension



Levers driving Capex

China Phenomenon

Anti -Dumping/Import Duty imposed on China exports by many countries. India emerging as a good quality replacement

Government Initiatives

Many Unbranded/Small manufacturers focusing on Large volumes emerging from various Government schemes leading to lower competitive intensity for Branded Players

Organized Players in a sweet spot

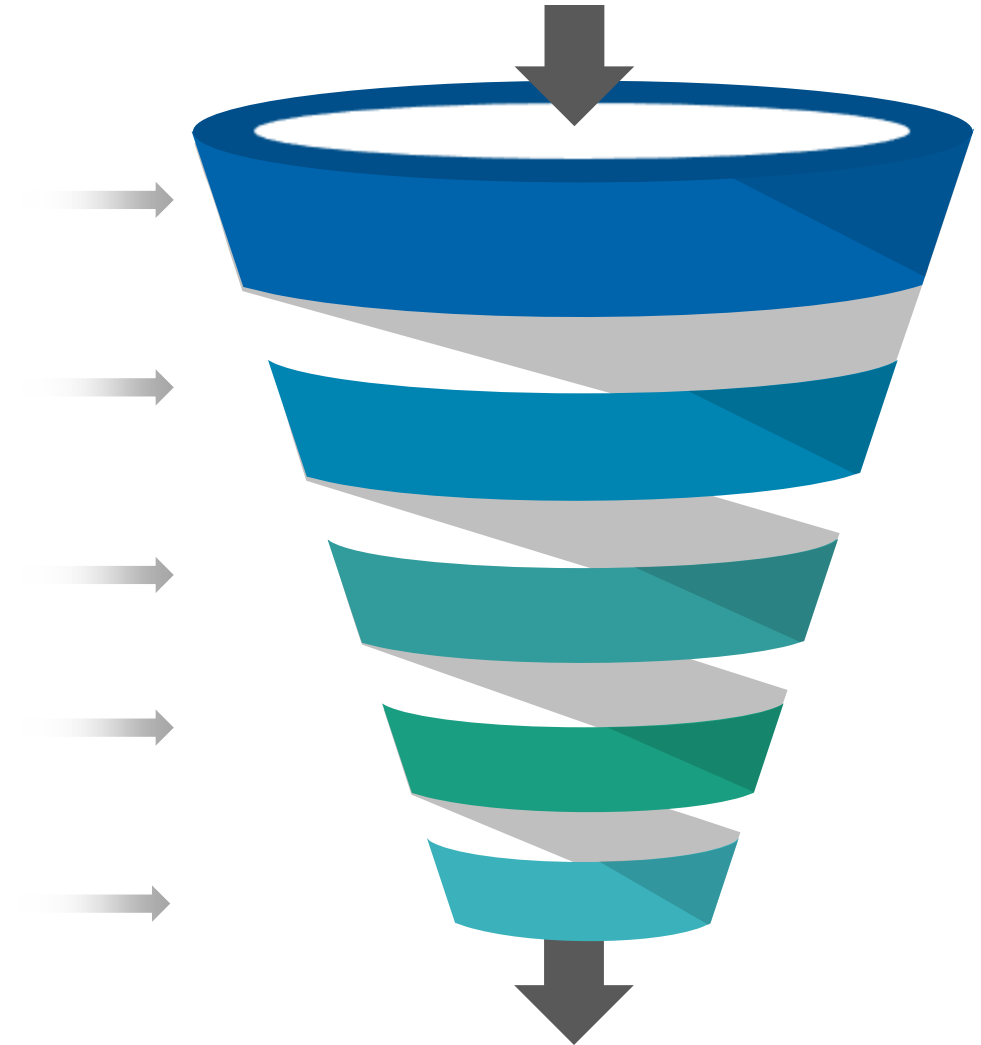
Organized Players with the size & scale along with Pan India presence are gaining increasing Consumer preference leading to stronger Brand

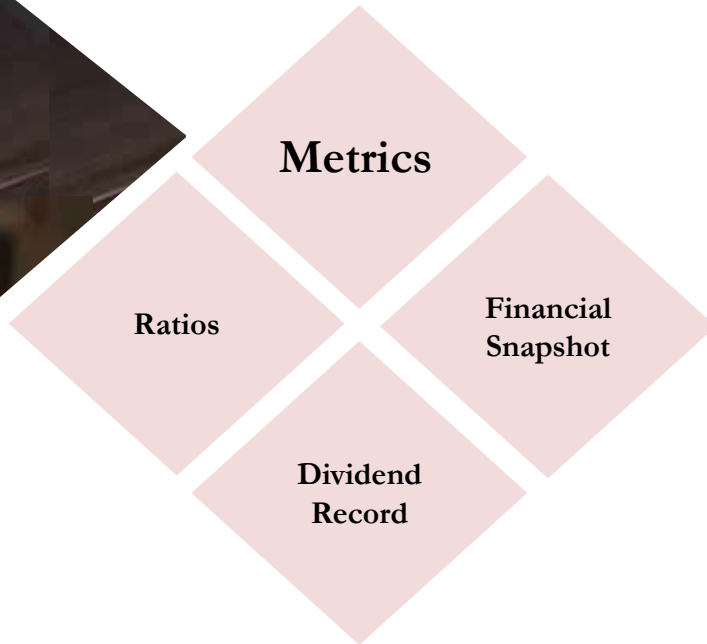
Closer to the Consumer

Being closer to the consumer will lead to better servicing capability, stronger dealer connect and higher efficiency

Better Ownership

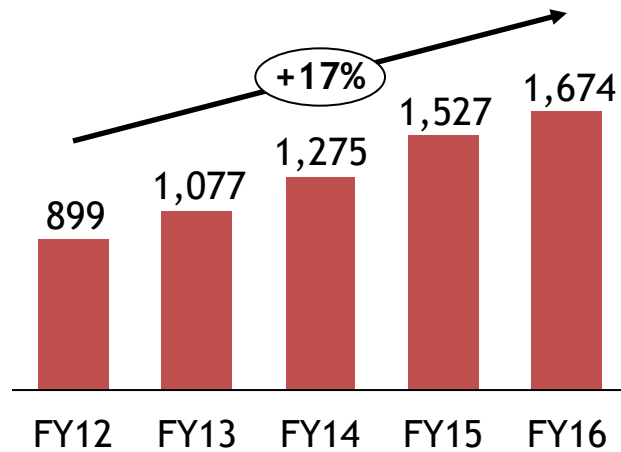
To derive higher mix of sales from owned manufacturing capabilities & 51% JV's



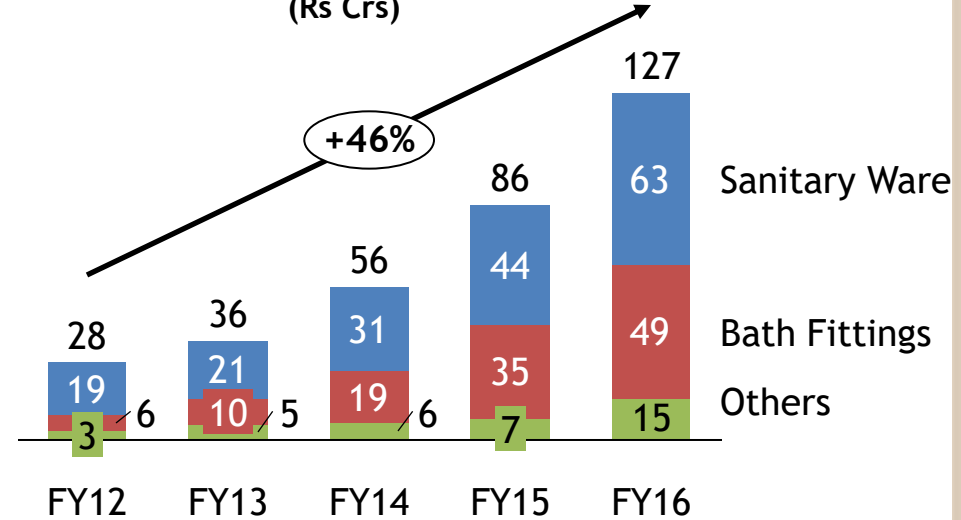


Financials - Consolidated

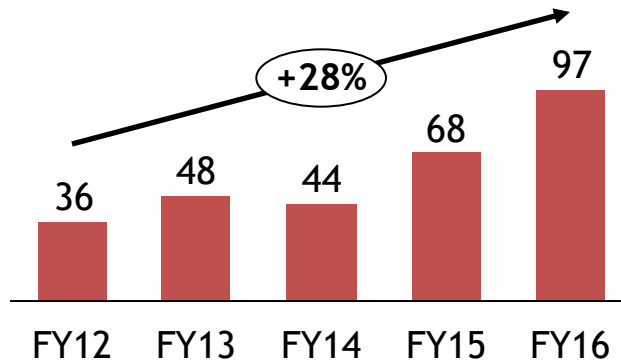
Tiles Sales (Rs Crs)



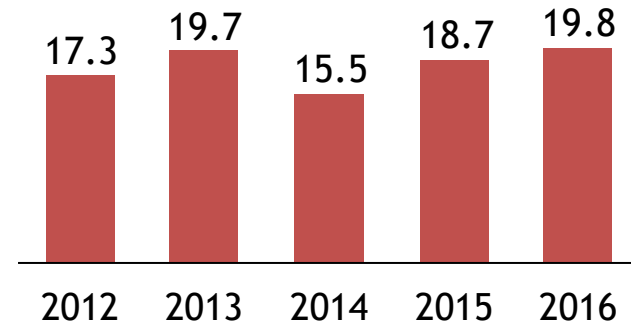
Sanitary Ware and Bath Fittings Sales (Rs Crs)



PBT (Rs Crs)

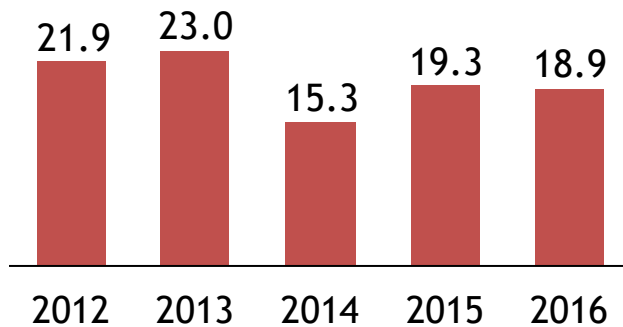


ROCE (%)

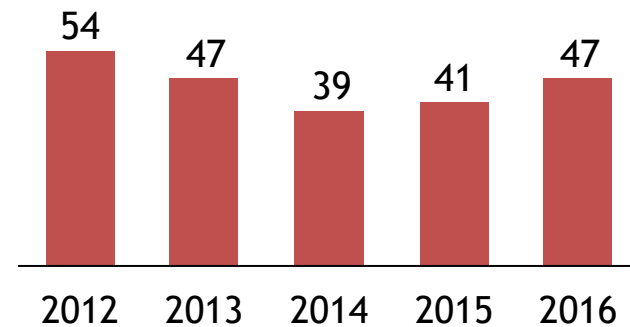


Financials – Consolidated

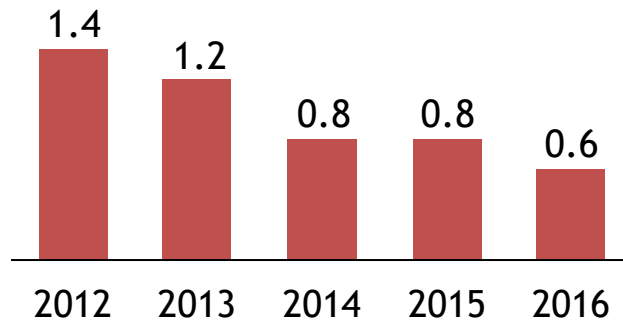
ROE (%)



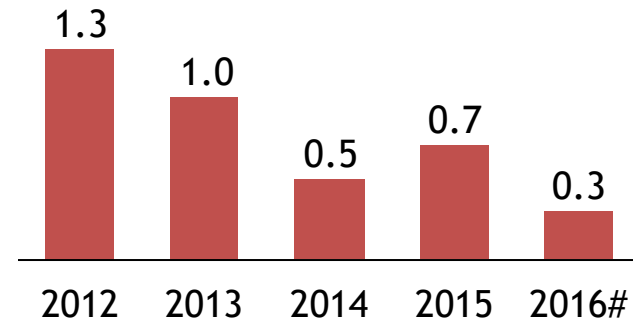
Working Capital Days
(excl Current Investments)



Debt/Equity (x)



Net Debt/Equity (x)*



* Net of Cash & Bank Balance & Current Investments

Standalone Net Debt/Equity for 2016 is 0.2x

5 Year P&L - Consolidated

Particulars	FY'12	FY'13	FY'14	FY'15	FY'16
Gross Sales	927	1,113	1,331	1,613	1,801
Net Sales	876	1,050	1,261	1,535	1,710
EBIDTA	75	88	84	115	152
Depreciation	18	20	21	26	28
Finance cost	21	20	19	21	22
Profit before tax	36	48	44	68	97*
Tax expenses	11	16	15	22	31
Profit after tax	25	32	29	46	66
Cash Profit	43	53	53	74	97
EPS (Rs.)	7.28	9.28	8.25	11.94	16.25

Figures in Rs.cr

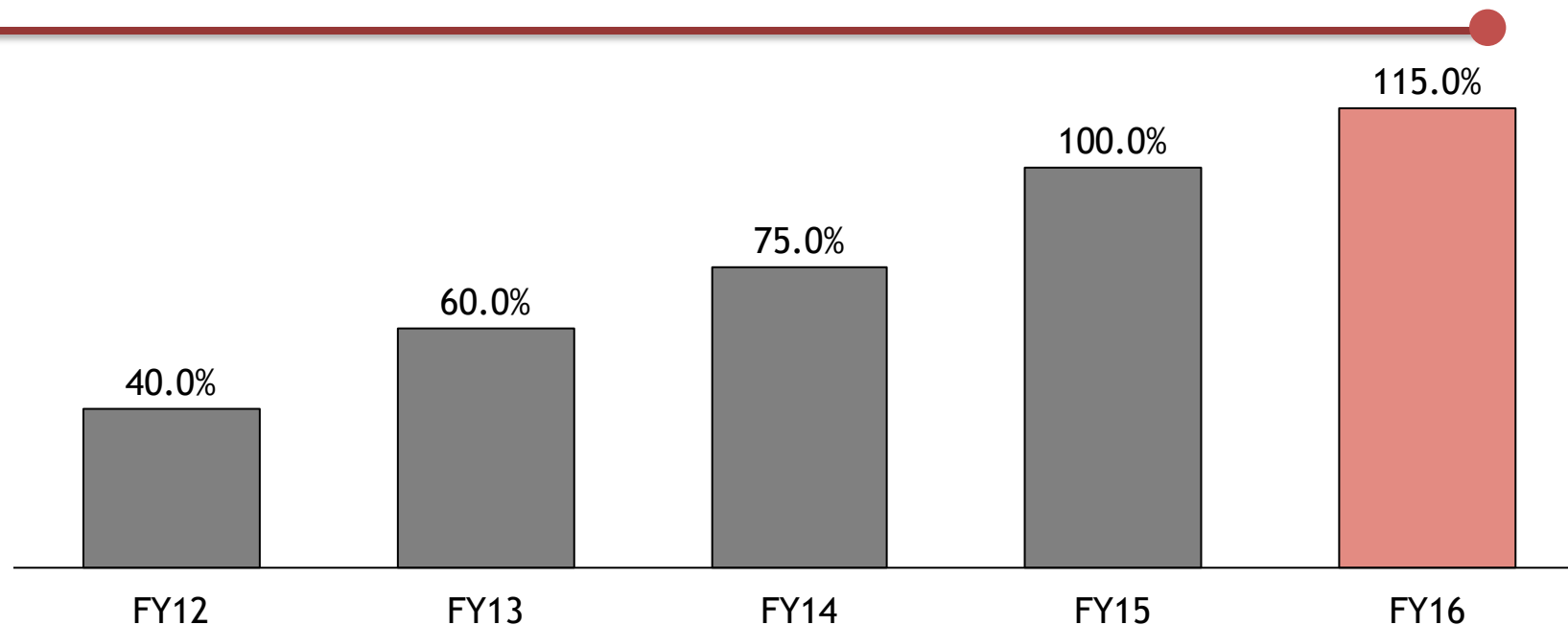
*After Exceptional Items

5 Year Balance Sheet - Consolidated

Particulars	Mar'12	Mar'13	Mar'14	Mar'15	Mar'16
Equity Share Capital	7	7	8	8	8
Reserves & Surplus	119	146	215	250	420
Net Worth	126	153	223	258	428
Minority Interest	-	-	4	5	20
Total Debt	181	177	189	210	264
Net Block	194	209	243	265	387
Investments	5	9	18	19	20
Net Current Assets	130	136	171	201	321

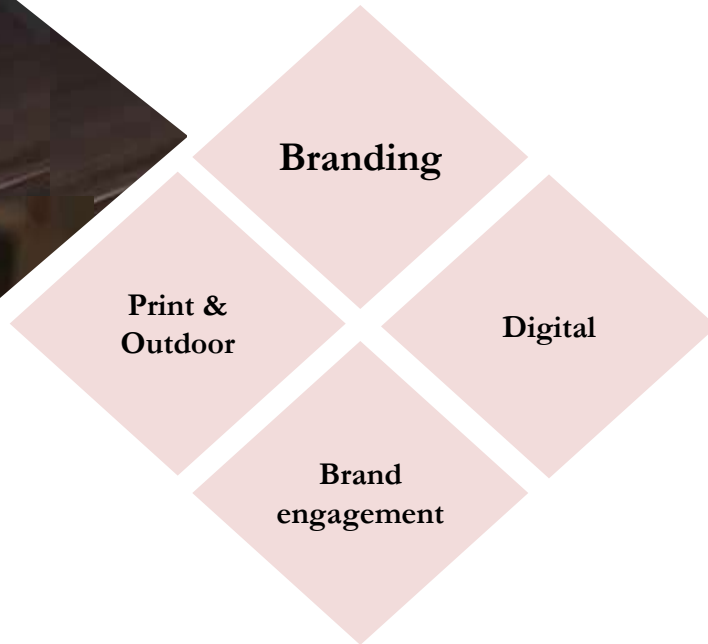
Figures in Rs.cr

Consistently Dividend Paying...



Particulars	Mar'12	Mar'13	Mar'14	Mar'15	Mar'16
Consolidated Book Value per Share	36.49	44.37	57.53	66.42	101.03
Consolidated Earning Per Share	7.28	9.28	8.25	11.94	16.25
Dividend Per Share	0.80	1.20	1.50	2.00	2.30
Dividend Payout	12.8%	15.1%	23.6%	20.2%	18.2%

...Since 1974 with the exception for FY03 to FY07



- After the resounding success of last three years we entered in 4th edition of the Summit in 6 cities of India - **Cochin, Chennai, Bangalore, Delhi ,Kolkata** with a grand finale in **Mumbai** conceptualized around the theme ‘**TEXTURES** ‘
- Bringing together industry stakeholders from across the region, this summit will provid an excellent opportunity to learn from and get inspired by leaders from the architectural community and explore the potential that the region has to offer.

The poster features a black background with yellow and white text. At the top left is a logo for 'SOMANY presents THE ECONOMIC TIMES A&D ARCHITECTURE & DESIGN SUMMIT 2016 - 4th Edition'. To the right, it says 'MARK YOUR CALENDAR FOR THE 4TH EDITION OF INDIA'S BIGGEST ARCHITECTURE AND DESIGN SUMMIT!'. Below this, dates and cities are listed: 15 JULY Chennai, 29 JULY Kolkata, 5 AUGUST Delhi, 19 AUGUST Kochi, and 2 SEPTEMBER Bangalore. A yellow banner at the bottom reads 'MEGA FINALE 16 SEPTEMBER, 2016 | Mumbai'. The theme 'TEXTURE AND ITS IMPACT ON BUILT ENVIRONMENT' is enclosed in large quotation marks. At the bottom, it identifies 'SOMANY' as the Title Partner and 'ET Edge' as the bringer. Contact information is provided at the bottom right.

SOMANY
presents
THE ECONOMIC TIMES
A&D
ARCHITECTURE & DESIGN SUMMIT
2016 - 4th Edition

**MARK YOUR CALENDAR
FOR THE 4TH EDITION
OF INDIA'S BIGGEST
ARCHITECTURE AND
DESIGN SUMMIT!**

15 JULY
Chennai

29 JULY
Kolkata

5 AUGUST
Delhi

19 AUGUST
Kochi

2 SEPTEMBER
Bangalore

MEGA FINALE 16 SEPTEMBER, 2016 | Mumbai

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Lounge at T-3 Terminal Delhi IGIA

SOMANY



Somany Lounge Online PR Coverage



Bangalore Airport Security Tray Branding

- 3rd Busiest airport in India
- Exclusive Branding on all the trays
- Covering both the entries - Domestic & International
- 1500 Tray in total
- Visible to Over 20k people every day



Print & TVC Strategy

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- Dispersed spent across magazine genres - General Interest, Fashion & Lifestyle, Business Outlook and Trade instead of relying mainly on B2B magazines
- Special focus on Kerala market with an exclusive burst

Outdoor Campaign

SOMANY



- Innovative outdoor Structure on Delhi Noida Delhi Fly Way
- Rotational Outdoor Campaign in Metros & other tier 2 cities
- Major Cities covered Include NCR, Jammu Srinagar, Ajmer, Agra, Surat, Ahmadabad, Jaipur, Indore, Surat, Lucknow, Dehradun

Digital – Engaging Right Audience

Objective

- To promote Brand Somany and engage end users

SEO/SEM Social Media

- Maintain Google Rankings
- Maintain visibility of Somany by sponsor ads
- Promoting Somany on Facebook and other social media platforms with product video clips and increasing page fans

Innovate

- **Tile Visualizer:** Creating experience zone at Somany Company owned showrooms to engage customers, implementation of Virtual Reality
- **Mobile App:** Promotion of mobile app through digital marketing, video, email marketing (Rating : 4.9/5; Good reviews received for app)

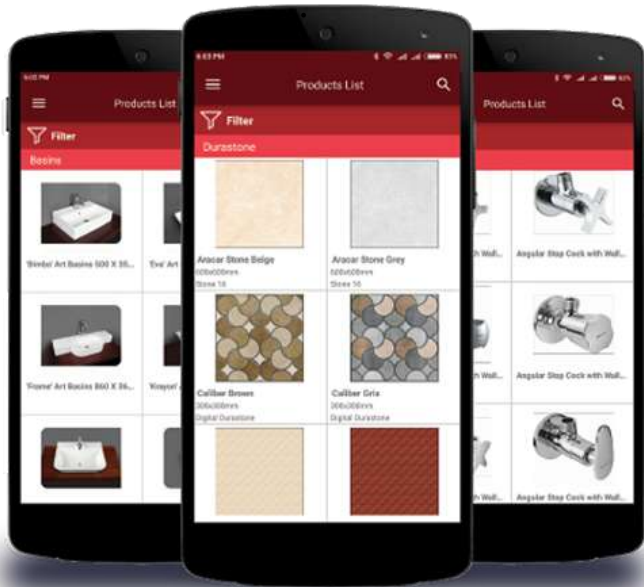


Mobile App

Mobile App

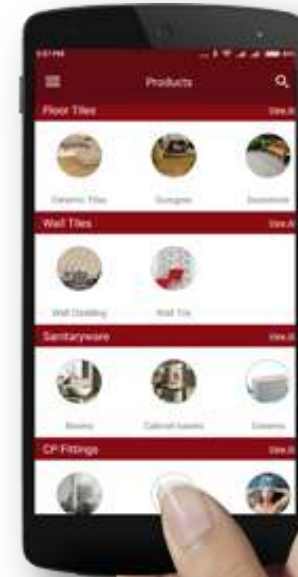
A helpful tool for Architects, Dealers and Applicators who need product information on the go in digital format especially for mobile devices which makes it easy for users to find local distributors and determine how much product they need for their projects

1 TAP INFORMATION



Scan for downloading app on Android phones

* Coming soon for iPhone



Average Rating 4.9 / 5 - Around 1000 downloads till date

3D Tile Visualizer



3D Tile Visualizer

Create multiple personalized designs of one room or even design your dream home. Select your choice of tiles, paint colors & soft furnishings to turn your dream home or renovation to reality!



- Launched #NahiPhislenge campaign on 93.5 RED FM in Delhi , Mumbai and Bangalore in Sept.'15 and celebrating its success spread it further to other cities in India – Ahmedabad, Pune, Lucknow, Indore, Patna, Kolkata through Radio Mirchi 98.3 FM from 28th Dec.'15 to take their #NahiPhislenge New Year Resolution and on digital platform Twitter & Facebook for making India a better place and inspiring people to take a pledge against all those excuses which they make to slip from their moral duty, ethics and integrity. We also came up with short cause led films as a part of #NahiPhislenge campaign, a social initiative which inspired every Indian and brought what it was supposed to bring- The Change for Good.



State of the Art Showrooms

CoCo (Chandigarh)



CoCo CP (Delhi)



Grande (Jaipur)



Platinum Club Meet



Platinum Club

- Leisure Trip to Amsterdam - Netherland for all our platinum dealers
- 115 members participated
- Annual business recognition awards

Gold Club Meet & GVT Launch

SOMANY



GVT Launch

- Factory Theme Base GVT Launch
- Exclusive launch all new GVT launch i.e. Dazzel, Rhodium, lucido, HDR
- New Plant Video Presentation & Extensive Display at the event with Approx. 20+ Lakhs Sq. mt. booking

Gold Club Meet

- Gold Club Meet - 207 Members Participated
- Annual Business recognition awards
- Participated by all top dealers

All new Sanitaryware & Bathfittings TVC

SOMANY



Somany Design Studio – Business Lounge

SOMANY

SOMANY **lifestyle**
STUDIO

COMING SOON



Excitement

Experience

Engagement

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