

Somany Ceramics Limited • Annual Report 2009-10

# somanythings2talkabt





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The background is a complex, abstract composition. It features large, overlapping organic shapes in shades of yellow, orange, and pink. Overlaid on these are various geometric patterns, including a grid of small squares, concentric circles, and a series of thin, parallel lines that create a sense of depth and perspective. On the right side, there are several distinct rectangular blocks: a green one with a leaf pattern, a solid blue one, a yellow one with a circular pattern, and a black one with a white swirl pattern. The overall effect is one of dynamic energy and modern design.

Rich in experience.  
Young in attitude.  
That's Somany Ceramics Limited.

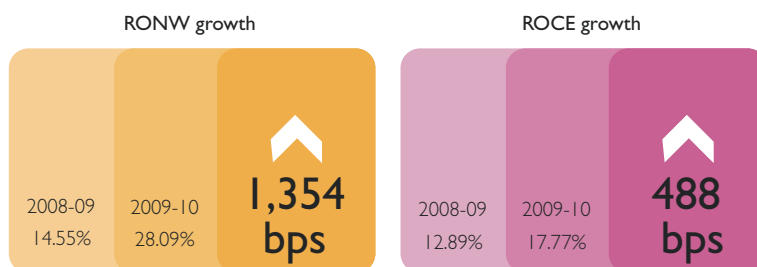
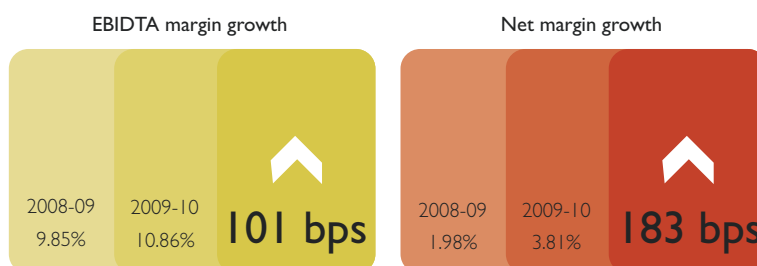
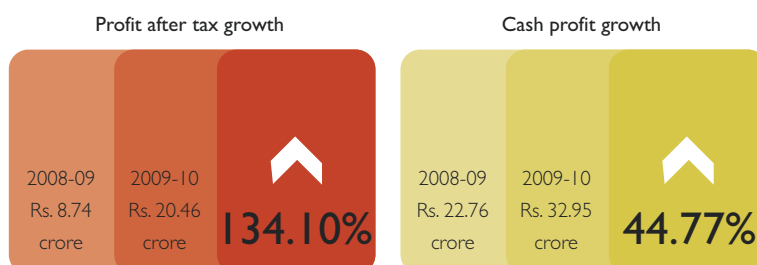
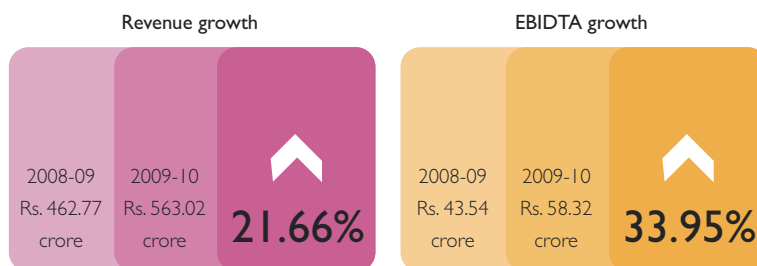
# Somany Ceramics Limited. Among India's leading ceramic tile manufacturers.

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- A major player in India's ceramic tile industry
  - A part of HL Somany Group
  - Incorporated in 1968 as Somany Pilkington's Ltd., in collaboration with the UK-based Pilkington Tiles; production started in November 1971
  - Headquartered in New Delhi with two manufacturing facilities in Gujarat and Haryana
  - Possesses a combined annual production capacity of 16.70 mn sqm
  - Production facilities certified for ISO 9001:2000 and Gujarat plant certified for ISO 14001
  - Offers the widest tile range (ceramic floor; wall, vitrified, porcelain and imported)
  - Products are marketed through a wide and deep distribution network, spread on a pan-India basis covering all states, comprising a prudent mix of dealers, sub-dealers and 15-owned showrooms
  - A complete bathroom solution provider that markets sanitaryware and faucets
  - Equity shares are listed on the Bombay Stock Exchange and National Stock Exchange (market capitalisation of Rs. 110.77 crore as on 31st March, 2010)



# Highlights, 2009-10

Accelerating numbers

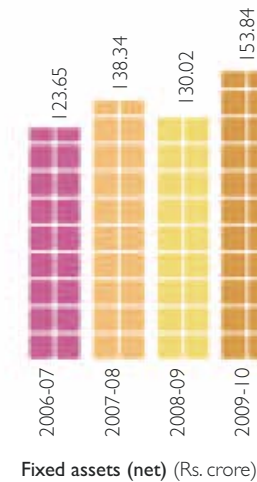
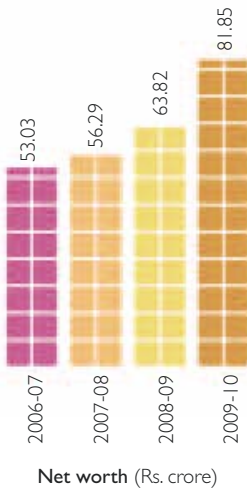
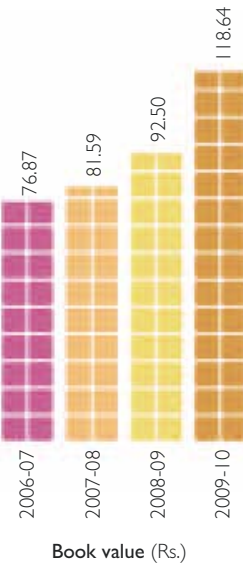
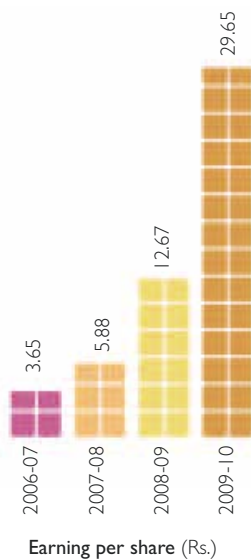
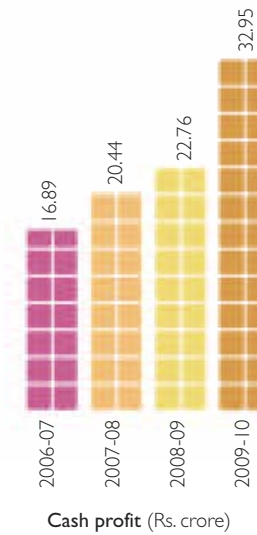
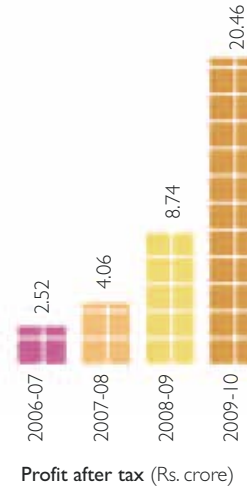
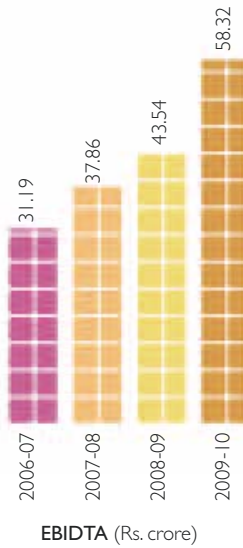
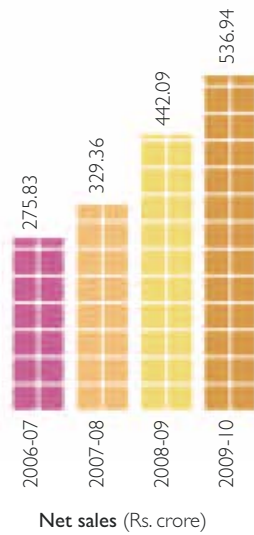


## Strong operational footprint

- Increased production 1.14 % from 14.94 mn sqm in 2008-09 to 15.11 mn sqm in 2009-10
- Entered into a long-term agreement with GAIL for the supply of natural gas
- Produced 12 sizes, and introduced, new tile sizes like 12x24 and 8x17 (used in indoor and outdoor claddings) to replace older formats
- Added 187 new dealers (net of exits) to the distribution channel; entered 45 new districts in India
- Increased the proportion of Somany Global products (imported) from 4% of revenues in 2008-09 to 6% with a targeted growth of 100%
- Concentrated on opportunities coming out of the government sector; especially investments in roads, buildings, schools and airports
- Created a new sanitaryware and fittings division that increased revenue streams and individual growth opportunities
- Attracted and retained professional talent with low attrition
- Gained reputation as the most desirable growing ceramic tile company to be associated with, providing a visible career path and job satisfaction



# The way we are



## YOUTH PERFORMS

FOR A 38-YEAR ORGANISATION, THE  
AVERAGE AGE OF OUR EQUIPMENT  
IS ONLY 9 AND A HALF YEARS  
RESULTING IN HIGH QUALITY AND  
PRODUCTIVITY.

# somanytiles



At Somany Ceramics, we enjoy attractive consumer recall because we provide among the widest array of tiles. Any size, any quantity, any colour, any texture.

These are some of the initiatives that have made this happen:

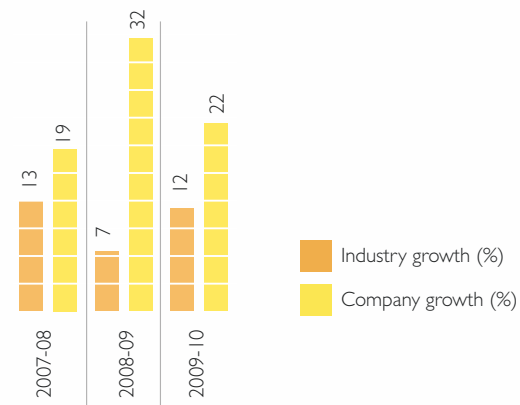
- Grew our annual production capacity from 13.69 mn sqm in 2005-06, to 16.70 mn sqm in 2009-10
- Leveraged brownfield and debottlenecking initiatives to increase production capacity. In doing so, we reduced our capital cost per mn sqm from Rs. 18.78 crore in 2005-06, to Rs. 17.42 crore in 2009-10
- Operated our units at around 90% capacity utilisation for four years
- Fourteen-folded our outsourced capacity to 700,000 sqm per month in only three years
- Strengthened quality from 77% first-pass in 2005-06, to 83% in 2009-10
- Increased the in-house manufacture of value-added tiles from 43% of our product mix in 2007-08, to 54% in 2009-10

In doing so, we outperformed the industry average in three years leading to 2009-10.

Going ahead, we expect to strengthen our competitive advantages by:

- Adding a technology-efficient brownfield capacity of 2.45 mn sqm per annum in Kassar by June 2010
- Adding a power-generation capacity of 2.80 MW through gas-based generators with waste heat recovery
- Planning a greenfield capacity expansion close to our existing plant in Kadi (Gujarat)
- Planning a further increase of contract manufacturing capacity

Company growth vis-a-vis industry growth



## FRUITS OF INNOVATION

OUR VC SHIELD PRODUCTS  
EMERGED AS A BRAND, GENERATING  
RS. 55 CRORE REVENUE IN 2009-10.

# so many varieties

