

Somany Ceramics Limited
Annual report 2012-13

Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

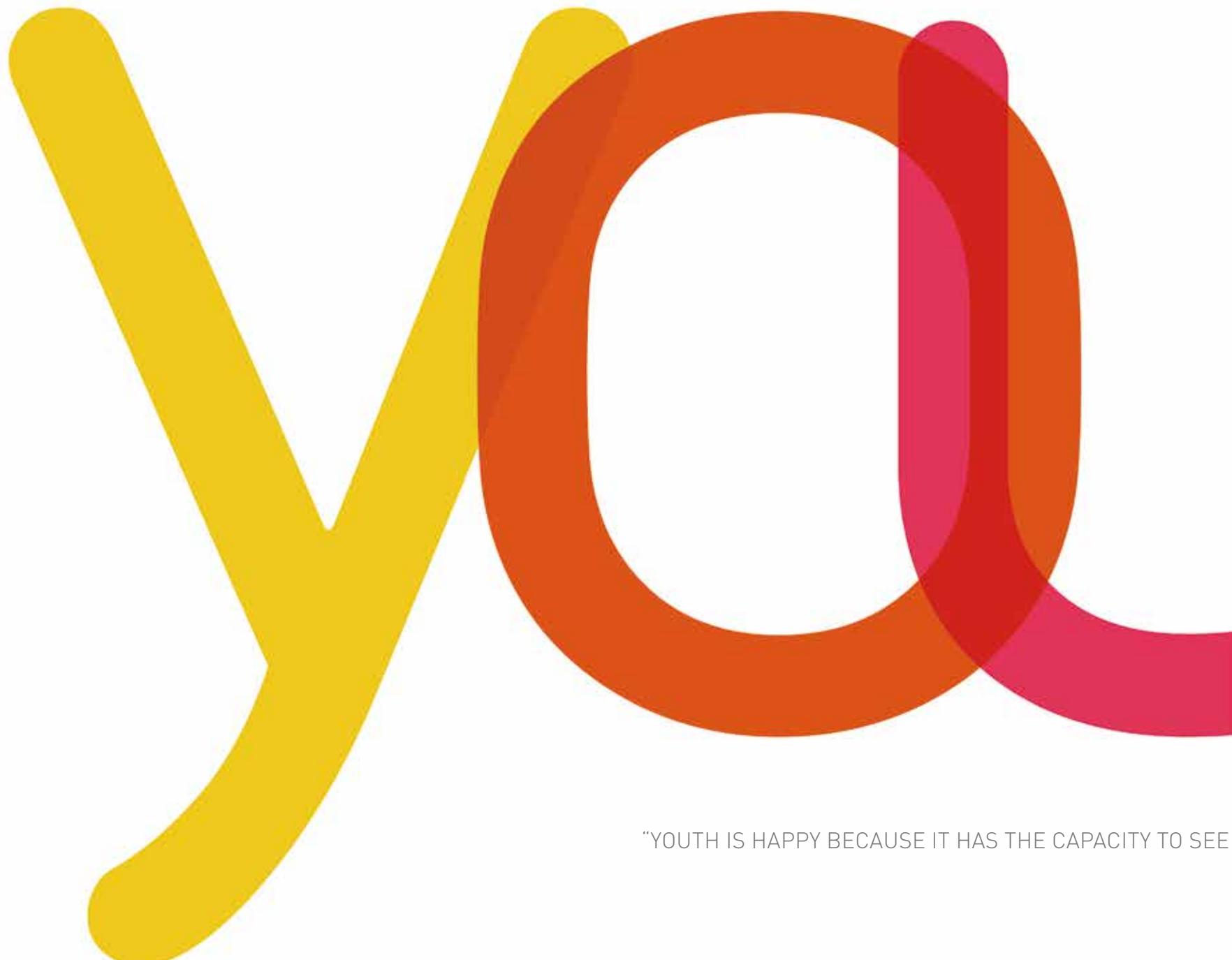
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forever
young

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"YOUTH IS HAPPY BECAUSE IT HAS THE CAPACITY TO SEE



INDIA'S GDP GROWTH OF 5 PER CENT IN 2012-13 WAS THE SLOWEST IN 10 YEARS. SOMANY'S FIVE-YEAR CAGR IN REVENUES OF ~26 PER CENT WAS WAY ABOVE THE INDUSTRY AVERAGE.

YOUTHFULNESS MAKES UNTHINKABLE THINGS HAPPEN.

BEAUTY. ANYONE WHO KEEPS THE ABILITY TO SEE BEAUTY NEVER **GROWS OLD.**" - Franz Kafka

"THOSE WHOM THE GODS LOVE GROW

young
- Oscar Wilde

Vision

To remain the most sought after tile and allied products brand in India and emerge as the best employer in the tiles industry.

Mission

Achieve customer delight through business innovation and cost-effectiveness while pursuing the latest fashion trends in ceramics and allied products for creating stakeholder value.

Legacy

Somany Ceramics (incorporated in the late Sixties) is a part of the prestigious H.L. Somany Group. The Company commenced operations in collaboration with the UK-based Pilkington Tiles (registered as Somany Pilkington Ltd.). Transformed to Somany Ceramics Limited in 2007.

Expansion

The Company expanded its tiles production capacity from 0.52 mn sqm per annum in 1972 to 24.45 mn sqm in FY 2013 (including 5.30 mn sqm per annum from two JVs). The Company's networth stood at Rs. 150.76 crores in March 2013.

Customer spread

Somany markets products pan-India through a robust 1,768-dealer network, over 6,000 sub-dealers, 181 showrooms and 19 stock points. Its corporate clients comprise Tata Motors, DLF, Unitech, Café Coffee Day, JP Associates, L&T, Vatika, Shapoorji Pallonji, M2K, Prestige, Sobha Developers, Ansal, CPWD, MES, AWHO, DGMAP, AFNHB, DDA and ESIC, among others.

Presence

Somany is headquartered in Noida (Uttar Pradesh) with four modern manufacturing facilities in Kassar (Haryana), Kadi (Gujarat) and Morbi (Gujarat, two joint ventures) supported by marketing offices across major Indian cities. The

Company's shares are listed on the Bombay and National Stock Exchanges. Market capitalisation was Rs. 222.71 crore as on 31st March 2013.

Market share

Somany is the third largest tiles manufacturing company in India (by value) with a ~12 percent organised market share and ~6 percent share by value of the overall Indian tiles market.

Portfolio

Somany's product basket comprises ceramic wall and floor tiles, glazed and polished vitrified tiles, internationally-branded tiles, sanitaryware and bath-ware fittings.

Acquisitions

Vintage Tiles Private Limited (one of the joint ventures in Morbi) will provide the Company access to polished vitrified tiles (2.65 mn sqm per annum) with the capacity to generate a potential turnover in excess of Rs.100 crore per annum.

Commander Vitrified Private Limited (the other JV company) will provide the Company access to polished and glazed vitrified tiles (2.65 mn sqm per annum) with potential annual revenues worth more than Rs. 150 crore.

Somany owns a 26% equity stake in both companies.

1968

Established by Shri
Hira Lal Somany
(Founder and
Chairman Emeritus)

1971

Collaborated with
Pilkington Tiles
Holdings, UK

1972

Commenced
commercial
production at the first
unit at Kassar with
an annual capacity of
0.52 msm

1974

Doubled annual
production capacity
to 1.04 msm

1978

Doubled annual
production capacity to
2.07 msm

yauth has

1998

Expanded annual
production capacity
to 11.06 msm

1999

- Accredited with the ISO-14001 certification for embracing environment-friendly manufacturing practices at Kadi
- Accredited with the ISO-9001 certification for adherence to the highest quality standards

2000

Received the 'Export
House' award

2001

Expanded annual
production capacity
to 12.49 msm

2002

Replaced two old
tunnel kilns with a
single fast-firing kiln
resulting in a capacity
increase to 13.69 msm

1983

Set up the second unit at Kadi (Gujarat), expanding capacity to 2.65 msm

1986

Expanded annual production capacity to 3.13 msm

1992

Expanded annual production capacity to 3.60 msm

1994

Indian promoters acquired Pilkington's equity stake

1995

Expanded annual production capacity to 6.70 msm

1996

- R&D facility received government recognition, a first in the Indian industry

- Expanded annual production capacity to 8.51 msm

no age

- Pablo Picasso

2007

- Rechristened the Company to Somany Ceramics Limited
- Expanded annual production capacity to 16.70 msm
- Ventured into tiles retailing
- Entered into the sanitaryware business with a focused brand 'Aquaware'

2009

Received patent for VC Shield, India's highest abrasion-resistant tile – a first in the Indian industry

2010

- Expanded annual production capacity to 19.15 msm
- Widened the Aquaware segment by adding bathroom-fitting products
- Acquired 15 acres of land near the existing Kadi unit for future expansions

2011

- Received BIS certification, the first Indian tiles manufacturing Company to be accredited with it
- Received the prestigious 'Powerbrand Award'
- Re-branded the Company with a more youth-oriented logo

2012

- Acquired 26 percent equity stake each in Vintage Tiles Private Limited and Commander Vitrified Private Limited with an aggregate annual capacity of 5.30 mn sqm
- Received the Indian 'Powerbrand Award' for the second consecutive time
- Launched digital tiles

2013

- Revenue crossed the Rs. 1,000-cr mark

“THERE'S SOMETHING AMAZING ABOUT THE

passion

OF YOUTH AND ITS POWER TO SUSTAIN. IF THERE'S A MORE POWERFUL ENERGY SOURCE, I DON'T KNOW ABOUT IT.” -
TAKAYUKI IKKAKU

Somany Ceramics. Five year financials (standalone)

(Rs. in lacs)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Share capital	690	690	690	690	690
Reserves	5,692	7,495	9,557	11,711	14,386
Loan funds	13,725	16,223	19,122	18,097	17,608
Gross block (including CWIP)	27,789	31,454	35,274	38,642	41,300
Net block (including CWIP)	13,002	15,384	17,592	19,397	20,891
Investments	81	173	172	595	920
Current assets	17,600	24,758	29,502	32,071	39,540
Current liabilities	8,058	13,587	15,825	19,259	26,208
Net current assets	9,542	11,171	13,677	12,812	13,332
Net sales	43,919	53,482	70,834	87,037	104,623
Operating and other income	448	504	721	394	567
Material costs	11,016	10,473	12,746	15,318	16,576
Energy costs	6,365	6,311	8,683	10,917	13,058
Employee costs	3,333	4,328	5,431	6,552	7,375
Other manufacturing, administrative and selling expenses	19,300	27,042	37,885	47,187	59,478
EBIDTA	4,354	5,832	6,810	7,456	8,705
Interest and finance costs	1,603	1,329	1,712	2,065	1,998
EBDT	2,751	4,503	5,098	5,391	6,707
Depreciation	1,404	1,447	1,727	1,822	2,040
PBT	1,347	3,056	3,371	3,569	4,667
Tax expense	473	1,010	1,028	1,094	1,508
PAT	874	2,046	2,343	2,475	3,159
Networth	6,382	8,185	10,247	12,401	15,076
Capital employed	22,625	26,728	31,935	33,033	35,302
EPS (Rs.)*	2.53	5.93	6.79	7.17	9.16
Book value (Rs.)*	18.50	23.73	29.70	35.95	43.70
Dividend (Rs.)*	0.30	0.60	0.70	0.80	1.20
RONW (%)	14.55	28.09	25.42	21.86	22.99
ROCE (%)	12.89	17.77	17.33	17.34	19.51

* Face value of Rs 2 per share

Note: As per the new Schedule VI of the Companies Act, some of the heads of assets and liabilities have been classified differently in the Balance Sheet for 2010-11 onwards. These numbers have been adjusted in line with the old Schedule VI for ease of comparison with earlier years.