

**BUY****TP: Rs 600 | ▲ 49%****SOMANY CERAMICS**

| Building Materials

| 09 January 2026

## SOMC Analyst Meet: Key takeaways

- SOMC showcased its tiles and bath fittings experience centre, highlighting premiumisation strategy
- Portfolio gaps are being addressed primarily in premium large-format tiles (1200x1800mm), supported by select value-added SKUs
- Improving exports (avg monthly run-rate of ~Rs 15bn) are alleviating dumping by Morbi players, and supporting a recovery in domestic demand

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**Strengthening the portfolio through premium tiles expansion:** Management outlined its premiumisation strategy through: (a) A mix of renovated and newly developed experience centres across key cities, each ~6,000+ sq.ft, enabling comprehensive product display. (b) Curated premium tile offerings targeted at high-end consumers. These centers aim to address the historical dealer feedback on portfolio gaps, particularly the premium large-format tiles (under the sub brand like Coverstone, Italmarmi, Colorato, etc.), which now positions the company as a building-materials solutions provider across tiles, adhesives and bath fittings. Further, management plans to launch another premium sub-brand (series) in Q1FY27 (or Q4FY26).

**Adding premium bathware SKUs while retaining Economy brand positioning:** While management showcased its bath fittings portfolio, it continues to position the category in the Economy segment amid intense premium-segment competition. Management noted that bathware brand perception is structurally stronger than tiles, and requires longer gestation. Therefore, the company is conducting a detailed strategic evaluation (learning from challenges faced by Cera's RT and Hindware Queo) to identify the optimal market fit, with a new series planned shortly. Sanitaryware is guided to deliver double-digit growth in FY26–FY27, supported by profitability at both the existing plants.

**Expanding adhesives distribution by widening product basket:** The adhesives and waterproofing business reported revenues of ~Rs 900mn in FY25 and is targeted to scale to ~Rs 1,300mn in FY26; implying a strong 44.4% YoY growth. The segment is already profitable, with EBITDA margins exceeding 10%, and capacity expansion is underway—adhesives capacity at the North plant is being doubled, while a new South plant is under development. In parallel, the company has expanded its product portfolio to facilitate broader channel penetration, enabling a shift from a largely tiles-and-adhesives-led distribution to also tapping paint-and-adhesives distributors; thereby widening reach and accelerating scale-up.

## Key changes

	Target	Rating
	◀ ▶	◀ ▶

Ticker/Price	SOMC IN/Rs 403
Market cap	US\$ 183.9mn
Free float	45%
3M ADV	US\$ 0.1mn
52wk high/low	Rs 625/Rs 393
Promoter/FPI/DII	55%/1%/23%

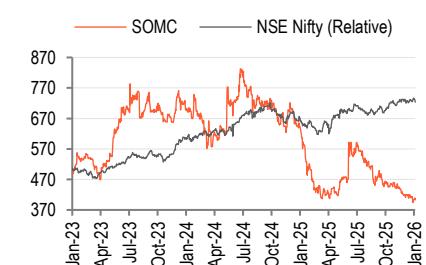
Source: NSE | Price as of 8 Jan 2026

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	26,588	27,605	30,117
EBITDA (Rs mn)	2,209	2,369	2,809
Adj. net profit (Rs mn)	605	780	1,126
Adj. EPS (Rs)	14.8	19.0	27.5
Consensus EPS (Rs)	14.7	23.1	42.4
Adj. ROAE (%)	7.2	8.8	11.6
Adj. P/E (x)	27.3	21.2	14.7
EV/EBITDA (x)	8.5	7.7	6.2
Adj. EPS growth (%)	(39.0)	28.9	44.5

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



### Other takeaways

- On the demand environment, management characterised conditions as "not wow, however demand is growing better than last year," with North India continuing to be challenging.
- Volume growth is expected to be in single digits for tiles and double digits for sanitaryware in the near term. SOMC mentioned input costs remain manageable, with gas prices fluctuating by +/- Rs 2/kg.
- Export markets showed improvement with 8-9% YoY growth, which is expected to reduce dumping from Morbi.
- The company is limiting discounts rather than increasing prices to capitalise on the improving competitive intensity.
- Current channel mix comprises approximately 75% retail, 10% government projects, 4-6% private builders, and 2% exports. Management is targeting projects and government collectively to reach 23-25% of revenues, eventually, which would bring retail down to 70-75%.
- Over the next four years, management aims to reduce tile contribution to 75% of revenues from the current levels, implying 25% contribution from the non-tile categories including sanitaryware, adhesives, and emerging divisions.
- Management highlighted on rising consumer trend towards large format tiles as consumer prefer for larger tiles as per its décor requirement and not emphasizing specifically of GVT/ PVT or Ceramic. Also the pricing distinctions between PVT and GVT have blurred for retail customers, though project customers remain price sensitive.
- The Max sanitaryware plant is currently operating at 50% capacity utilisation and is expected to incur losses of Rs 250-260mn in FY26, similar to the previous year. Management provided conservative guidance that losses should come down to being under Rs 100mn by FY27 and FY28, with EBITDA breakeven expected at 66% capacity utilisation by Q4FY26.
- The company produces 2.3mn sq.ft of tiles daily and has Rs 4,000-5,000 mn of underutilised capacity in tiles. Hence, as per the management, no capacity expansion is required in the near term existing headroom.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Total revenue</b>	<b>25,914</b>	<b>26,588</b>	<b>27,605</b>	<b>30,117</b>	<b>33,158</b>
EBITDA	2,544	2,209	2,369	2,809	3,290
Depreciation	725	903	1,044	1,099	1,173
EBIT	1,819	1,306	1,325	1,710	2,117
Net interest inc./exp.)	(465)	(524)	(498)	(496)	(496)
Other inc./exp.)	106	90	130	148	148
Exceptional items	11	0	0	0	0
EBT	1,449	872	956	1,362	1,769
Income taxes	434	272	288	343	445
Extraordinary items	21	20	0	0	0
Min. int./Inc. from assoc.	(25)	21	111	107	107
<b>Reported net profit</b>	<b>969</b>	<b>601</b>	<b>780</b>	<b>1,126</b>	<b>1,431</b>
Adjustments	22	4	0	0	0
<b>Adjusted net profit</b>	<b>991</b>	<b>605</b>	<b>780</b>	<b>1,126</b>	<b>1,431</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	2,865	3,343	3,491	3,808	4,193
Other current liabilities	4,015	3,427	3,427	3,427	3,427
Provisions	48	42	44	48	53
Debt funds	3,351	3,019	3,062	3,166	3,292
Other liabilities	1,229	1,396	1,396	1,396	1,396
Equity capital	82	82	82	82	82
Reserves & surplus	7,119	7,635	8,282	9,216	10,404
Shareholders' fund	8,330	8,442	9,200	10,242	11,537
<b>Total liab. and equities</b>	<b>19,838</b>	<b>19,669</b>	<b>20,619</b>	<b>22,087</b>	<b>23,897</b>
Cash and cash eq.	855	903	1,817	2,576	3,593
Accounts receivables	3,372	3,688	3,829	4,178	4,600
Inventories	3,466	3,379	3,796	4,209	4,699
Other current assets	522	487	508	555	611
Investments	0	38	38	38	38
Net fixed assets	10,750	10,029	9,485	9,386	9,212
CWIP	96	163	163	163	163
Intangible assets	458	606	606	606	606
Deferred tax assets, net	81	95	95	95	95
Other assets	238	282	282	282	282
<b>Total assets</b>	<b>19,838</b>	<b>19,669</b>	<b>20,619</b>	<b>22,087</b>	<b>23,897</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>3,929</b>	<b>1,734</b>	<b>1,651</b>	<b>1,980</b>	<b>2,267</b>
Capital expenditures	(1,406)	(395)	(500)	(1,000)	(1,000)
Change in investments	0	(38)	0	0	0
Other investing cash flows	74	70	130	148	148
<b>Cash flow from investing</b>	<b>(1,332)</b>	<b>(362)</b>	<b>(370)</b>	<b>(852)</b>	<b>(852)</b>
Equities issued/Others	(3)	0	0	0	0
Debt raised/repaid	(1,533)	(332)	42	104	126
Interest expenses	(465)	(524)	(498)	(496)	(496)
Dividends paid	(126)	(124)	(132)	(191)	(243)
Other financing cash flows	(1,481)	(343)	221	214	214
<b>Cash flow from financing</b>	<b>(3,607)</b>	<b>(1,323)</b>	<b>(367)</b>	<b>(368)</b>	<b>(398)</b>
Chg in cash & cash eq.	(1,009)	49	914	759	1,016
<b>Closing cash &amp; cash eq.</b>	<b>855</b>	<b>903</b>	<b>1,817</b>	<b>2,576</b>	<b>3,593</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	23.6	14.7	19.0	27.5	34.9
Adjusted EPS	24.2	14.8	19.0	27.5	34.9
Dividend per share	3.0	3.0	3.2	4.7	5.9
Book value per share	175.6	188.2	204.0	226.8	255.8

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.7	0.7	0.7	0.6	0.5
EV/EBITDA	7.6	8.5	7.7	6.2	5.1
Adjusted P/E	16.7	27.3	21.2	14.7	11.6
P/BV	2.3	2.1	2.0	1.8	1.6

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	68.4	69.4	81.5	82.7	80.9
Interest burden (PBT/EBIT)	79.7	66.8	72.2	79.6	83.6
EBIT margin (EBIT/Revenue)	7.0	4.9	4.8	5.7	6.4
Asset turnover (Rev./Avg TA)	130.6	135.2	133.9	136.4	138.8
Leverage (Avg TA/Avg Equity)	2.3	2.3	2.3	2.3	2.2
Adjusted ROAE	11.5	7.2	8.8	11.6	13.1

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Revenue	4.6	2.6	3.8	9.1	10.1
EBITDA	34.6	(13.2)	7.2	18.6	17.1
Adjusted EPS	38.1	(39.0)	28.9	44.5	27.1
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	9.8	8.3	8.6	9.3	9.9
EBIT margin	7.0	4.9	4.8	5.7	6.4
Adjusted profit margin	3.8	2.3	2.8	3.7	4.3
Adjusted ROAE	11.5	7.2	8.8	11.6	13.1
ROCE	16.5	12.2	11.9	13.9	15.3
<b>Working capital days (days)</b>					
Receivables	47	51	51	51	51
Inventory	49	46	50	51	52
Payables	40	46	46	46	46
<b>Ratios (x)</b>					
Gross asset turnover	2.0	1.9	2.0	2.0	2.1
Current ratio	1.0	1.0	1.2	1.3	1.4
Net interest coverage ratio	3.9	2.5	2.7	3.4	4.3
Adjusted debt/equity	0.3	0.3	0.1	0.1	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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**BUY** – Expected return >+15%

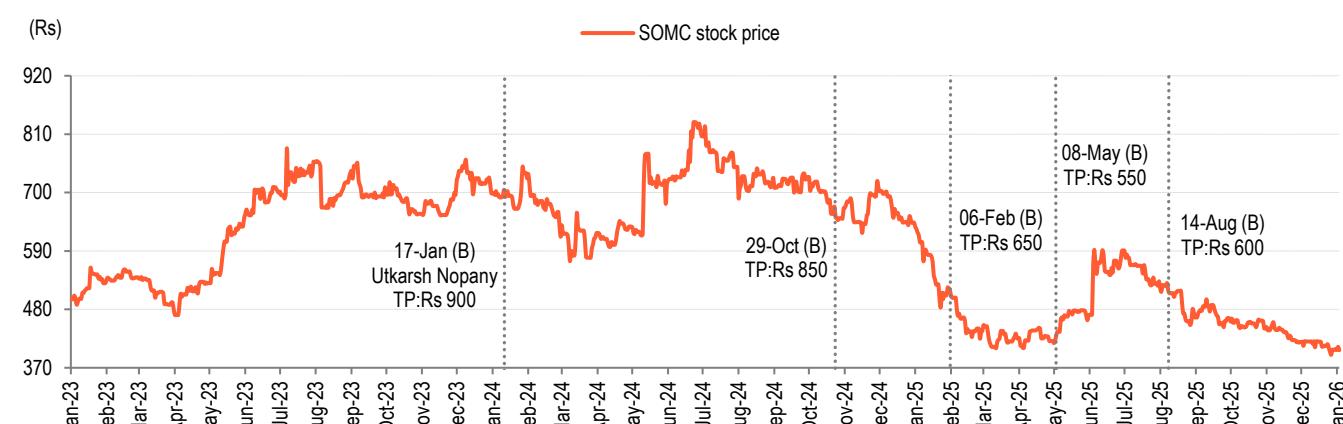
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**Note:** Recommendation structure changed with effect from 21 June 2021

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