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Q1FY27 Result Update
13th August 2026

Somany Ceramics Ltd

Margins improve; volume recovery expected ahead

CMP: INR 518

Rating: BUY

Target Price: INR 681

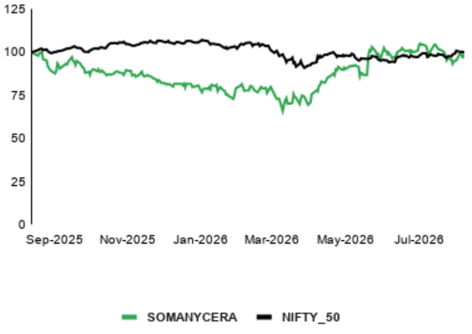
Stock Info	
BSE	531548
NSE	SOMANYCERA
Bloomberg	SOMC:IN
Sector	Ceramics
Face Value (INR)	2
Equity Capital (INR Mn)	4,162
Mkt Cap (INR Mn)	21,265.1
52w H/L (INR)	553/332
Avg Yearly Volume (in 000')	515.8

Shareholding Pattern %
(As on June, 2026)

Promoters	55.19
FIIs	1.38
DIIs	19.42
Public & Others	23.99

Stock Performance (%)	1m	6m	12m
Somany Ceramics	-3.21	29.33	0.91
NIFTY	0.76	-4.22	-0.91

Somany vs Nifty 50



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Somany Ceramics Ltd(SOMC) reported Q1FY27 numbers revenue stood at INR 7,442 Mn (+23% YoY/-8% QoQ); above our estimate of INR 7,414 Mn. EBITDA for the quarter stood at INR 809 Mn (+68% YoY/-6% QoQ); above our estimate of INR 745 Mn. EBITDA margin stood at 10.9% (+290bps YoY/23bps QoQ) below our estimate of 10.0%.PAT stood at INR 289 Mn (+293% YoY/-17% QoQ); above our estimate of INR 266 Mn. PAT Margin reported at 3.9% above our estimate of 3.6% (+267bps YoY/-42bps QoQ). Tile volumes for the quarter stood at 16.4 MSM (+3% YoY), marginally beating our estimates. Tile manufacturing units run at a blended utilization of 80%.

Significant Turnaround in JV Profitability: JVs reported a profit of INR 30 Mn in Q1FY27, compared to a loss of INR 100 Mn in Q1FY26. Management expects JV profitability to improve by over INR 300 Mn during FY27E as balancing equipment is commissioned and operational efficiencies strengthen. We believe the JV operations turnaround to be a key driver for the bottom-line growth.

Favourable Industry Tailwinds and Competitive Positioning: Supply-side disruptions in the Morbi cluster (due to fuel shortages and labor unavailability) worked in favour of branded players like Somany. Higher gas costs required Morbi manufacturers to take price increases that were double those taken by SOMC. This has significantly narrowed the price gap between branded and unorganized products, strengthening SOMCs market share.

Capex led Strategic Growth in Southern Market: The company announced a new 9+ MSM GVT facility in South India with an investment of ~INR 2.2 bn. This plant is expected to hold an annual revenue potential of INR 3.5 bin upon commissioning in end of FY28. Somany is expanding its footprint to capture future demand from South India, where realizations are higher than the north. Near-term capacity will be enhanced by 4-5 MSM through debottlenecking at existing plants in Bahadurgarh, Gujarat and South India, scheduled for completion by Q3-Q4FY27. Total FY27 capex is estimated at INR 2.75 bn, with ~70% to be funded via internal accruals.

Improving Working Capital Cycle: Working capital days improved to 12 days from 17 days YoY, supported by efficient receivable cycle and reduced inventory levels, this indicates a better conversion cycle as demand continues to improve despite continued price hikes. We believe the inventory cycle to sustain as price hikes have been well absorbed by the industry.

Gas Cost Pass Through: The company reported a blended natural gas cost averaging ~INR 68/SCM for the quarter. During the quarter, SOMC managed significant volatility in natural gas prices, which have seen consistent monthly increases. The following details outline the costs, trends, and strategic responses reported by the company.

Outlook and Valuation: Q1 delivered a strong performance, with revenue growth accompanied by margin expansion despite Q1 seasonally being a softer quarter. With the JVs turning profitable, we expect a meaningful improvement in the bottom line in FY27E as volume growth is complemented by improving realizations and the offsetting of cost inflation. We expect the bathware segment (sanitaryware & faucets) to sustain a ~10% YoY growth trajectory. Overall construction activity is expected to pick up across key markets, while export markets could see a marginal uptick together supporting volume growth and firmer ASPs. We value SOMC at a 15x multiple on FY29E EPS of INR 45.4, with a revised target price of INR 681.

Summary (INR Mn)	FY26	FY27E	FY28E	FY29E
Revenue	27,898	32,414	35,057	38,082
EBITDA	2,578	3,180	3,686	4,218
EBITDA Margin	9.2%	9.8%	10.5%	11.1%
Net Profit	749	1,339	1,572	1,860
EPS	18.3	32.7	38.5	45.4
EV/EBITDA (x)	8.4	6.8	5.7	4.9
ROE(%)	9%	15%	16%	16%
RoCE (%)	13%	17%	19%	21%
Debt/Equity (x)	0.35	0.34	0.26	0.20

Source: Company, Arihant Research

INR Mn (Consolidated)	Q1FY27	Q4FY26	Q1FY26	Q-o-Q	Y-o-Y
Net Sales	**7,442**	**8,120**	**6,044**	**-9%**	**23%**
Gross Profit	2,575	2,533	2,009	**2%**	**28%**
Gross Margin	*34.60%*	*31.19%*	*33.23%*	-	-
Employee costs	994	919	872	**8%**	**14%**
Power & Fuel & Other Expenses	1,465	1,207	1,146	**18%**	**28%**
EBITDA	**809**	**864**	**482**	**-7%**	**68%**
EBITDA margin	*10.86%*	*10.64%*	*7.97%*	-	-
Depreciation	285	273	260	**4%**	**10%**
EBIT	**523**	**591**	**222**	**-13%**	**136%**
Finance costs	114	106	127	**8%**	**-10%**
PBT	**444**	**517**	**114**	**-16%**	**290%**
Tax Expense	156	168	40	**-8%**	**285%**
Effective tax rate	35%	32%	35%	-	-
PAT	**291**	**351**	**74**	**-21%**	**296%**
PAT margin	*3.91%*	*4.33%*	*1.22%*	-	-
EPS	7.09	8.57	1.79	**-21%**	**296%**

Key Concall Takeaways- Q1FY27

The Management confident of sustaining 11%+ EBITDA margins: Management expects 11%+ EBITDA margins to sustain and views to move towards 12%+ over time, driven by higher utilisation, improving JV profitability, debottlenecking and a better value-added mix. Margin improvement is expected to be operationally driven rather than pricing-led.

FY27 volume growth guided at mid-single digit: Management maintains mid-single-digit volume growth guidance for FY27, with demand remaining healthy. Volume growth is expected to improve as supply normalises and incremental debottlenecked capacity comes online.

JV turnaround to support profitability: Management expects JVs to turn profitable in FY27, versus a INR 240-250 Mn loss in FY26, implying a potential INR 300 Mn+ YoY difference. Further improvement is expected through higher utilisation and balancing equipment.

4-5 Mn sqm. debottlenecking to drive H2FY27 growth: Balancing/debottlenecking across existing facilities is expected to add 4-5 Mn Msqm. of effective capacity, with benefits starting from mid-Q3FY27 and largely reflected by Q4FY27. Incremental capacity will have a higher value-added mix.

Existing capacity offers further revenue headroom: Existing own + JV capacity can support approximately INR 3,700 Mn revenue at current realisations, with debottlenecking expected to add another ~INR 300 Mn. This provides scope for operating leverage without significant incremental fixed costs.

South expansion to drive FY28 growth: The planned 9+ Mn sq. m. South plant, involving ~INR 2,200 Mn capex, is expected to be operational around Q3/Q4FY28 and has potential revenue of ~INR 3,500 Mn at current prices. 60-70% of capex is expected to be funded through internal accruals.

FY27 capex to remain largely internally funded: Total capex through FY27-end is estimated at ~INR 2,750 Mn, including the South plant and balancing equipment. Management expects 65-70% funding through internal accruals, limiting balance-sheet pressure.

Morbi competition remains manageable: With Morbi gas costs now elevated, management expects limited pricing pressure from Morbi, while ~15-17% of Morbi capacity is unlikely to restart. This should support pricing discipline going forward.

Gas cost pass-through to continue: Gas prices remain elevated, with North at ~INR 68 and South/Morbi in the mid-INR 70s. Management expects to continue passing through gas-cost movements, limiting margin impact.

Project business to become a growth lever: Management expects the project segment contribution to increase by ~3-4 percentage points, providing an additional growth driver alongside retail.

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Stock Rating Scale	**Absolute Return**
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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