

Cera Sanitaryware

Estimate change



TP change



Rating change



Bloomberg	CRS IN
Equity Shares (m)	13
M.Cap.(INRb)/(USD\$)	74.6 / 0.8
52-Week Range (INR)	7275 / 4461
1, 6, 12 Rel. Per (%)	14/2/5
12M Avg Val (INR M)	171
Free float (%)	45.6

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	20.5	23.3	25.9
EBITDA	2.7	3.5	4.0
Adj. PAT	2.1	2.7	3.2
Adj. EPS (INR)	164.4	211.4	244.5
EPS Gr. (%)	-14.5	28.6	15.7
BV/Sh. (INR)	1,141.6	1,273.0	1,427.5

Ratios

RoE (%)	14.4	16.6	17.1
RoCE (%)	19.0	22.5	23.4
Payout (%)	47.4	37.8	36.8

Valuations

P/E (x)	35.2	27.4	23.7
P/BV (x)	5.1	4.5	4.1
EV/EBITDA (x)	24.8	18.8	16.2
Div. Yield (%)	1.3	1.4	1.6

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	54.4	54.4	54.4
DII	14.2	14.0	6.9
FII	14.2	14.7	20.6
Others	17.2	16.9	18.0

CMP: INR 5,782

TP: INR 6,850 (+18%)

Buy

Robust growth guidance supports our positive view

A healthy uptick in revenue and margins in 4QFY26

- Cera Sanitaryware's (CRS) operating performance in 4QFY26 beat our estimates by 3%-6%, aided by a healthy uptick in revenue and margins.
- Revenue growth of 11% YoY was volume-led, driven by a 26% growth in faucetware (43% mix) and a 10% growth in sanitaryware (46% mix).
- While gross margin (45.5%, down ~500bp YoY/QoQ) was hit by no price hike taken in project sales (38% mix) amid an inflationary scenario, operating leverage and cost reduction measures aided a QoQ uptick in EBITDA (up 92%; 15.2% margin, up 498bp QoQ, down 306bp YoY).
- An exceptional gain of INR107m was due to the reversal of excess provision taken in 3Q for the new labor code.
- Consequently, reported PAT slid 10% YoY while adjusted PAT fell 23%.
- Working capital remained under tight control and supported cash levels to reach INR8.63b.
- In FY26, revenue grew 7% YoY, whereas EBITDA/APAT declined 7%/14%.

Key highlights from the management commentary

- **Value growth guidance (YoY, FY27):** 18-20%, aided by 10-12% growth in Sanitaryware (7-8% volume and 5% realization) and 18-20% growth in Faucetware (10-12% volume and 8% realization).
- An EBITDA margin of 14-15% is sustainable in the long term.
- Gradual demand recovery in the retail channel continued since 3QFY26, led by tier-2/3 towns; the momentum has been sustained in project sales.
- Trade discounts and high input costs continued to restrict EBITDA margin
- CRS's production remained insulated from the gas unavailability issue.
- **Calibrated price hikes were taken** – Sanitaryware up 12% (4% in Mar, 8% in Apr) and Faucetware up 16% (11% in Mar, 5% in Apr'26).
- **No price hike was taken in project revenue** (38% mix).
- CRS plans to raise faucetware capacity by ~20% to 500k units by 4QFY27.

Valuation and view: Reiterate BUY

- We broadly maintain our earnings estimates, as we expect margin expansion to be restricted in the quest to chase volume growth.
- We estimate a 12%/22%/22% CAGR in revenue/EBITDA/APAT over FY26-28 with an EBITDA margin of ~15%, at the upper band of CRS's guidance.
- We also expect CRS to generate a strong FCF of over INR5b over FY26-28. A high cash surplus of ~INR10b in FY28 will restrict RoE (~17%); however, a high RoIC (45%+) will be sustained.
- **The stock has risen ~25% since our recent upgrade in Apr'26. Expecting recovery in sales and margins and strong cash flows, we reiterate our BUY rating on CRS with a TP of INR6,850, based on 28x FY28E EPS.**
- **A slower-than-expected recovery in sales and margins poses key risks to our positive view on the stock.**
- Please refer to our [sector initiation report](#) for a detailed view of CRS.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Consolidated quarterly performance

(INR m)

	FY25				FY26				FY25	FY26	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%
Net Sales	4,007	4,926	4,493	5,780	4,194	4,879	4,990	6,438	19,153	20,501	6,231	3
YoY Change (%)	-6.6	6.4	2.4	5.3	4.7	-0.9	11.1	11.4	1.9	7.0	7.3	
Total Expenditure	3,427	4,205	3,899	4,724	3,663	4,208	4,479	5,459	16,245	17,809	5,311	
EBITDA	581	721	594	1,056	531	671	511	979	2,907	2,692	920	6
Margins (%)	14.5	14.6	13.2	18.3	12.7	13.8	10.2	15.2	15.2	13.1	14.8	
Depreciation	90	107	98	102	91	98	98	99	385	387	99	
Interest	13	26	18	16	14	16	20	14	71	65	20	
Other Income	159	178	121	158	186	166	114	63	625	529	119	
PBT before EO expense	637	765	599	1,096	612	722	507	929	3,076	2,769	920	
Extra-Ord expense	0	0	0	-15	0	0	-185	107	-15	-78	0	
PBT	637	765	599	1,081	612	722	322	1,035	3,061	2,691	920	13
Tax	163	79	140	225	146	156	86	262	596	649	221	
Rate (%)	25.5	10.3	23.4	20.8	23.9	21.6	26.6	25.3	19.5	24.1	24.0	
Minority Interest	4	6	0	0	0	0	0	0	0	0	0	
Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	471	680	459	856	466	566	237	773	2,465	2,042	699	11
Adj PAT	471	680	459	871	466	566	421	667	2,480	2,120	699	-5
YoY Change (%)	-16.4	16.3	-9.9	16.2	-1.0	-16.7	-8.1	-23.4	3.1	-14.5	-19.8	
Margins (%)	11.7	13.8	10.2	15.1	11.1	11.6	8.4	10.4	12.9	10.3	11.2	

E: MOFSL Estimates

Operating Metrics

Y/E March	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Standalone Revenue (INR m)						
Sanitaryware	2,246	2,690	2,087	2,293	2,390	2,962
Faucetware	1,662	2,200	1,619	1,952	1,962	2,768
Tiles	494	530	426	537	521	579
Wellness	90	160	63	98	116	129
Total	4,493	5,780	4,194	4,879	4,990	6,438
% YoY						
Sanitaryware	(0.9)	(3.2)	(0.3)	1.7	6.4	10.1
Faucetware	4.3	6.3	13.4	(2.9)	18.1	25.8
Tiles	10.9	4.5	5.0	9.5	5.5	9.3
Wellness	52.4	46.0	-	(33.6)	29.0	(19.5)
Total	2.4	5.3	4.7	(0.9)	11.1	11.4
% Mix						
Sanitaryware	50.0	48.2	49.8	47.0	47.9	46.0
Faucetware	37.0	39.4	38.6	40.0	39.3	43.0
Tiles	11.0	9.5	10.2	11.0	10.4	9.0
Wellness	2.0	2.9	1.5	2.0	2.3	2.0



Key highlights from the management commentary

Business development and outlook:

- FY27 revenue growth targeted at 18-20% (Sanitaryware: 10-12% with 7-8% volume and 5% realization, Faucetware: 18-20% with 10-12% volume and 8% realization)
- EBITDA margin of 14-15% sustainable in the long term
- Channel inventory liquidated in 4Q; future growth outlook healthy
- Gradual demand recovery in retail since 3Q; projects momentum also sustained
- Tier-2/3 towns performing very well; East/North East are key growth regions
- Calibrated price hikes effective March 2026 taken to offset elevated brass costs
- Margins expanded QoQ, but trade discounts and input costs kept EBITDA margin below normal 16-17% levels
- CRS is insulated from gas unavailability issues
- Senator: Revenue INR105m in FY26 expected to be INR450m in FY27; currently 40+ stores expected to expand to 60 by FY27-end
- Polipluz: Revenue of INR85m in FY26 is targeted at INR350m in FY27; volume-led strategy; aims 1,120 dealers and 100+ distributors to increase to 2,000 and 200.
- Price hikes (retail only): Sanitaryware +12% (4% March, 8% April), Faucetware +16% (11% March, 5% April)
- No price hike taken in project business (38% of sales)
- Tight working capital management; cash levels reached INR8.53bn
- Capex in FY26 stood at INR145m, mainly on routine maintenance
- Faucetware capacity to increase from 430k to 500k via de-bottlenecking with a capex of INR40-50m; expected to be operational in 4QFY27)
- Tiles volume in 4Q was impacted due to high reliance on outsourcing from the production hit Morbi region
- Capacity utilization: Sanitaryware 70%, Faucetware 106%
- Revenue mix: Tier-3 (40%), Tier-1 (36%), Tier-2 (24%)
- Outsourcing in 4Q: Sanitaryware 60%, Faucetware 46% (mostly Morbi)
- A&P spend INR490m in FY26; to increase in FY27

4QFY26 key operational highlights

- Revenue grew 11% YoY, aided by 26% rise in Faucetware and 10% in Sanitaryware.
- EBITDA/adj. PAT fell 7%/23% YoY, though recovered strongly QoQ
- EBITDA margin stood at 15.2%, down 306bp YoY, though recovered QoQ
- Exceptional Items stood at INR107m due to the reversal of excess provision for Labor codes taken in 3QFY26

FY26 key operational highlights

- Revenue grew 7% YoY, aided by Sanitaryware (up 5%, 47% mix) and Faucetware (up 14%, 40% mix)
- EBITDA/adj. PAT fell 7%/14% YoY
- EBITDA margin stood at 13.1%, down 205bp YoY
- PAT margin stood at 10.3%, down 255bp YoY
- Tight WC management led to a strong cash level of over INR8b

Story in charts

Exhibit 1: 4QFY26 revenue mix (% , standalone)

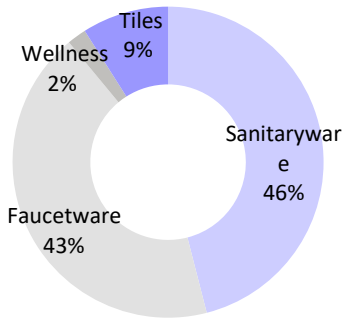


Exhibit 2: Quarterly revenue mix trend (% , standalone)

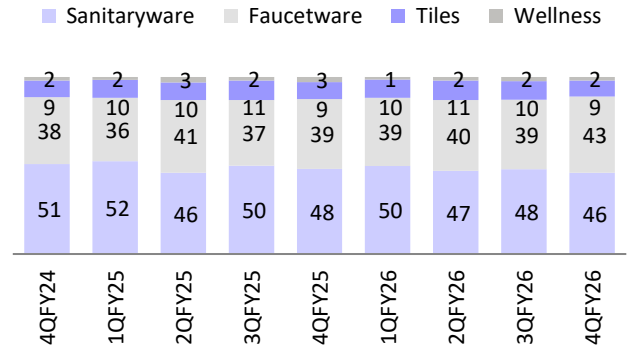


Exhibit 3: Consolidated revenue and growth trends

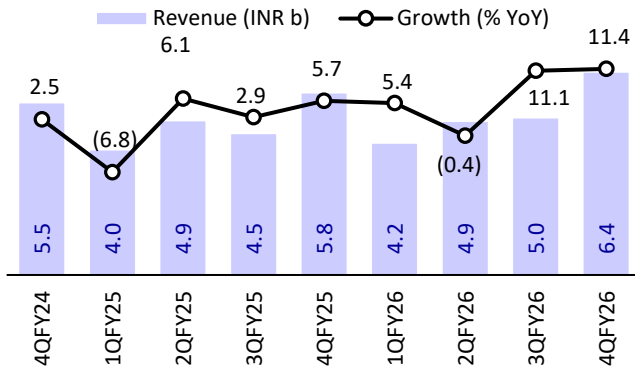


Exhibit 4: Expenses as % of quarterly revenue

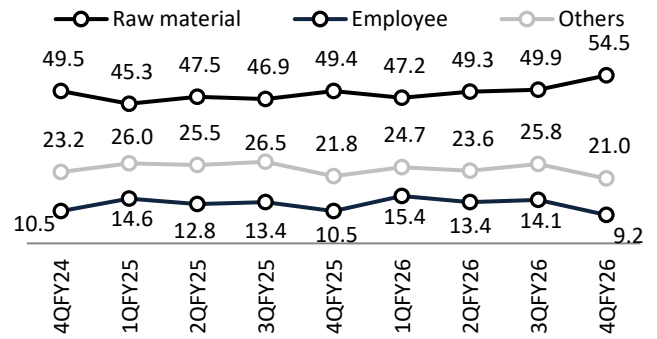


Exhibit 5: Quarterly EBITDA, Adj. PAT, and margin trends (%)

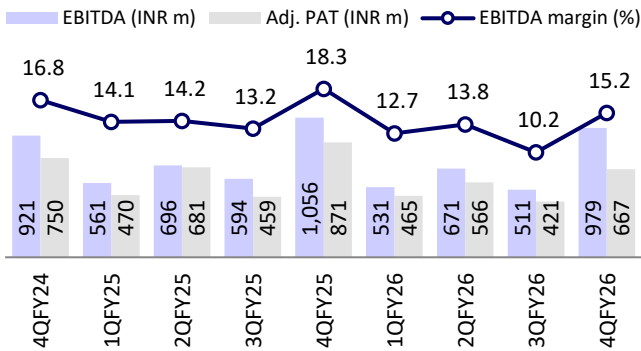


Exhibit 6: Quarterly reported EPS trend

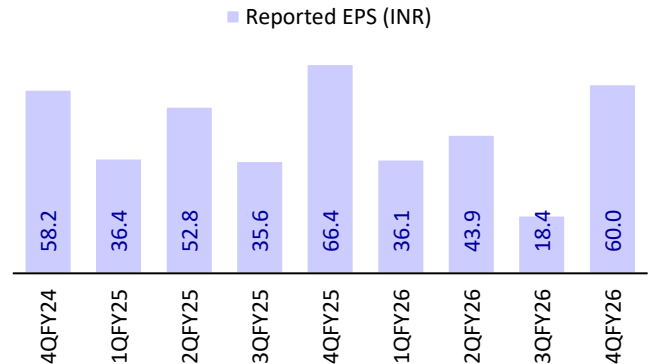


Exhibit 7: Revenue mix trend (% , annual standalone)

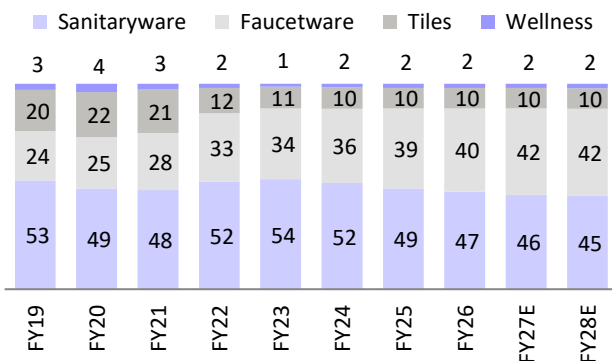


Exhibit 8: Power and fuel costs as % of revenue

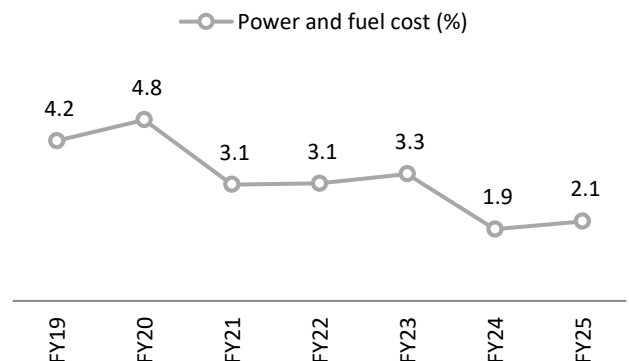


Exhibit 9: Consolidated annual revenue and growth trends

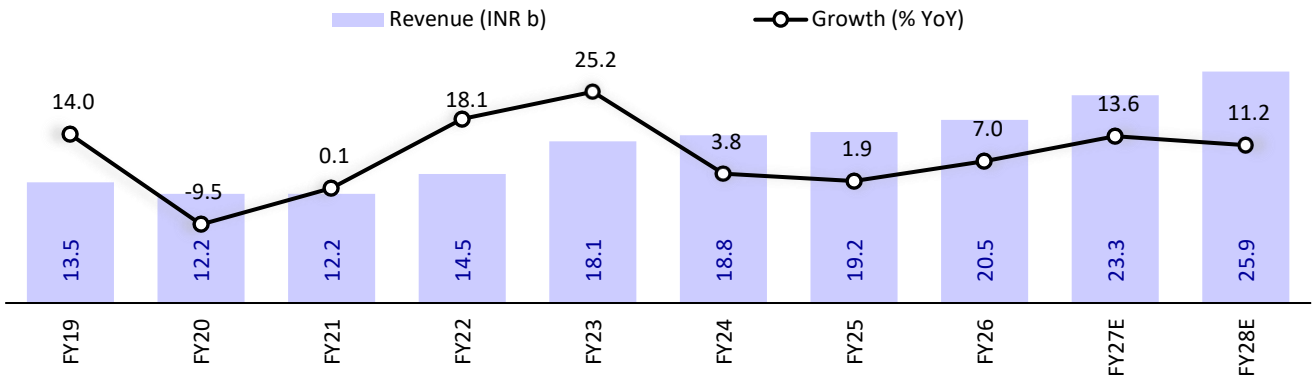
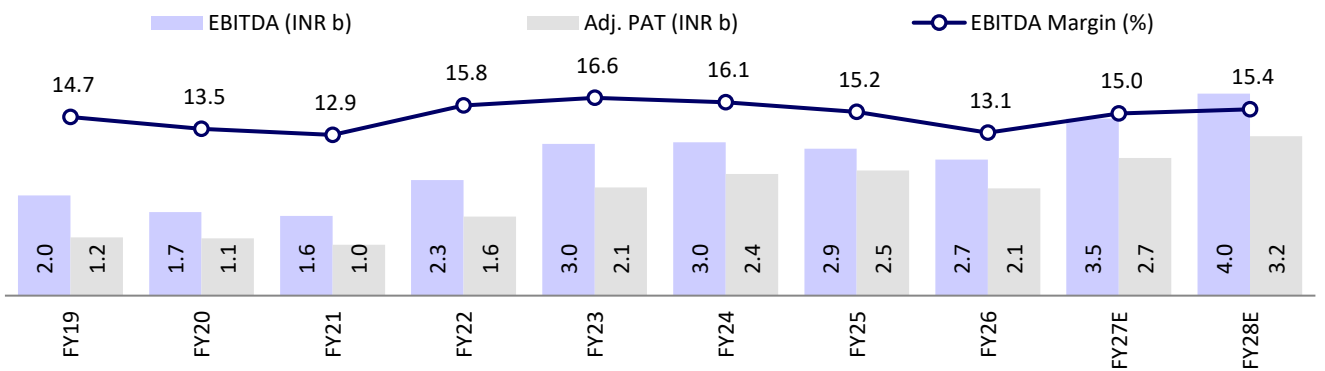


Exhibit 10: Annual EBITDA, Adj. PAT, and margin trends (%)



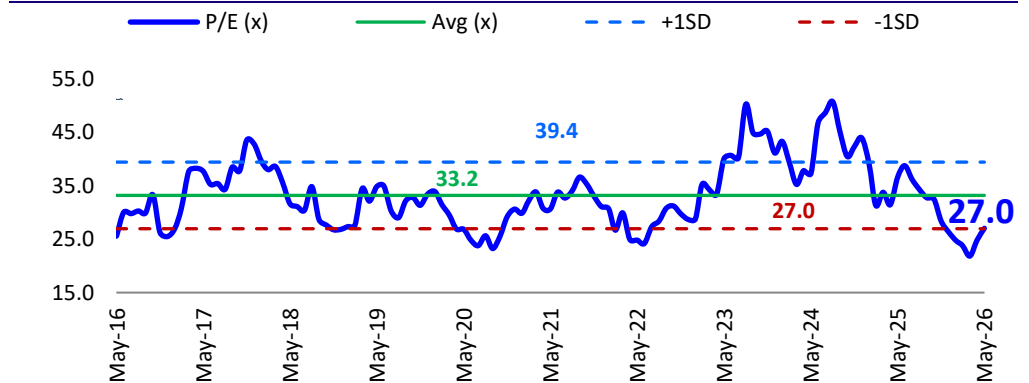
Source: Company, MOFSL

Exhibit 11: Changes to our estimates

INR m	Old		New		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	22,455	25,150	23,297	25,918	4	3
EBITDA	3,430	3,958	3,502	3,999	2	1
EBITDA margin %	15.3	15.7	15.0	15.4		
PAT	2,695	3,090	2,727	3,154	1	2
EPS	209.0	239.6	211.4	244.5	1	2

Source: MOFSL, Company

Exhibit 12: One-year forward P/E band and standard deviation



Source: Bloomberg, MOFSL

Financials and valuations

Consolidated - Income Statement								(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	12,243	14,458	18,105	18,794	19,153	20,501	23,297	25,918
Change (%)	0.1	18.1	25.2	3.8	1.9	7.0	13.6	11.2
RM Cost	6,268	6,836	8,246	8,828	9,096	10,383	11,450	12,686
Employees Cost	1,537	1,936	2,147	2,309	2,415	2,594	2,902	3,228
Other Expenses	2,858	3,399	4,710	4,624	4,734	4,832	5,444	6,005
Total Expenditure	10,663	12,171	15,103	15,761	16,245	17,809	19,796	21,919
% of Sales	87.1	84.2	83.4	83.9	84.8	86.9	85.0	84.6
EBITDA	1,581	2,287	3,002	3,033	2,907	2,692	3,502	3,999
Margin (%)	12.9	15.8	16.6	16.1	15.2	13.1	15.0	15.4
Depreciation	396	324	326	365	385	387	443	467
EBIT	1,185	1,963	2,676	2,667	2,522	2,305	3,059	3,533
Int. and Finance Charges	97	53	60	58	71	65	54	44
Other Income	252	236	284	595	625	529	582	661
PBT bef. EO Exp.	1,339	2,147	2,899	3,204	3,076	2,769	3,588	4,149
EO Items	0	-57	-50	-16	-15	-78	0	0
PBT after EO Exp.	1,339	2,090	2,849	3,188	3,061	2,691	3,588	4,149
Total Tax	340	560	738	775	596	649	861	996
Tax Rate (%)	25.4	26.8	25.9	24.3	19.5	24.1	24.0	24.0
Share of Profit/Loss of JV	0	0	0	0	0	0	0	0
Share of Minority Interests	-8	19	16	23	0	0	0	0
Reported PAT	1,008	1,511	2,094	2,390	2,465	2,042	2,727	3,154
Adjusted PAT	1,008	1,568	2,144	2,406	2,480	2,120	2,727	3,154
Change (%)	-11.0	55.6	36.7	12.2	3.1	-14.5	28.6	15.7
Margin (%)	8.2	10.8	11.8	12.8	12.9	10.3	11.7	12.2

Consolidated - Balance Sheet								(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	65	65	65	65	64	64	64	64
Total Reserves	8,652	10,086	11,661	13,393	13,439	14,659	16,354	18,347
Net Worth	8,717	10,152	11,726	13,458	13,503	14,723	16,418	18,411
Minority Interest	117	142	106	128	0	0	0	0
Total Loans	1,221	657	745	667	858	691	591	491
Deferred Tax Liabilities	303	354	376	482	389	432	422	412
Capital Employed	10,358	11,305	12,953	14,735	14,750	15,847	17,432	19,315
Gross Block	6,558	6,097	6,448	7,158	7,604	7,911	8,311	8,711
Less: Accum. Deprn.	2,403	2,727	3,053	3,419	3,804	4,191	4,633	5,100
Net Fixed Assets	4,155	3,370	3,395	3,740	3,800	3,721	3,678	3,612
Goodwill on Consolidation								
Capital WIP	13	7	169	130	107	72	62	52
Total Investments	4,743	5,620	6,628	8,025	7,017	8,150	8,750	9,950
Curr. Assets, Loans&Adv.	4,866	5,585	6,575	6,561	7,485	7,639	8,632	9,562
Inventory	1,997	2,937	3,825	3,636	4,058	3,958	4,787	5,326
Account Receivables	2,095	1,648	1,892	2,026	2,680	2,739	2,872	3,195
Cash and Bank Balance	104	243	262	372	262	481	490	539
Loans and Advances	670	757	596	527	486	462	482	502
Curr. Liability & Prov.	3,418	3,276	3,813	3,721	3,659	3,735	3,689	3,861
Account Payables	1,554	1,893	2,069	1,790	1,910	2,199	2,234	2,485
Other Current Liabilities	1,737	1,269	1,524	1,675	1,464	1,343	1,243	1,143
Provisions	127	114	220	256	286	192	212	232
Net Current Assets	1,448	2,309	2,762	2,841	3,826	3,905	4,942	5,701
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	10,358	11,305	12,953	14,735	14,750	15,847	17,432	19,315

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
Adj EPS	78.1	121.6	166.2	186.5	192.3	164.4	211.4	244.5
Cash EPS	108.8	146.7	191.5	214.9	222.1	194.3	245.7	280.7
BV/Share	676	787	909	1,043	1,047	1,142	1,273	1,427
DPS	13.0	35.0	50.0	60.0	65.0	75.0	80.0	90.0
Payout (%)	16.6	29.9	30.8	32.4	34.0	47.4	37.8	36.8
Valuation (x)								
P/E	74.1	47.6	34.8	31.0	30.1	35.2	27.4	23.7
Cash P/E	53.2	39.4	30.2	26.9	26.1	29.8	23.6	20.6
P/BV	8.6	7.4	6.4	5.5	5.5	5.1	4.5	4.1
EV/Sales	5.8	4.8	3.8	3.6	3.6	3.3	2.8	2.5
EV/EBITDA	45.2	30.5	22.9	22.2	23.6	24.8	18.8	16.2
Dividend Yield (%)	0.2	0.6	0.9	1.0	1.1	1.3	1.4	1.6
FCF per share	196.9	57.4	96.2	134.7	66.8	152.6	98.2	150.9
Return Ratios (%)								
RoE	11.6	15.4	18.3	17.9	18.4	14.4	16.6	17.1
RoCE (pre-tax)	15.2	21.2	25.4	24.5	22.1	19.0	22.5	23.4
RoIC (pre-tax)	21.1	37.1	49.0	51.0	44.0	37.2	46.5	48.9
Working Capital Ratios								
Fixed Asset Turnover (x)	1.9	2.4	2.8	2.6	2.5	2.6	2.8	3.0
Net Working Capital Cycle (Days)	76	68	74	75	92	80	85	85
Debtor (Days)	62	42	38	39	51	49	45	45
Inventory (Days)	60	74	77	71	77	70	75	75
Creditor (Days)	46	48	42	35	36	39	35	35
Leverage Ratio (x)								
Current Ratio	1.4	1.7	1.7	1.8	2.0	2.0	2.3	2.5
Interest Cover Ratio	14.8	41.6	48.9	56.0	44.2	43.8	68.0	95.2
Net Debt/Equity	-0.4	-0.5	-0.5	-0.6	-0.5	-0.5	-0.5	-0.5

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	1,339	2,090	2,849	3,188	3,061	2,691	3,588	4,149
Depreciation	396	324	326	365	385	387	443	467
Interest & Finance Charges	97	53	60	58	71	65	54	44
Direct Taxes Paid	-296	-523	-727	-783	-570	-692	-817	-952
(Inc)/Dec in WC	1,316	-933	-768	154	-922	273	-1,028	-710
CF from Operations	2,851	1,011	1,740	2,983	2,025	2,724	2,238	2,998
Others	-171	-121	-116	-623	-869	-605	-582	-661
CF from Operating incl EO	2,680	890	1,624	2,360	1,156	2,119	1,656	2,337
(Inc)/Dec in FA	-140	-150	-383	-622	-262	-197	-390	-390
Free Cash Flow	2,540	740	1,241	1,738	894	1,922	1,266	1,947
(Pur)/Sale of Investments	-2,313	-601	-701	-843	1,508	-719	-600	-1,200
Others	30	32	29	37	36	31	582	661
CF from Investments	-2,423	-719	-1,054	-1,428	1,282	-885	-408	-929
Issue of Shares	0	0	0	0	-1,621	0	0	0
Inc/(Dec) in Debt	-83	214	-13	-49	-8	-147	-100	-100
Interest Paid	-79	-65	-36	-32	-20	-14	-54	-44
Dividend Paid	0	-169	-455	-650	-780	-838	-1,032	-1,161
Others	-27	-86	-92	-104	-147	-148	-54	-54
CF from Fin. Activity	-188	-106	-596	-835	-2,576	-1,147	-1,239	-1,359
Inc/Dec of Cash	68	65	-26	97	-138	87	9	49
Opening Balance	8	74	139	113	179	41	128	138
Other cash & cash equivalent								
Closing Balance	77	139	113	210	41	128	138	187

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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