05 November 2026
2QFY27 Result Update | Sector: Building Materials

Cera Sanitaryware

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	CRS IN
Equity Shares (m)	13
M.Cap.(INRb)/(USDb)	61.9 / 0.7
52-Week Range (INR)	6740 / 4398
1, 6, 12 Rel. Per (%)	-14/-12/-20
12M Avg Val (INR M)	104
Free float (%)	45.6

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	20.5	24.5	27.5
EBITDA	2.7	3.2	3.8
Adj. PAT	2.1	2.5	3.1
Adj. EPS (INR)	164.4	193.2	242.5
EPS Gr. (%)	-14.5	17.6	25.5
BV/Sh. (INR)	1,141.6	1,254.8	1,407.3
Ratios			
RoE (%)	14.4	15.4	17.2
RoCE (%)	19.0	20.8	23.8
Payout (%)	47.4	41.4	37.1
Valuations			
P/E (x)	29.2	24.9	19.8
P/BV (x)	4.2	3.8	3.4
EV/EBITDA (x)	20.1	17.0	13.7
Div. Yield (%)	1.6	1.7	1.9

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	54.4	54.4	54.4
DII	14.1	14.1	13.6
FII	15.7	15.5	15.8
Others	15.8	16.1	16.2

CMP: INR4,802 TP: INR6,304 (+31%) Buy

Volume-driven growth to sustain; margins to expand

A mixed-bag quarter: Healthy revenue but soft margins

- Cera Sanitaryware (CRS) reported a mixed operating performance in 2QFY27, with healthy revenue growth offset by soft margins.
- Revenue grew 24% YoY and was a 7% beat on our estimate. Revenue was volume-led and driven by strong growth in sanitary-ware (up 24% YoY, 45% mix) and faucet-ware (up 38% YoY, 43% mix) segments.
- Gross margin stood at 44%, contracting 528bp YoY and 189bp QoQ.
- EBITDA grew 9% YoY (in line). EBITDA margin stood at 12.2%, contracting 203bp YoY and expanding 202bp QoQ.
- Consequently, PAT declined 1% YoY and missed our estimate by 6%.
- The net WC cycle remained under tight control (58 days vs. ~75 days YoY).
- The company maintained a healthy cash balance of ~INR9b.

Key highlights from the management commentary

- **Guidance:** The company expects strong volume traction to sustain in 2H, alongside an improvement in margins (13-14%), aided by the full pass-through of RM cost inflation.
- 2Q revenue growth was led by strong volumes in newer markets (UP, Bihar, Jharkhand, etc.), offsetting some weakness in traditional markets.
- 2Q revenue growth (up 27% YoY) levers: volume 16.6%, pricing 9.1%, mix 1.7%.
- 2Q sanitary-ware revenue (up 24% YoY) levers: volume 14.3%, pricing 6.7%, mix 2.7%.
- 2Q faucet-ware revenue (up 38% YoY) levers: volume 24%, pricing 10.3%, mix 1.9%.
- Th company took an 8% price hike in faucet-ware from Sep, following a rise in brass cost.
- Cumulative price hike: Sanitary-ware 12%, faucet-ware 24%.
- New project business contracts are being secured at better pricing.
- Project revenue contribution stood at 39% and is expected to remain stable at ~40%.
- Sanitary-ware capacity utilization stood at 82%, while faucet-ware capacity was increased by 100k units to 500k.

Valuation and view

After a mixed-bag results in 2Q, we reduce our FY27/28 earnings estimate by 5%/1% owing to lower margin expectations. We now estimate a 16%/19%/21% CAGR in revenue/EBITDA/APAT over FY26-28, with an EBITDA margin of 13-14%, in line with CRS's guidance. However, a high cash surplus of ~INR9b and a strong annual FCF of ~INR1.5b will restrict RoE (~17%) and pre-tax RoCE (~24%). **On a reasonable valuation of ~20x FY28E P/E, we reiterate our BUY rating on CRS with a TP of INR6,304, based on 26x FY28E P/E. A slower-than-expected recovery in sales and margins poses key risks to our positive view on the stock.**

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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.

Quarterly performance

(INR m)

	FY26				FY27E				FY26	FY27E	FY27 2QE	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	**4,339**	**4,734**	**4,990**	**6,438**	**4,860**	**6,030**	**6,231**	**7,404**	**20,501**	**24,525**	**5,654**	**7**
YoY Change (%)	8.3	-3.9	11.1	11.4	12.0	27.4	24.9	15.0	7.0	19.6	15.9	
Total Expenditure	3,808	4,063	4,479	5,459	4,368	5,297	5,409	6,275	17,809	21,348	4,903	
EBITDA	**531**	**671**	**511**	**979**	**492**	**733**	**822**	**1,129**	**2,692**	**3,177**	**751**	**-2**
Margins (%)	12.2	14.2	10.2	15.2	10.1	12.2	13.2	15.3	13.1	13.0	13.3	
Depreciation	91	98	98	99	94	98	101	104	387	396	97	
Interest	14	16	20	14	13	14	15	15	65	56	15	
Other Income	186	166	114	63	213	109	120	120	529	562	150	
PBT before EO expense	**612**	**722**	**507**	**929**	**598**	**730**	**827**	**1,130**	**2,769**	**3,286**	**789**	
Extra-Ord expense	0	0	-185	107	0	0	0	0	-78	0	0	
PBT	**612**	**722**	**322**	**1,035**	**598**	**730**	**827**	**1,130**	**2,691**	**3,286**	**789**	**-7**
Tax	146	156	86	262	145	169	203	277	649	793	193	
Rate (%)	23.9	21.6	26.6	25.3	24.2	23.1	24.5	24.5	24.1	24.1	24.5	
Minority Interest	0	0	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	**466**	**566**	**237**	**773**	**453**	**561**	**624**	**853**	**2,042**	**2,492**	**595**	**-6**
Adj PAT	**466**	**566**	**421**	**667**	**453**	**561**	**624**	**853**	**2,120**	**2,492**	**595**	**-6**
YoY Change (%)	-1.0	-16.7	-8.1	-23.4	-2.7	-0.9	48.2	28.0	-14.5	17.6	5.1	
Margins (%)	10.7	12.0	8.4	10.4	9.3	9.3	10.0	11.5	10.3	10.2	10.5	

E: MOFSL Estimates

Operating metrics

Y/E March	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Segment revenue (INR m)						
Sanitaryware	2,087	2,201	2,390	2,962	2,284	2,730
Faucetware	1,619	1,870	1,962	2,768	1,944	2,581
Tiles	426	592	521	579	535	641
Wellness	63	71	116	129	97	78
Total	**4,339**	**4,734**	**4,990**	**6,438**	**4,860**	**6,030**
% YoY						
Sanitaryware	(0.3)	(2.3)	6.4	10.1	9.5	24.0
Faucetware	13.4	(6.9)	18.1	25.8	20.1	38.0
Tiles	5.0	20.8	5.5	9.3	25.5	8.4
Wellness	-	(51.7)	29.0	(19.5)	54.5	10.0
Total	**8.3**	**(3.9)**	**11.1**	**11.4**	**12.0**	**27.4**
% Mix						
Sanitaryware	49.8	46.5	47.9	46.0	47.0	45.3
Faucetware	38.6	39.5	39.3	43.0	40.0	42.8
Tiles	10.2	12.5	10.4	9.0	11.0	10.6
Wellness	1.5	1.5	2.3	2.0	2.0	1.3

Story in charts

Exhibit 1: 2QFY27 revenue mix (%)

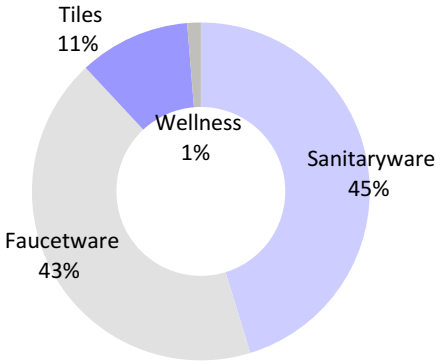


Exhibit 2: Quarterly revenue mix trend (%)

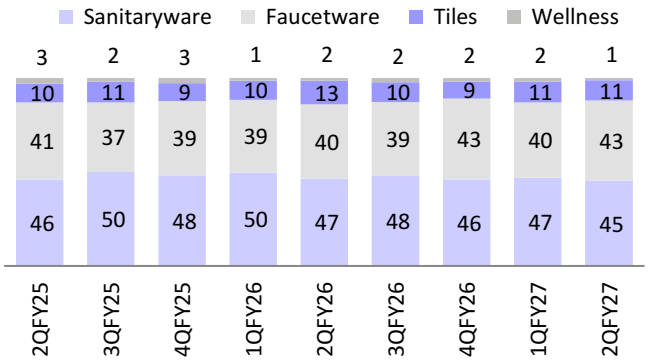


Exhibit 3: Consolidated revenue and growth trends

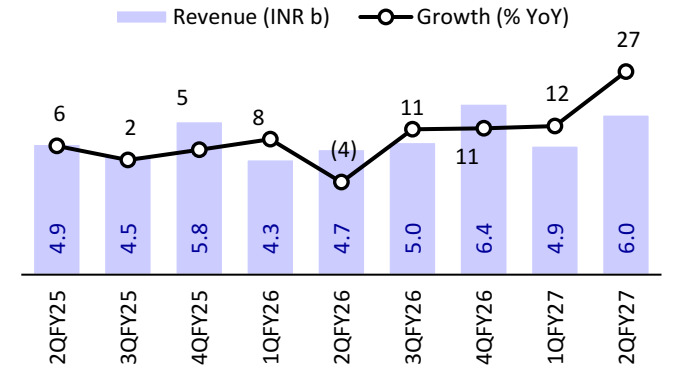


Exhibit 4: Expenses as % of quarterly revenue

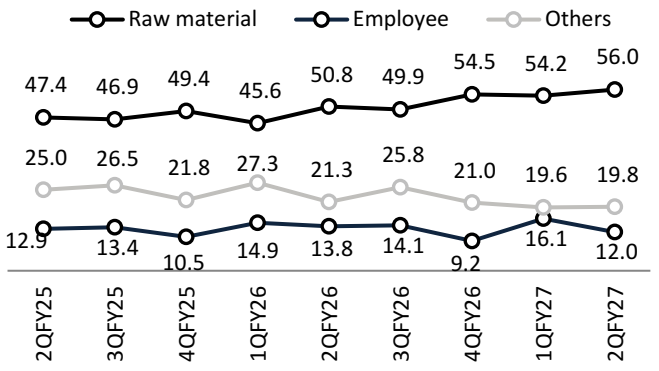


Exhibit 5: Quarterly EBITDA, Adj. PAT, and margin trends (%)

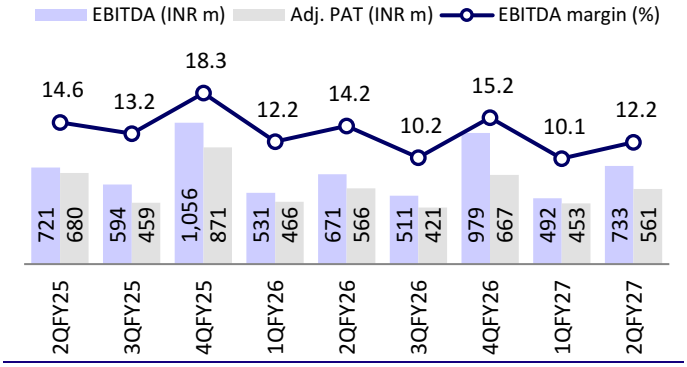


Exhibit 6: Quarterly reported EPS trend

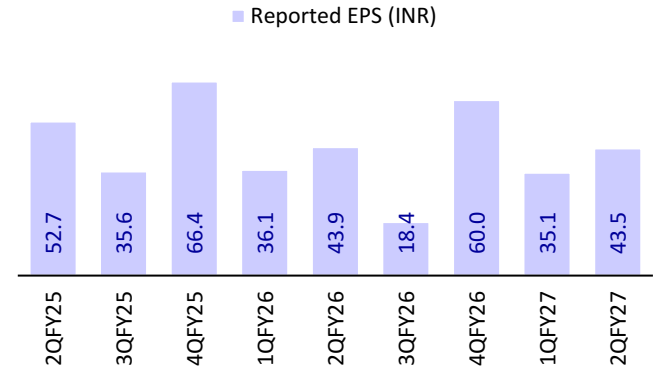


Exhibit 7: Revenue mix trend (%, annual)

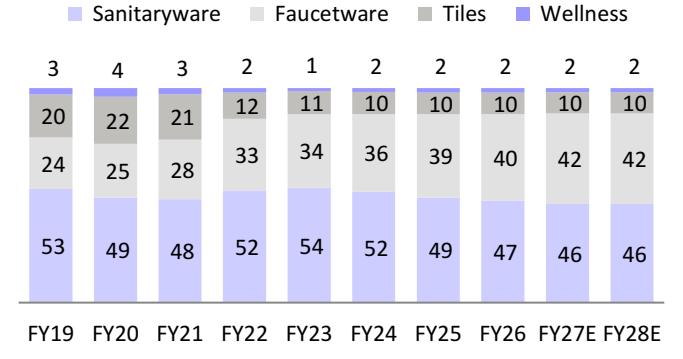


Exhibit 8: Power and fuel costs as % of revenue

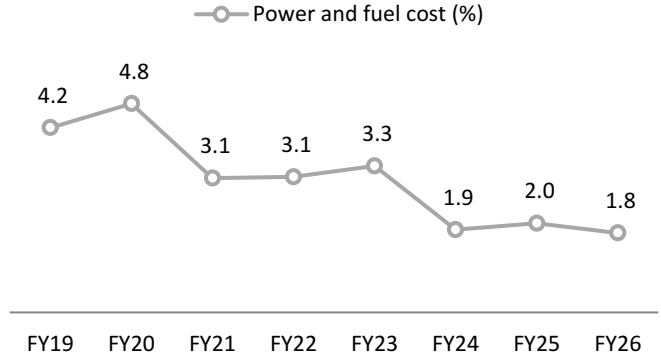


Exhibit 9: Consolidated annual revenue and growth trends

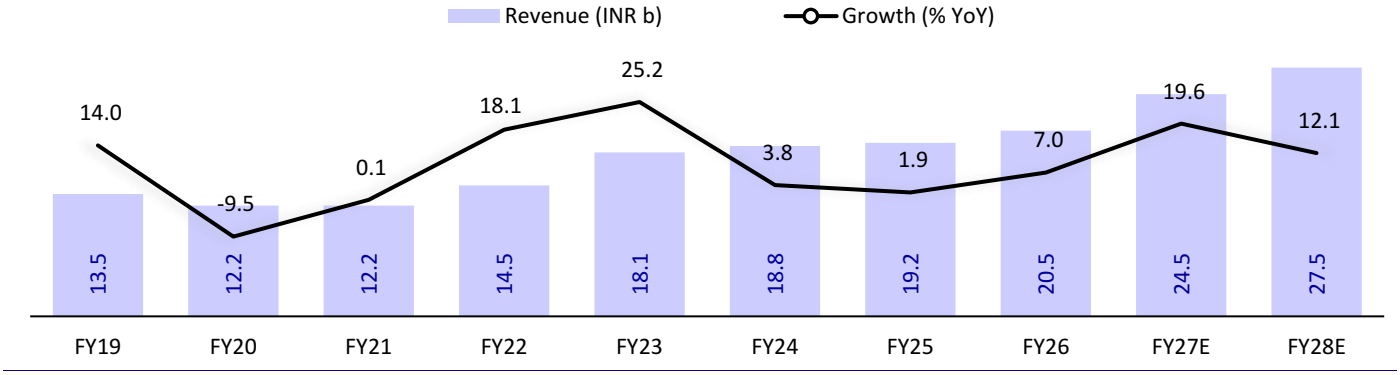
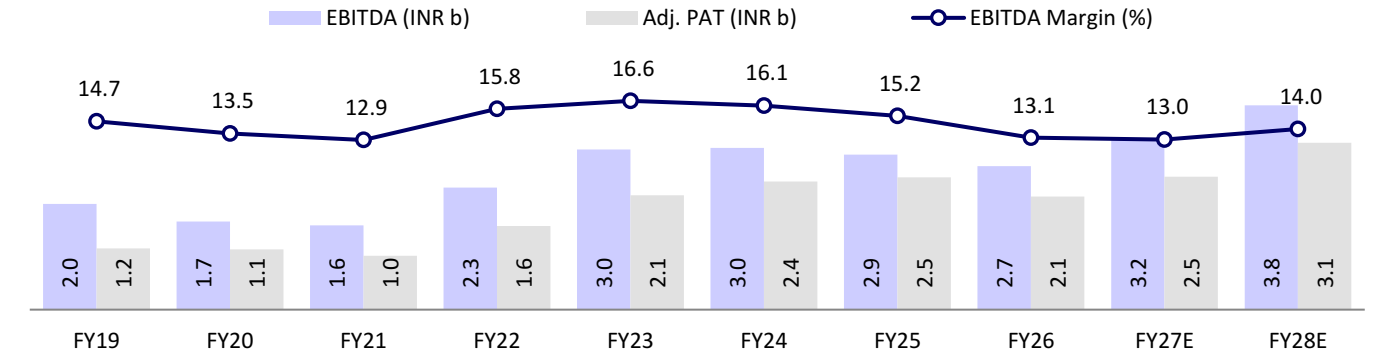


Exhibit 10: Annual EBITDA, Adj. PAT, and margin trends (%)



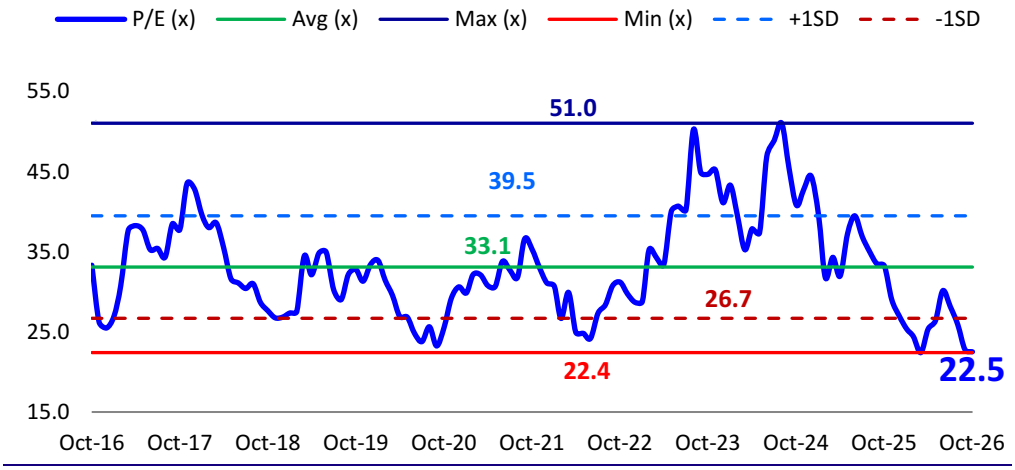
Source: Company, MOFSL

Exhibit 11: Changes to our estimates

INR m	Old		New		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	23,761	26,627	24,525	27,481	3	3
EBITDA	3,265	3,898	3,177	3,834	(3)	(2)
EBITDA margin %	13.7	14.6	13.0	14.0		
PAT	2,625	3,167	2,492	3,127	(5)	(1)
EPS	203.5	245.6	193.2	242.5	(5)	(1)

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**	**24,525**	**27,481**
Change (%)	0.1	18.1	25.2	3.8	1.9	7.0	19.6	12.1
RM Cost	6,268	6,836	8,246	8,828	9,096	10,383	13,616	15,092
Employees Cost	1,537	1,936	2,147	2,309	2,415	2,594	2,980	3,284
Other Expenses	2,858	3,399	4,710	4,624	4,734	4,832	4,752	5,270
Total Expenditure	**10,663**	**12,171**	**15,103**	**15,761**	**16,245**	**17,809**	**21,348**	**23,647**
% of Sales	87.1	84.2	83.4	83.9	84.8	86.9	87.0	86.0
EBITDA	**1,581**	**2,287**	**3,002**	**3,033**	**2,907**	**2,692**	**3,177**	**3,834**
Margin (%)	12.9	15.8	16.6	16.1	15.2	13.1	13.0	14.0
Depreciation	396	324	326	365	385	387	396	440
EBIT	**1,185**	**1,963**	**2,676**	**2,667**	**2,522**	**2,305**	**2,780**	**3,395**
Int. and Finance Charges	97	53	60	58	71	65	56	49
Other Income	252	236	284	595	625	529	562	824
PBT bef. EO Exp.	**1,339**	**2,147**	**2,899**	**3,204**	**3,076**	**2,769**	**3,286**	**4,170**
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**	**3,286**	**4,170**
Total Tax	340	560	738	775	596	649	793	1,042
Tax Rate (%)	25.4	26.8	25.9	24.3	19.5	24.1	24.1	25.0
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**	**2,492**	**3,127**
Adjusted PAT	**1,008**	**1,568**	**2,144**	**2,406**	**2,480**	**2,120**	**2,492**	**3,127**
Change (%)	-11.0	55.6	36.7	12.2	3.1	-14.5	17.6	25.5
Margin (%)	8.2	10.8	11.8	12.8	12.9	10.3	10.2	11.4

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	16,119	18,086
Net Worth	**8,717**	**10,152**	**11,726**	**13,458**	**13,503**	**14,723**	**16,184**	**18,150**
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**	**17,198**	**19,054**
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	4,587	5,026
Net Fixed Assets	**4,155**	**3,370**	**3,395**	**3,740**	**3,800**	**3,721**	**3,724**	**3,685**
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**	**8,350**	**9,550**
Curr. Assets, Loans&Adv.	**4,866**	**5,585**	**6,575**	**6,561**	**7,485**	**7,639**	**8,868**	**9,778**
Inventory	1,997	2,937	3,825	3,636	4,058	3,958	5,039	5,647
Account Receivables	2,095	1,648	1,892	2,026	2,680	2,739	3,024	3,388
Cash and Bank Balance	104	243	262	372	262	481	323	241
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**	**3,807**	**4,011**
Account Payables	1,554	1,893	2,069	1,790	1,910	2,199	2,352	2,635
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**	**5,061**	**5,767**
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**	**17,198**	**19,054**

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**	**193.2**	**242.5**
Cash EPS	108.8	146.7	191.5	214.9	222.1	194.3	224.0	276.6
BV/Share	676	787	909	1,043	1,047	1,142	1,255	1,407
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	41.4	37.1
Valuation (x)								
P/E	61.5	39.5	28.9	25.7	25.0	29.2	24.9	19.8
Cash P/E	44.1	32.7	25.1	22.4	21.6	24.7	21.4	17.4
P/BV	7.1	6.1	5.3	4.6	4.6	4.2	3.8	3.4
EV/Sales	4.8	3.9	3.1	2.9	2.9	2.6	2.2	1.9
EV/EBITDA	37.1	25.0	18.7	18.0	19.2	20.1	17.0	13.7
Dividend Yield (%)	0.3	0.7	1.0	1.2	1.4	1.6	1.7	1.9
FCF per share	196.9	57.4	96.2	134.7	69.4	149.0	56.0	128.5
Return Ratios (%)								
RoE	11.6	15.4	18.3	17.9	18.4	14.4	15.4	17.2
RoCE (pre-tax)	15.2	21.2	25.4	24.5	22.1	19.0	20.8	23.8
RoIC (pre-tax)	21.1	37.1	49.0	51.0	44.0	37.2	41.4	46.6
Working Capital Ratios								
Fixed Asset Turnover (x)	1.9	2.4	2.8	2.6	2.5	2.6	3.0	3.2
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	2.4
Interest Cover Ratio	14.8	41.6	48.9	56.0	44.2	43.8	59.2	85.3
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	3,286	4,170
Depreciation	396	324	326	365	385	387	396	440
Interest & Finance Charges	97	53	60	58	71	65	56	49
Direct Taxes Paid	-296	-523	-727	-783	-570	-692	-749	-999
(Inc)/Dec in WC	1,316	-933	-768	154	-922	273	-1,314	-789
CF from Operations	**2,851**	**1,011**	**1,740**	**2,983**	**2,025**	**2,724**	**1,675**	**2,872**
Others	-171	-121	-116	-623	-869	-605	-562	-824
CF from Operating incl EO	**2,680**	**890**	**1,624**	**2,360**	**1,156**	**2,119**	**1,113**	**2,047**
(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**	**723**	**1,657**
(Pur)/Sale of Investments	-2,313	-601	-701	-843	1,508	-719	-200	-1,200
Others	30	32	29	37	36	31	562	824
CF from Investments	**-2,423**	**-719**	**-1,054**	**-1,428**	**1,282**	**-885**	**-28**	**-766**
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	-56	-49
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**	**-1,242**	**-1,364**
Inc/Dec of Cash	**68**	**65**	**-26**	**97**	**-138**	**87**	**-158**	**-82**
Opening Balance	8	74	139	113	179	41	128	-29
Other cash & cash equivalent								
Closing Balance	**77**	**139**	**113**	**210**	**41**	**128**	**129**	**111**

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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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