

Cera Sanitaryware (CRS IN)

Management Meet Update

June 11, 2026

■ Estimate Change | ■ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	7,429		7,429	
Sales (INR mn)	24,506	27,750	24,506	27,750
% Chng.	-	-	-	-
EBITDA (INR mn)	3,450	3,935	3,450	3,935
% Chng.	-	-	-	-
EPS (INR)	215.8	243.9	215.8	243.9
% Chng.	-	-	-	-

Key Data

CERA.BO | CRS IN

BSE Code	532443
NSE Code	CERA
52-W High / Low	INR 7,275 / INR 4,461
Face Value	5
Sensex / Nifty	73,983 / 23,215
Market Cap	INR 76 bn / \$ 795 mn
Shares Outstanding	12.9 mn
3M Avg. Daily Value	INR 150.67 mn

Shareholding Pattern (%)

Promoters	54.41
FII's	2.26
MF	11.94
DII	14.18
Public & Others	17.18
Promoter's Pledge	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	1.5	28.0	9.6	(16.8)
Relative	6.1	35.3	25.0	(7.3)

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	19,153	20,501	24,506	27,750
EBITDA (INR mn)	2,907	2,692	3,450	3,935
Margin (%)	15.2	13.1	14.1	14.2
PAT (INR mn)	2,480	2,120	2,784	3,147
EV (INR mn)	68,878	67,219	66,424	64,862
Total Debt (INR mn)	155	9	9	9
C&C Eq. (INR mn)	262	481	275	837
EPS (INR)	192.3	164.4	215.9	244.0
Gr. (%)	2.6	(14.5)	31.3	13.0
DPS (INR)	65.0	75.0	70.0	70.0
Yield (%)	1.1	1.3	1.2	1.2
RoE (%)	18.4	15.0	17.7	17.6
RoCE (%)	23.1	20.0	24.1	23.9
EV/Sales (x)	3.6	3.3	2.7	2.3
EV/EBITDA (x)	23.7	25.0	19.3	16.5
PE (x)	30.5	35.7	27.2	24.1
P/BV (x)	5.6	5.1	4.5	4.0

Retail Recovery, Price Hikes and Premiumization

Quick Pointers

- CRS targets 18–20% revenue growth in FY27 backed by price hikes and demand recovery
- Recent price hikes of ~12% in sanitaryware and ~16% in faucetware have been fully absorbed by the market

We attended CERA Sanitaryware's (CRS) management meet, where the management highlighted sustained recovery in retail demand since Q3FY26 and expects the momentum to continue into Q1FY27 alongside healthy project demand. The company expects to benefit from ongoing disruptions in the Morbi cluster due to labor and infrastructure challenges, enabling market share gains supported by adequate inventory, stronger in-house manufacturing capabilities and stable supply availability. The management reiterated FY27 guidance of ~12% sanitaryware growth, ~18% faucetware growth and EBITDA margin of 13.5%-14%, while indicating that recent price hikes of ~12% in sanitaryware and ~16% in faucetware have been fully absorbed by the market. Growth initiatives remain focused on deeper penetration in existing markets, expansion in underpenetrated states, scaling up premium brand Senator and polymer faucet solutions brand Polypluz, and improving manufacturing efficiencies through higher utilization and lower rejection rates. Overall, the management remains confident of delivering healthy growth, supported by favorable industry dynamics, market share gains, premiumization and distribution expansion initiatives.

We estimate revenue/EBITDA/PAT CAGR of 16.3%/20.9%/24.1% over FY26-28E. Maintained 'BUY' rating with TP of INR7,429, based on 30x Mar'28 earnings.

Key Takeaways:

FY27 Guidance and Growth Strategy: The management has guided for FY27 revenue growth of 18–20%, supported by ~12% growth in the sanitaryware segment (6–7% volume growth and 5–6% price-led growth) and ~18% growth in faucetware (10–11% volume growth and ~8% price impact).

- In addition, the newly launched brands Senator and Polypluz are expected to contribute INR700–800mn to revenue, while the tiles segment is projected to contribute INR2.5bn to the topline in FY27.
- The management expects overall EBITDA margin to remain in the range of 13.5%–14% for FY27. The key focus in FY27 will be on accelerating topline growth while maintaining margin discipline.
- Growth initiatives are centered around deeper penetration in existing strong markets and expanding distribution in under-penetrated states such as West Bengal, Bihar, Jharkhand, Odisha and Madhya Pradesh. The company is also rationalizing channel density in over-served markets while expanding its sub-dealer and retailer network in rural and semi-urban regions along with increase in advertisement expenses from INR490mn in FY26 to INR850mn in FY27.

Retail Demand Recovery Sustaining: The management highlighted that retail demand has started recovering after prolonged sluggishness during FY24-25. The recovery became visible from Q3-Q4FY26 and has continued into Q1FY27 despite inflationary pressures. The company expects demand momentum to sustain through FY27. While project demand has remained healthy over the last few quarters, retail demand is now contributing meaningfully, resulting in a balanced growth profile across channels.

Benefiting from Morbi Industry Disruptions: CRS continues to gain market share amid ongoing operational challenges faced by manufacturers in Morbi. Higher gas costs, labor shortages and infrastructure-related disruptions have constrained production in the region, particularly in sanitaryware. The management believes these issues will persist through Q2FY27. But CRS is relatively better positioned due to stable gas availability, better labor access, improved manufacturing efficiencies and the ability to internalize production of several SKUs. The company had proactively built inventory during Mar'26 and has been able to service demand without any supply-side issues, enabling it to capitalize on market opportunities arising from Morbi disruptions.

Pricing Actions Fully Absorbed by the Market: CRS has implemented cumulative price increases of ~12% in sanitaryware and 16% in faucetware. The management indicated that the market has absorbed the entire increase.

- In faucetware, cost inflation has been ~18%, driven by brass prices and wage inflation. While most of the inflation has been passed through via price hikes, the remaining impact is expected to be offset through lower trade discounts supported by healthy demand conditions.
- In sanitaryware, the company was able to take price increases slightly ahead of inflation due to industry-wide hikes led by Morbi manufacturers, where price increases reached nearly 20%.
- The management emphasized that current pricing not only covers recent cost inflation but also compensates for inadequate price revisions during the previous 2 years. Consequently, even if raw material costs soften, the company does not foresee any significant price reductions.

Premiumization Through Senator and TAM Expansion Through Polypluz: CRS continued to invest aggressively in its emerging growth brands, Senator and Polypluz, during FY26. Senator expanded its retail footprint to 40 flagship stores, and plans to scale up to 50-60 stores in FY27, while Polypluz strengthened its distribution network with 102 distributors and ~1,000 dealers, targeting expansion to 200 distributors and 2,000 dealers by FY27-end.

- For Polypluz, the management sees a significant opportunity in the INR90-100bn largely unorganized plumbing products market, where product quality remains inconsistent. The brand is targeting hardware stores, rural markets and segments where the CERA brand has limited presence. The model is asset-light, relying primarily on outsourcing.
- The management expects FY27 revenue of ~INR300mn from Polypluz and INR400mn from Senator, compared to INR85mn and INR105mn in FY26, respectively. Both businesses are expected to move toward breakeven, with gross margins and EBITDA margin structurally better than the core sanitaryware and faucetware businesses due to advance-payment-driven working capital dynamics.

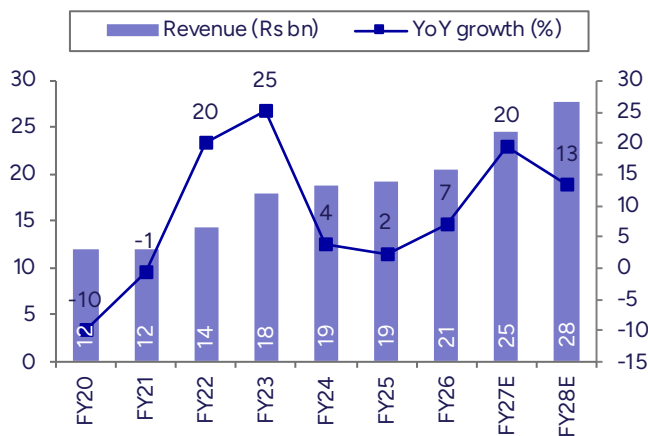
Capacity Expansion and Cash Deployment: The company intends to invest ~INR1.2bn in Phase-I sanitaryware capacity expansion, of which ~INR300mn has already been spent on land acquisition. A final investment decision is expected by Q4FY27. The management noted that significant manufacturing efficiencies have been achieved over the past year, including internalization of several outsourced SKUs and substantial reduction in rejection rates. This has created sufficient capacity for the near term and allows the company to focus future investments on more complex products.

- Faucetware capacity has already increased from 0.3mn pieces per month to 0.43mn pieces per month. The management indicated that with limited incremental capex (INR50mn), capacity can be increased to 0.5mn and subsequently to 0.6mn pieces per month within the existing infrastructure.
- Given the company's strong balance sheet and limited interest in diversifying into unrelated adjacencies, the management indicated that higher dividend payouts and potential share buybacks remain viable avenues for cash deployment.
- For FY27, the management has budgeted total capex of INR430–450mn, including INR250mn of regular annual maintenance capex, INR50mn toward faucetware capacity expansion, and INR150mn for acquisition of additional office space.

Margin Outlook Supported by Operating Improvements: Despite significant wage inflation and increased brand investments, the management remains confident of delivering EBITDA margin in the 13.5%-14% range. Advertisement and promotional spending is expected to increase materially, reaching INR800-850mn, driven by investments in Senator and Polypluz. Wage inflation is estimated to have an annual impact of ~INR100mn. However, these pressures are expected to be offset through: a) pricing actions already undertaken, b) improved plant efficiencies, c) lower rejection rates, d) better operating leverage from volume growth, and d) breakeven in Senator and Polypluz. The management believes margins could improve by 50-100bps over the medium term.

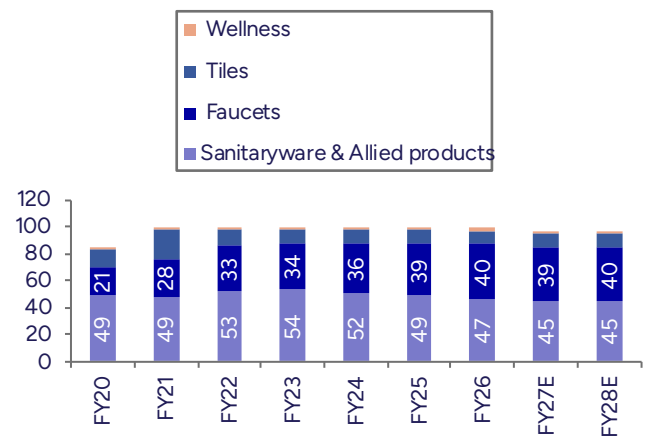
Regional Growth Opportunities: South India remains CRS's largest region, contributing to 36-37% of revenue, with Kerala being the single largest market at ~INR2bn in annual sales. Maharashtra and western markets continue to perform well, while Bihar, Jharkhand and Odisha have shown encouraging traction in recent years. Future distribution expansion efforts will focus on increasing retailer reach, rural penetration and strengthening the sub-dealer network in underpenetrated geographies.

Exhibit 1 : Revenue to grow at CAGR of 16.3% over FY26-28E



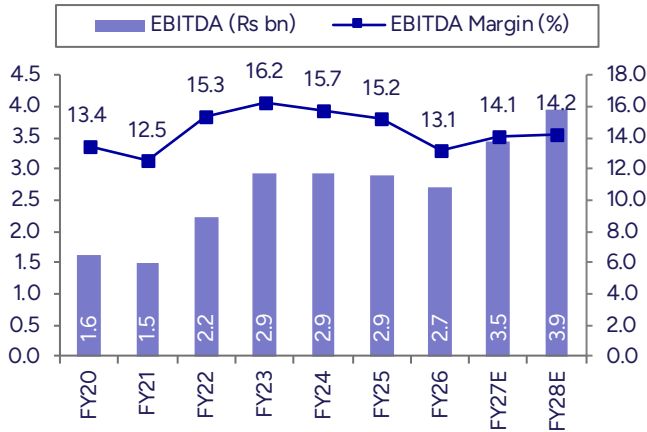
Source: Company, PL

Exhibit 2 : Segmental mix of CRS



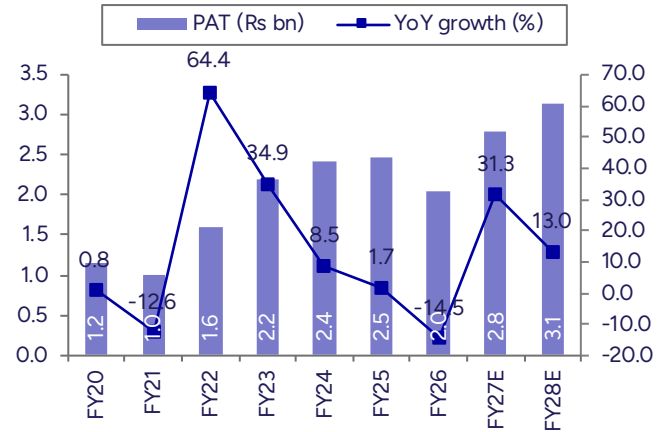
Source: Company, PL

Exhibit 3 : EBITDA to clock 20.9% CAGR over FY26-28E



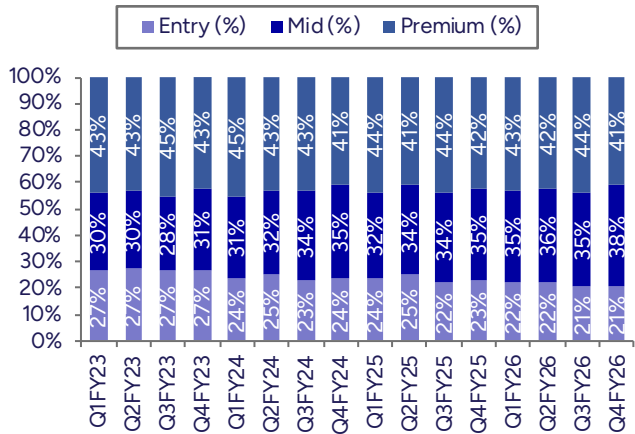
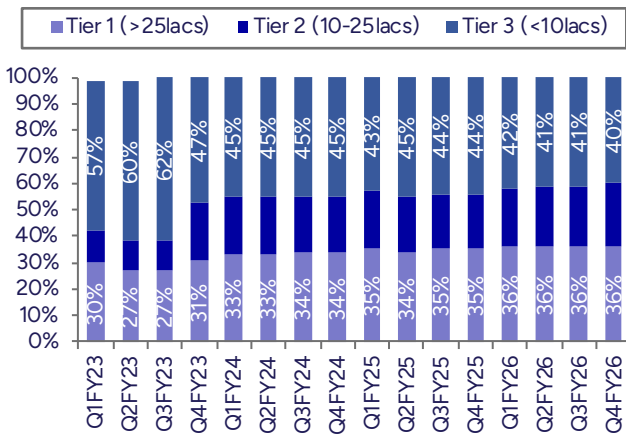
Source: Company, PL

Exhibit 4 : PAT to grow at CAGR of 24.1% over FY26-28E



Source: Company, PL

Exhibit 5 : Sales mix – Tier and category wise (quarterly)



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	19,153	20,501	24,506	27,750
YoY gr. (%)	2.4	7.0	19.5	13.2
Cost of Goods Sold	9,096	10,383	11,567	13,042
Gross Profit	10,056	10,118	12,939	14,707
Margin (%)	52.5	49.4	53.0	53.0
Employee Cost	2,415	2,594	3,235	3,663
Other Expenses	3,800	4,832	4,950	5,633
EBITDA	2,907	2,692	3,450	3,935
YoY gr. (%)	(1.2)	(7.4)	28.2	14.0
Margin (%)	15.2	13.1	14.1	14.2
Depreciation and Amortization	385	387	415	435
EBIT	2,522	2,305	3,035	3,500
Margin (%)	13.2	11.2	12.4	12.6
Net Interest	71	65	65	65
Other Income	625	529	750	770
Profit Before Tax	3,061	2,691	3,721	4,205
Margin (%)	16.0	13.1	15.2	15.2
Total Tax	596	649	937	1,058
Effective Tax Rate (%)	19.5	24.1	25.2	25.2
Profit After Tax	2,465	2,042	2,784	3,147
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,480	2,120	2,784	3,147
YoY gr. (%)	1.7	(14.5)	31.3	13.0
Margin (%)	12.9	10.3	11.4	11.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,480	2,120	2,784	3,147
YoY gr. (%)	1.7	(14.5)	31.3	13.0
Margin (%)	12.9	10.3	11.4	11.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,480	2,120	2,784	3,147
Equity Shares O/s (mn)	13	13	13	13
EPS (INR)	192.3	164.4	215.9	244.0

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	3,625	4,000	4,610	5,220
Tangibles	3,625	4,000	4,610	5,220
Intangibles	-	-	-	-
Acc: Dep / Amortization	279	690	1,105	1,540
Tangibles	279	690	1,105	1,540
Intangibles	-	-	-	-
Net Fixed Assets	3,352	3,314	3,509	3,684
Tangibles	3,346	3,310	3,505	3,680
Intangibles	6	5	5	5
Capital Work In Progress	107	72	72	72
Goodwill	-	-	-	-
Non-Current Investments	852	605	596	599
Net Deferred Tax Assets	(389)	(432)	(432)	(432)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	6,717	8,012	9,012	10,012
Inventories	4,058	3,958	4,513	5,051
Trade Receivables	2,680	2,739	3,123	3,495
Cash & Bank Balance	262	481	275	837
Other Current Assets	380	402	423	473
Total Assets	18,409	19,582	21,523	24,224
Equity				
Equity Share Capital	64	64	64	64
Other Equity	13,439	14,659	16,645	19,005
Total Network	13,503	14,723	16,710	19,070
Non-Current Liabilities				
Long Term Borrowings	-	-	-	-
Provisions	104	83	83	83
Other Non Current Liabilities	401	368	368	368
Current Liabilities				
ST Debt / Current of LT Debt	155	9	9	9
Trade Payables	1,910	2,199	2,493	2,784
Other Current Liabilities	1,645	1,452	1,113	1,163
Total Equity & Liabilities	18,409	19,582	21,523	24,224

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	3,061	2,691	3,995	4,486
Add. Depreciation	385	387	415	435
Add. Interest	71	65	75	75
Less Financial Other Income	625	529	750	770
Add. Other	(818)	(605)	-	-
Op. Profit before WC Changes	2,699	2,538	4,485	4,996
Net Changes-WC	(922)	273	(726)	(699)
Direct Tax	(570)	(692)	(977)	(1,099)
Net Cash from Op. Activities	1,207	2,119	2,782	3,197
Capital Expenditures	(274)	(209)	(610)	(610)
Interest / Dividend Income	36	31	-	-
Others	1,520	(707)	(1,003)	(1,003)
Net Cash from Inv. Activities	1,282	(885)	(1,613)	(1,613)
Issue of Share Cap. / Premium	(1,621)	-	-	-
Debt Changes	(8)	(147)	-	-
Dividend Paid	(780)	(838)	(838)	(838)
Interest Paid	(20)	(14)	(75)	(75)
Others	(147)	(148)	-	-
Net Cash from Fin. Activities	(2,576)	(1,147)	(913)	(913)
Net Change in Cash	(87)	87	256	671
Free Cash Flow	933	1,910	2,172	2,587

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	4,194	4,879	4,990	6,438
YoY gr. (%)	5.4	-	11.1	11.4
Raw Material Expenses	1,981	2,403	2,489	3,510
Gross Profit	2,213	2,476	2,501	2,928
Margin (%)	52.8	50.7	50.1	45.5
EBITDA	531	671	511	979
YoY gr. (%)	(5.5)	(3.5)	(14.1)	(7.3)
Margin (%)	12.7	13.8	10.2	15.2
Depreciation / Depletion	91	98	98	99
EBIT	440	573	413	880
Margin (%)	10.5	11.7	8.3	13.7
Net Interest	14	16	20	14
Other Income	186	166	114	63
Profit before Tax	611	722	507	929
Margin (%)	14.6	14.8	10.2	14.4
Total Tax	146	156	86	262
Effective Tax Rate (%)	23.9	21.6	16.9	28.2
Profit After Tax	465	566	421	667
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	465	566	237	773
YoY gr. (%)	-	(16.8)	(48.4)	(9.6)
Margin (%)	11.1	11.6	4.7	12.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	465	566	237	773
YoY gr. (%)	-	(16.8)	(48.4)	(9.6)
Margin (%)	11.1	11.6	4.7	12.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	465	566	237	773
Avg. Shares O/s (mn)	13	13	13	13
EPS (INR)	36.1	43.9	18.4	60.0

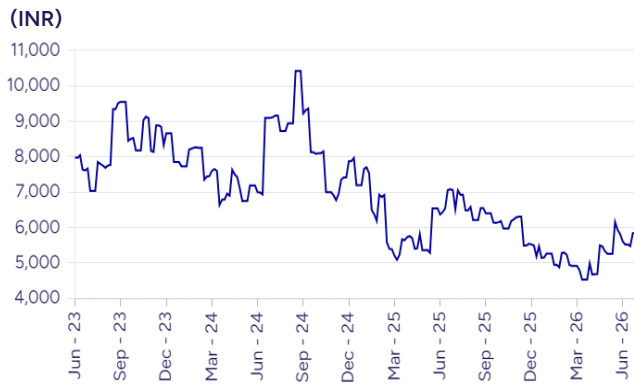
Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	192.3	164.4	215.9	244.0
CEPS	222.1	194.3	248.0	277.7
BVPS	1,047.0	1,141.6	1,295.6	1,478.6
FCF	72.3	148.1	168.4	200.6
DPS	65.0	75.0	70.0	70.0
Return Ratio (%)				
RoCE	23.1	20.0	24.1	23.9
ROIC	30.6	30.7	35.3	37.2
RoE	18.4	15.0	17.7	17.6
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	92	80	77	76
Valuation (x)				
PER	30.5	35.7	27.1	24.0
P/B	5.6	5.1	4.5	3.9
P/CEPS	26.4	30.2	23.6	21.1
EV/EBITDA	23.6	24.9	19.2	16.4
EV/Sales	3.5	3.2	2.7	2.3
Dividend Yield (%)	1.1	1.2	1.1	1.1
FCFF Yield (%)	1.2	2.5	2.8	3.4
PEG Ratio	11.9	(2.5)	0.8	1.8

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	09-May-26	Buy	7429	5782
2	02-Apr-26	BUY	6747	4677
3	06-Feb-26	BUY	6800	5054
4	07-Jan-26	BUY	7372	5177
5	13-Nov-25	BUY	7178	5761
6	06-Oct-25	BUY	7424	6149
7	07-Aug-25	Accumulate	7178	6244
8	02-Jul-25	Accumulate	7389	6788
9	10-May-25	BUY	7319	5832
10	08-Apr-25	BUY	7456	5398

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Amber Enterprises India	BUY	8396	7154
2	Astral Ltd.	BUY	1863	1444
3	Avalon Technologies	Hold	1233	1256
4	Bajaj Electricals	Accumulate	384	343
5	Cello World	BUY	489	368
6	Century Plyboard (I)	Accumulate	862	778
7	Cera Sanitaryware	Buy	7429	5782
8	Crompton Greaves Consumer Electricals	Accumulate	320	285
9	Cyient DLM	HOLD	370	358
10	Finolex Industries	Accumulate	207	192
11	Greenpanel Industries	BUY	332	186
12	Havells India	Accumulate	1505	1349
13	Kajaria Ceramics	Accumulate	1323	1188
14	Kaynes Technology India	Accumulate	3506	3337
15	KEI Industries	Accumulate	5660	5018
16	LG Electronics India	Accumulate	1690	1491
17	Polycab India	BUY	10282	8416
18	Premier Energies	HOLD	1138	1087
19	R R Kabel	BUY	1964	1571
20	Supreme Industries	BUY	4626	3692
21	Syrma SGS Technology	Hold	1128	1075
22	Vikram Solar	Accumulate	226	215
23	Voltas	Hold	1308	1294
24	Waaree Energies	Buy	3713	3230

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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