

Rating: BUY | CMP: Rs5,054 | TP: Rs6,800

February 6, 2026

Q3FY26 Result Update

☐ Change in Estimates | ☐ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	6,800		7,372	
Sales (Rs. m)	23,176	25,920	22,732	25,411
% Chng.	2.0	2.0		
EBITDA (Rs. m)	3,291	3,707	3,455	3,990
% Chng.	(4.8)	(7.1)		
EPS (Rs.)	206.2	230.4	215.8	246.8
% Chng.	(4.4)	(6.7)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	19,153	20,483	23,176	25,920
EBITDA (Rs. m)	2,907	2,730	3,291	3,707
Margin (%)	15.2	13.3	14.2	14.3
PAT (Rs. m)	2,450	2,211	2,660	2,971
EPS (Rs.)	189.9	171.4	206.2	230.4
Gr. (%)	1.3	(9.8)	20.3	11.7
DPS (Rs.)	65.0	65.0	65.0	65.0
Yield (%)	1.3	1.3	1.3	1.3
RoE (%)	18.2	15.5	16.6	16.4
RoCE (%)	23.1	21.0	22.4	22.1
EV/Sales (x)	3.0	2.8	2.4	2.1
EV/EBITDA (x)	20.1	20.9	17.0	14.7
PE (x)	26.6	29.5	24.5	21.9
P/BV (x)	4.8	4.3	3.8	3.4

Key Data

CERA.BO | CRS IN

52-W High / Low	Rs.7,275 / Rs.4,794
Sensex / Nifty	83,314 / 25,643
Market Cap	Rs.65bn/ \$ 721m
Shares Outstanding	13m
3M Avg. Daily Value	Rs.119.55m

Shareholding Pattern (%)

Promoter's	54.41
Foreign	14.61
Domestic Institution	14.01
Public & Others	16.93
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(2.5)	(21.1)	(26.5)
Relative	-	(23.6)	(30.9)

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Cera Sanitaryware (CRS IN)

Rating: BUY | CMP: Rs5,054 | TP: Rs6,800

Margins to recover; growth & expansion on track

We are maintaining our 'BUY' rating. Cera Sanitaryware (CRS) has reported double-digit revenue growth in Q3FY26 and expects similar growth in coming qtrs. In Q3FY26, EBITDA margin got contracted due to higher trade discounts, rising brass costs, along with higher phased Advertisement spend. However the dip is largely one-off, with margins expected to recover to ~13–14% from Q4FY26 onwards. The company has taken price hikes of ~4% in sanitaryware and ~11% in faucetware segment in Q4FY26. CRS has maintained its guidance of 7–8% growth in revenue, with EBITDA margin of 14.5–15% by the end of FY26. We estimate revenue/EBITDA/PAT CAGR of 12.5%/16.5%/15.9% over FY26–28E. We have downward revised our earnings estimates by 4.4%/6.7% for FY27/FY28E and Maintained 'BUY' rating with a TP to Rs6,800 based on 30x Mar'28 earnings.

Q3FY26 financial performance: Revenues grew by 11.1% YoY at Rs 5.0bn (PLe: Rs 4.8bn). Gross margins contracted by 300bps to 50.1% due to higher brass prices (PLe: 52.0%). EBITDA declined by 14.1% YoY to Rs 511mn (PLe: Rs 658mn) and EBITDA margin contracted by ~300bps YoY to 10.2%. (PLe:13.8%). PBT decline by 15.4% YoY to Rs 507mn (PLe: Rs 689mn). Adj. PAT decline by 48.4% YoY to Rs 237mn (PLe: Rs 540mn).

9MFY26 financial performance: Revenues grew by 5.2% YoY at Rs 14.1bn. EBITDA declined by 7.5% YoY to Rs 1.7bn and EBITDA margin contracted by ~170bps YoY to 12.2%. PBT declined by 7.0% YoY to Rs 1.8bn. Adj. PAT declined by 9.7% YoY to Rs 1.5bn. Cera Sanitaryware divested its 51% stake in Packcart Packaging LLP and Race Polymer Arts LLP for Rs 87.5mn, recording a Rs 55.4mn profit under other income in Q2FY26. Following the divestment, the company has no subsidiaries or associates and will henceforth publish only standalone financial results.

Con call highlights: **1)** Mgmt has maintained its guidance of revenue growth of 7–8% growth for FY26 with the margin 14.5–15%. The company expects the Faucetware segment to grow by ~10% in FY26 and anticipates double-digit growth in Q4 FY26 and FY27. **2)** In Q3FY26, EBITDA margin got contracted due to higher trade discounts from increased project business contribution and rising brass costs (Rs 640/kg in 9MFY26 to Rs800/kg in Jan'26; up ~12% in Q3FY26), along with higher phased Advertisement spend, Q3 QSR activities, and continued investments in Senator and Polipluz. however, the dip is largely one-off, with margins expected to recover to ~13–14% from Q4 onwards. **3)** The company has taken price hikes of ~4% in sanitaryware and ~11% in faucetware segment. **4)** Tier1/Tier2/Tier3 Cities contributed 36%/23%/41% of total sales in Q3FY26. **5)** 44% of total sales came from premium category, 35% from mid-category and 21% from entry-level category in Q3FY26. **6)** Gas prices increased by 6.5% YoY to Rs 35.70/SCM, Gail: Sabarmati supply mix stood at the ratio of 69:31 in Q3FY26. **7)** Project sales contribution rose to 38% of sales vs 35% in Q3FY25 and expecting good project demand in future. **8)** Cera incurred around Rs 60mn spend on Senator and Polipluz for promotion and team setup, generating Rs70–80mn sales and expecting Rs80–90mn in Q4 FY26; it has revised H2FY26 revenue guidance to ~Rs200mn (vs Rs400–450mn earlier) and lowered its two-year outlook to Rs1,000–1,200mn from Rs1,500mn. **9)** The company's dealer loyalty program,

covering over 28,000 retailers, is being upgraded to a fully automated system integrated with the Dealer Management System (DMS). Purchases through DMS-enabled dealers will be captured automatically and loyalty points credited without manual intervention, improving efficiency, accuracy, and providing better visibility into secondary sales and channel inventory. **10)** Advertising and marketing spend stood at Rs 172mn in Q3FY26 vs Rs 139mn in Q3FY25, and for 9MFY26 it was Rs 356mn in compared to Rs 409mn for 9MFY25. **11)** The company maintains a healthy cash balance of around Rs 7.5bn, with Rs 132mn capex incurred till Dec'25 mainly towards routine maintenance and strengthening brand presence. **12)** In faucetware, the company has expanded capacity from 3 lakh to 4 lakh units and completed civil work to scale up to 6 lakh units; the additional capacity can be operationalised within 3–4 months through installation of balancing equipment, as the plant infrastructure is already in place, subject to sustained demand visibility. **13)** CRS has acquired land for a new sanitaryware plant but will decide on construction after Q4FY26 based on demand, while improved efficiency and product mix changes are enabling the existing facility to meet demand for the next few years.

Exhibit 1: Q3FY26 Result Overview: Revenue grew by 11.1% YoY, Adj PAT declined by 48.4% YoY

Y/e March (Rs mn)	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	4,990	4,493	11.1	4,769	4.6	4,879	2.3	14,063	13,373	5.2
Expenditure										
Operating & Manufacturing Expenses	2,489	2,106	18.2	2,289	8.7	2,403	3.6	6,873	6,239	10.2
% of Net Sales	49.9	46.9	3.0	48.0	1.9	49.3		48.9	46.7	2.2
Gross Profit	2,501	2,387	4.8	2,480	0.8	2,476	1.0	7,190	7,133	0.8
% of Net Sales	50.1	53.1	(3.02)	52.0	(1.88)	50.7		51.1	53.3	(2.2)
Personnel Cost	702	604	16.3	653	7.5	652	7.7	2,000	1,811	10.5
% of Net Sales	14.1	13.4		13.7		13.4		14.2	13.5	0.7
Other Expenses	1,288	1,189	8.3	1,169	10.2	1,152	11.8	3,477	3,471	0.2
% of Net Sales	25.8	26.5	(0.7)	24.5	1.3	23.6		24.7	26.0	(1.2)
Total Expenditure	4,479	3,899	14.9	4,111	8.9	4,208	6.5	12,350	11,521	7.2
EBITDA	511	594	(14.1)	658	(22.43)	671	(24.0)	1,713	1,851	(7.5)
Margin (%)	10.2	13.2	(2.99)	13.8	(3.57)	13.8		12.2	13.8	(1.67)
Depreciation	98	98	0.2	98	(0.4)	98	(0.4)	287	283	1.3
EBIT	413	496	(16.9)	560	(26.3)	573	(28.0)	1,425	1,568	(9.1)
Other income	114	121		145		166	(31.1)	466	467	(0.3)
Interest	20	18	7.8	16	20.2	16	20.2	51	55	(8.4)
PBT	507	599	(15.4)	689	(26.4)	722	(29.8)	1,841	1,980	(7.0)
Total Taxes	86	140	(39.0)	149	(42.3)	156	(45.0)	388	371	4.4
ETR (%)	16.9	23.4	(6.5)	21.6	(4.7)	21.6		21.1	18.7	2.3
Exceptionals	(185)	-		149	(224.3)	-		(185)	-	
Adj. PAT	237	459	(48.4)	540	(56.2)	566	(58.2)	1,453	1,609	(9.7)

Source: Company, PL

Exhibit 2: Segmental Breakup: Sanitaryware/Faucetware revenue grew by 6.6%/20.1% YoY

Y/e March (Rs mn)	Q3FY26	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Sanitaryware (SW)	2,395	2,246	6.6	2,293	4.4	6,785	6,610	2.7
Faucets (FW)	1,996	1,662	20.1	1,952	2.3	5,583	5,104	9.4
Tiles	499	494	1.0	537	(7.0)	1,455	1,342	8.4
Wellness	100	90	11.1	98	2.3	239	316	(24.4)
Total	4,990	4,493	11.1	4,879	2.3	14,063	13,373	5.2

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	19,153	20,483	23,176	25,920
YoY gr. (%)	2.4	6.9	13.1	11.8
Cost of Goods Sold	9,096	9,934	10,939	12,182
Gross Profit	10,056	10,549	12,237	13,737
Margin (%)	52.5	51.5	52.8	53.0
Employee Cost	2,415	2,704	3,059	3,421
Other Expenses	3,800	4,080	4,682	5,262
EBITDA	2,907	2,730	3,291	3,707
YoY gr. (%)	(1.2)	(6.1)	20.5	12.6
Margin (%)	15.2	13.3	14.2	14.3
Depreciation and Amortization	385	385	415	435
EBIT	2,522	2,345	2,876	3,272
Margin (%)	13.2	11.4	12.4	12.6
Net Interest	71	71	71	71
Other Income	625	680	750	770
Profit Before Tax	3,061	2,954	3,555	3,970
Margin (%)	16.0	14.4	15.3	15.3
Total Tax	596	744	895	999
Effective tax rate (%)	19.5	25.2	25.2	25.2
Profit after tax	2,465	2,211	2,660	2,971
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,450	2,211	2,660	2,971
YoY gr. (%)	0.5	(9.8)	20.3	11.7
Margin (%)	12.8	10.8	11.5	11.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,450	2,211	2,660	2,971
YoY gr. (%)	0.5	(9.8)	20.3	11.7
Margin (%)	12.8	10.8	11.5	11.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,450	2,211	2,660	2,971
Equity Shares O/s (m)	13	13	13	13
EPS (Rs)	189.9	171.4	206.2	230.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	3,625	3,586	4,196	4,806
Tangibles	3,625	3,586	4,196	4,806
Intangibles	-	-	-	-
Acc: Dep / Amortization	279	690	1,105	1,540
Tangibles	279	690	1,105	1,540
Intangibles	-	-	-	-
Net fixed assets	3,352	2,902	3,097	3,272
Tangibles	3,346	2,896	3,091	3,266
Intangibles	6	6	6	6
Capital Work In Progress	107	107	107	107
Goodwill	-	-	-	-
Non-Current Investments	852	841	846	850
Net Deferred tax assets	(389)	(389)	(389)	(389)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	6,717	8,117	9,117	10,117
Inventories	4,058	4,360	4,972	5,565
Trade receivables	2,680	2,665	3,039	3,401
Cash & Bank Balance	262	185	255	747
Other Current Assets	380	409	466	522
Total Assets	18,409	19,587	21,899	24,581
Equity				
Equity Share Capital	64	64	64	64
Other Equity	13,439	14,939	16,926	19,286
Total Networth	13,503	15,004	16,990	19,350
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	104	-	-	-
Other non current liabilities	401	401	401	401
Current Liabilities				
ST Debt / Current of LT Debt	155	155	155	155
Trade payables	1,910	2,061	2,336	2,608
Other current liabilities	1,645	1,276	1,326	1,376
Total Equity & Liabilities	18,409	19,587	21,899	24,581

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	3,061	3,363	3,995	4,486
Add. Depreciation	385	411	415	435
Add. Interest	71	75	75	75
Less Financial Other Income	625	680	750	770
Add. Other	(818)	-	-	-
Op. profit before WC changes	2,699	3,848	4,485	4,996
Net Changes-WC	(922)	(144)	(726)	(699)
Direct tax	(570)	(824)	(977)	(1,099)
Net cash from Op. activities	1,207	2,881	2,782	3,197
Capital expenditures	(274)	(240)	(610)	(610)
Interest / Dividend Income	36	-	-	-
Others	1,520	(1,403)	(1,003)	(1,003)
Net Cash from Inv. activities	1,282	(1,643)	(1,613)	(1,613)
Issue of share cap. / premium	(1,621)	-	-	-
Debt changes	(8)	-	-	-
Dividend paid	(780)	(838)	(838)	(838)
Interest paid	(20)	(75)	(75)	(75)
Others	(147)	-	-	-
Net cash from Fin. activities	(2,576)	(913)	(913)	(913)
Net change in cash	(87)	325	256	671
Free Cash Flow	933	2,641	2,172	2,587

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E	
Per Share(Rs)					
EPS		189.9	171.4	206.2	230.4
CEPS		219.8	201.3	238.4	264.1
BVPS		1,047.0	1,163.3	1,317.3	1,500.3
FCF		72.3	204.8	168.4	200.6
DPS		65.0	65.0	65.0	65.0
Return Ratio(%)					
RoCE		23.1	21.0	22.4	22.1
ROIC		30.6	28.7	31.7	32.8
RoE		18.2	15.5	16.6	16.4
Balance Sheet					
Net Debt : Equity (x)	(0.5)	(0.5)	(0.5)	(0.6)	
Net Working Capital (Days)	92	88	89	90	
Valuation(x)					
PER		26.6	29.5	24.5	21.9
P/B		4.8	4.3	3.8	3.4
P/CEPS		23.0	25.1	21.2	19.1
EV/EBITDA		20.1	20.9	17.0	14.7
EV/Sales		3.0	2.8	2.4	2.1
Dividend Yield (%)		1.3	1.3	1.3	1.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	5,780	4,194	4,879	4,990
YoY gr. (%)	5.7	5.4	(0.4)	11.1
Raw Material Expenses	2,857	1,981	2,403	2,489
Gross Profit	2,923	2,213	2,476	2,501
Margin (%)	50.6	52.8	50.7	50.1
EBITDA	1,056	531	671	511
YoY gr. (%)	14.7	(5.5)	(3.5)	(14.1)
Margin (%)	18.3	12.7	13.8	10.2
Depreciation / Depletion	102	91	98	98
EBIT	954	440	573	413
Margin (%)	16.5	10.5	11.7	8.3
Net Interest	16	14	16	20
Other Income	158	186	166	114
Profit before Tax	1,096	611	722	507
Margin (%)	19.0	14.6	14.8	10.2
Total Tax	225	146	156	86
Effective tax rate (%)	20.5	23.9	21.6	16.9
Profit after Tax	871	465	566	421
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	856	465	566	237
YoY gr. (%)	14.1	(0.9)	(16.8)	(48.4)
Margin (%)	14.8	11.1	11.6	4.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	856	465	566	237
YoY gr. (%)	14.1	(0.9)	(16.8)	(48.4)
Margin (%)	14.8	11.1	11.6	4.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	856	465	566	237
Avg. Shares O/s (m)	13	13	13	13
EPS (Rs)	66.4	36.1	43.9	18.4

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	BUY	7,372	5,177
2	13-Nov-25	BUY	7,178	5,761
3	06-Oct-25	BUY	7,424	6,149
4	07-Aug-25	Accumulate	7,178	6,244
5	02-Jul-25	Accumulate	7,389	6,788
6	10-May-25	BUY	7,319	5,832
7	08-Apr-25	BUY	7,456	5,398
8	27-Mar-25	BUY	7,456	5,651
9	12-Feb-25	Accumulate	7,456	6,200

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Amber Enterprises India	BUY	8,263	6,712
2	Astral Ltd.	BUY	1,736	1,487
3	Avalon Technologies	BUY	1,100	908
4	Bajaj Electricals	BUY	597	476
5	Cello World	BUY	732	533
6	Century Plyboard (I)	Hold	842	811
7	Cera Sanitaryware	BUY	7,372	5,177
8	Crompton Greaves Consumer Electricals	BUY	362	263
9	Cyient DLM	Accumulate	418	364
10	Finolex Industries	Accumulate	199	175
11	Greenpanel Industries	BUY	369	229
12	Havells India	Accumulate	1,634	1,447
13	Kajaria Ceramics	BUY	1,056	902
14	Kaynes Technology India	BUY	5,542	3,998
15	KEI Industries	BUY	5,573	3,853
16	LG Electronics India	BUY	1,920	1,456
17	Polycab India	BUY	9,744	7,122
18	Premier Energies	BUY	892	683
19	R R Kabel	BUY	1,844	1,356
20	Supreme Industries	BUY	4,566	3,349
21	Syrma SGS Technology	BUY	929	755
22	Vikram Solar	BUY	326	215
23	Voltas	Hold	1,442	1,349
24	Waaree Energies	BUY	3,600	2,599

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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