Equity Research Report

Cera Sanitaryware Ltd

Capex In Progress Ready For Growth

About The Company

Cera Sanitaryware Limited, founded in 1980, is a leading provider of premium bathroom solutions, known for its innovative products such as water-saving twin-flush WCs. The company manufactures and sells building products in Gujarat and also utilizes wind and solar power. Its product range includes sanitaryware, faucets and showers, tiles, and wellness solutions. With world-class manufacturing facilities, Al-driven technology, and strong brand offerings in premium luxury segments like Senator and Luxe, CERA has a diversified business portfolio. It is also a leading player among listed sanitaryware companies in India and holds a significant share of the organized market.

The company produces both sanitaryware and faucet ware. It manufactures 49% of its sanitaryware and 39% of its faucet ware in-house, while the remaining 51% and 61%, respectively, are outsourced. Overall, about 43% of products are produced at the company's own facility, and 57% are outsourced. The manufacturing plant is located in Kadi, near Ahmedabad, Gujarat, and is connected to a natural gas pipeline, which supports efficient production. The facility has an annual production capacity of 4.8 million faucet ware units and 33,750 metric tons of sanitaryware, enabling large-scale operations in the market.

Overall View

Cera Sanitaryware's shift in focus during a weak demand environment shows its ability to adapt, helping the company maintain growth. Any recovery in demand could lead to strong growth for organized players, as seen in the past. Based on our DCF valuation, the company appears overvalued at present, with its growth rate currently higher than the industry average.

Key Highlights

- ☐ Polipluz is a new bath ware brand by Cera Sanitaryware, targeting value-conscious customers in Tier 4 cities and rural India, aiming to compete with unorganized players in the deep-value segment.
- ☐ The company continues to focus on premiumization of its products while offering both affordable and smart bathroom solutions under the Polipluz brand.
- YoY growth stands at 11%, with a total capex of ₹24 crore planned; however, capex for a new sanitaryware plant is currently on hold and will be reviewed based on demand
- Government initiatives like Swachh Bharat Abhiyan (SBA) are supporting market expansion, benefiting companies in the sanitaryware sector.
- Cera is strengthening its operations with increased investment in R&D and AI-driven manufacturing technology.
- ☐ The company has introduced 431 new SKUs and added 342 new stores to expand its market reach.
- ☐ It launched its e-commerce platform in FY25 and now has 24,400 retailers in its loyalty program.
- While retail demand remains subdued, demand from the real estate sector is rising, and management expects to outperform industry growth, targeting 15–16% margins in FY26.



Recommendation :XXX

CMP : INR 6,922

Target Price :XXX

Stock Data (as on July10,2025)

NIFTY : 25,350

52 Weeks H/L(INR) : 11,500/ 5060

Market Cap (INR Crs) : 9002
Outstanding Shares (Crs) : 1.30
Dividend Yield (%) : 0.94%
NSE Code : CERA

Stock Performance



Absolute Returns

1 Year : -22.67% 3 Year : 64.87% 5 Year : 216.09%

Shareholding Pattern (as on March 31,2025

Promoters : 54.41%

FII : 20.58%

DII : 6.93%

Public : 18.06%

Others : 0.03%

Financial Summary

In INR Crs	FY25	FY26E	FY27E
Net Revenue	1926.0	2074.0	2256.0
YoY Growth %	2%	7.7%	9%
EBITDA	302	329	370
EBITDA Margins (%)	16%	16%	16%
PAT	249.0	257.6	300.0
YoY Growth %	3%	3%	16%
ROE	18%	17.8%	17%
EPS (In INR)	193.0	200.0	225.0
EV/EBITDA	25.1x	25.9x	22.0x

Prepared: Mohd Yasir



Global Economy

The global economy in FY24 balanced moderated growth against a backdrop of geopolitical risks, macroeconomic uncertainty, and shifting trade dynamics. Many countries faced increased tariffs and retaliatory trade measures, particularly in response to U.S. protectionist policies. Despite these headwinds, global GDP managed to stabilize at a growth rate of 3.3% in FY24, supported by strong domestic demand in emerging economies and resilient labor markets in developed nations.

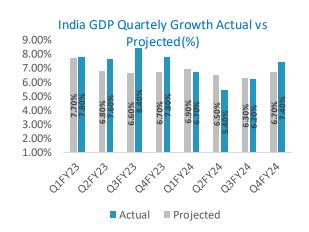
However, rising geopolitical tensions added substantial pressure. The ongoing Russia-Ukraine war, the Israel-Hamas conflict, and escalating tensions between Israel and Iran severely disrupted global supply chains, especially in the food and energy sectors, pushing up inflation and commodity prices. Additionally, the strategic rivalry between the United States and China continued to dominate global trade discussions. Concerns have also intensified over China's potential to restrict exports of rare earth metals, which are critical to global tech and green energy industries.

Looking ahead to FY25 and beyond, the global economy faces a pivotal moment. Real GDP growth is projected to slow to 2.8% in 2025, reflecting tighter financial conditions, before rebounding modestly to 3.0% in 2026 as global trade realigns and inflationary pressures ease.

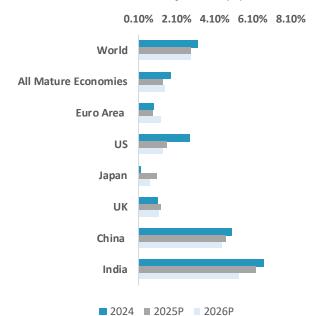
Source: IMF WEO, Company Analysis

India vs Global GDP Growth (%)





Global GDP Projections (%)



Indian Economy

FY24 marked above-average growth for the Indian economy. While global GDP growth was 3.2%, India achieved a robust 6.7% growth rate, surpassing Japan to become the fourth-largest economy in the world. Despite this strong performance, the country continues to face challenges such as high tariffs and ongoing geopolitical tensions with Pakistan. To support economic momentum, the Reserve Bank of India (RBI) reduced the repo rate to its lowest level in the past five years. Additionally, both the Wholesale Price Index (WPI) and Consumer Price Index (CPI) have dropped to their lowest levels in six years, indicating controlled inflation.

India's sustained economic growth is being driven by its manufacturing sector and increasing investments in infrastructure. Key industries such as real estate, renewable energy, and automobiles are expanding rapidly, reinforcing the country's economic resilience even amid global uncertainties. The Union Budget for 2025–26 further strengthened India's growth trajectory by prioritizing agriculture, MSMEs, investment, and exports as the four key pillars. With a fiscal deficit target of 4.4% of GDP, the government demonstrated its commitment to fiscal prudence while allocating ₹11.21 lakh crore (3.1% of GDP) for capital expenditure to boost infrastructure development.

A major highlight of the February 2025 Budget was the announcement of substantial personal tax cuts. Effective April 1, 2025, individuals earning up to ₹12 lakh annually will be exempt from income tax. Economists estimate that this will result in tax savings of approximately ₹1 lakh crore, which is expected to increase consumer spending and drive further growth. With rising domestic consumption and strong GDP expansion, India is now on track to surpass Germany and become the world's third-largest economy.

Source :IMF WEO, RBI, Company Analysis



Global Sanitaryware Industry

The sanitaryware market size was estimated at USD 57.28 billion in 2025 and is projected to reach USD 79.93 billion by 2030, growing at a CAGR of 6.89% during the period between 2025 and 2030.

The sanitaryware industry is undergoing significant transformation driven by rapid urbanization and changing consumer preferences. Global urbanization shows marked regional variations, with North America leading at 82%, followed by Latin America at 79%, while Asia stands at 52%, creating diverse opportunities.

The industry is witnessing a shift towards sustainable development, with manufacturers increasingly focusing on water-efficient bathroom products and eco-friendly manufacturing processes.

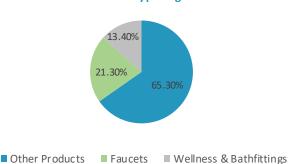
Increasing income levels in developing countries are driving a significant rise in demand for high-quality sanitaryware products. Between 2020 and 2030, there is expected to be an annual increase of 112 million consumers and \$2.4 trillion in spending, reflecting a rise in purchasing power per individual. This trend presents a significant opportunity for the sanitaryware industry, as both the growing consumer base and their enhanced purchasing capacity create a favorable environment for demand for premium, innovative products.

Source : IMF WEO, Company Analysis

India Bath Fitting Revenue (USD Bn)



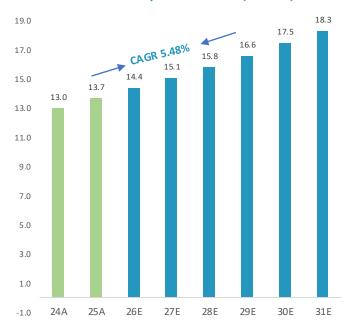
Product Type Segment



_S S

Source :IMF WEO,RBI,Company Analysis

Global Sanitaryware Revenue (USD Bn)



Source : ZION Market Research

Indian Sanitaryware Industry

The Indian sanitaryware sector is estimated to reach a market size of \$948.5 million by 2025, growing at a CAGR of 7.9% from 2024 to 2029. The rise in disposable income and shifting lifestyles have boosted demand in the Indian sanitaryware industry. Consumers are investing in premium, eco-friendly products, with a focus on water conservation and space-saving designs. The increasing emphasis on sanitation and hygiene has enhanced demand for lifestyle products such as private spas, saunas, and larger showers.

There are mainly two types of companies that manufacture sanitaryware in India: organized and unorganized. Organized companies cater to the premium market segments, while unorganized companies primarily serve the mass market. Around 60% of the market is dominated by organized companies, whereas the unorganized industry contributes less than 40% of the market. India is emerging as a popular manufacturing hub for this industry due to lower labor costs and the availability of raw materials. This has led many MNCs to set up their manufacturing facilities in India.

For FY 2025-26, the Indian government allocated INR 11.20 trillion for capital expenditure, reflecting a 9.8% increase from the previous year. This highlights the government's commitment to infrastructure development as a catalyst for economic growth and job creation. This rapid infrastructure expansion—including the construction of airports, hotels, hospitals, and educational institutions—is driving significant demand for sanitaryware products tailored to the unique needs of these sectors.



Capex

During FY25, we incurred a total CAPEX of Rs. 22.84 crore, with investments directed towards enhancing manufacturing infrastructure, upgrading retail experience centers, and strengthening our IT and digital backbone. We also allocated capital towards display enhancements and strategic brand-building initiatives to support our premiumization agenda. Building on these efforts, we have earmarked a CAPEX of Rs. 24 crore for FY26, comprising largely routine investments along with targeted spending on brand development initiatives. Twenty new Senator showrooms were opened last year, bringing the total to 350 new stores in FY25.

Additionally, the government is pushing this sector by offering various schemes such as Swachh Bharat Abhiyan and other initiatives. The company's brand has consistently grown, with brand spending increasing continuously from Rs. 32 crore in FY22 to Rs. 54 crore in FY25. The company is more focused on R&D to build products aligned with market growth. It is also heavily investing in its manufacturing plants to introduce AI technology, which helps add premiumization to finished products. We also launched an e-commerce platform during the year, a significant step in our digital strategy, allowing consumers to browse and order products online, while enabling fulfillment through over 200 onboarded channel partners. This initiative strengthens our omnichannel capabilities and opens new demand and revenue opportunities across touchpoints.

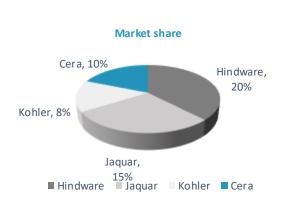
Organized Vs Un Organized Player

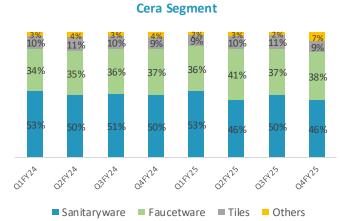
The Indian sanitaryware market is shared almost equally between organized and unorganized players. There are also various unlisted companies like Icon, Rak, and many others competing in the sector. Due to this intense competition, customers benefit from a wide variety of product options across different price points and quality levels. Most small manufacturers focus on highly competitive pricing strategies and localized distribution to capture market share. Despite this, Cera stands out as one of the largest players in the industry, holding a significant market share due to its commitment to innovation, superior product quality, and extensive distribution network. Cera's investments in research and development, coupled with its focus on premium and eco-friendly products, have helped it maintain a strong brand reputation. Additionally, the company's ability to cater to evolving consumer preferences and emerging market trends positions it well for sustained growth in the increasingly competitive sanitaryware industry.



Cera Market Share Product Mix

The details below pertain to Cera's product mix in the market. Other peers also have revenue from ceramic tiles, which contributes to their higher market capitalization in the data shown. However, Cera has a larger market share among listed players in the sanitaryware and faucet segments.





Source :Company Analysis, Multiple Reports

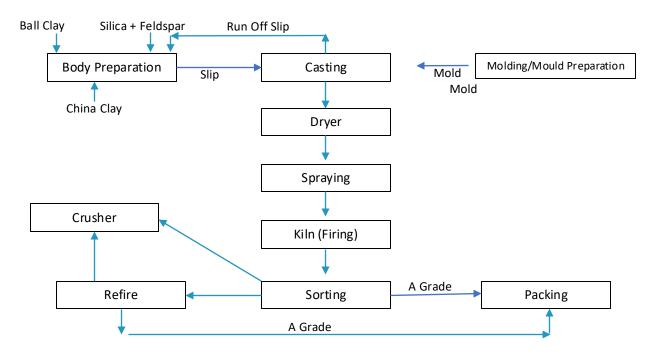


Cera Sanitaryware's Production:

The company has sanitaryware and faucet ware plants, and central warehouse, at Kadi, Mehsana, Gujarat.

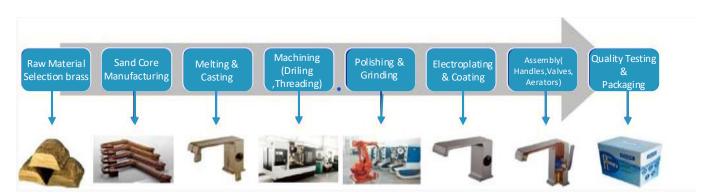
Sanitaryware

The plant can produce 160 molds daily and maintains a slip inventory of 2,500 MT, with a daily slip output of 130 MT. It holds a glaze inventory of 250 MT and produces 13 MT of glaze each day. Automation is employed in critical casting processes such as uplift, battery, beam, and pearl casting. The pressure casting process completes 24 cycles daily, greatly enhancing efficiency. The facility uses glazing robots and kilns imported from Germany and Australia. Operating 24/7, the plant's laboratories are DSIR-certified, making it the only sanitaryware company in India with this accreditation.



Faucet ware

The segment boasts an annual capacity of 4.8 million pieces. Emphasizing new product innovation, the company introduced 400 SKUs in FY24. Brass casting is preferred over steel for its superior durability and quality. Casting occurs over three floors, with each casting cycle lasting 1.5 hours. Drying times range from 3 to 6 days. The use of high-pressure casting has shortened production times, while a barcoding system enhances tracking efficiency. Kilns operate for 18 hours per cycle. Currently, 15 to 18 new products are under development. Raw materials constitute 75% of the manufacturing costs. Low-pressure die casting boosts efficiency, and polishing machines improve the final product's finish. For producing colored faucets, a physical vapor deposition (PVD) machine is essential. PVD faucets command prices nearly twice (1.9 times) that of plated faucets. Although more expensive, PVD faucets offer greater durability and require less maintenance, whereas plated faucets are more budget-friendly and suited for cost-conscious customers.



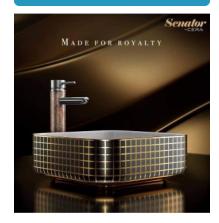
Source :Prabhudas Lilladher



Cera Brand Promise:

Cera Senator is a premium and comfortable brand from Cera. The premium segment, including Senator and Luxe, contributes equally to the company's revenue. The company focuses more on the premium segment. Currently, Senator has introduced India's first combi spa featuring microbubble technology that generates oxygen while bathing, enhancing relaxation and skin rejuvenation. Cera Luxe has introduced the Magic Flush with Vibe Sense technology for a touch-free flushing experience. The company's in-house R&D and design center continuously focus on consumer-centric innovations.

Senator



Cera Luxe



Cera



Cera Studio:

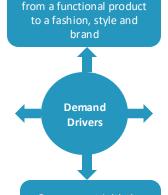
Cera presents a studio for real-world experience. This will give customers a firsthand feel of how the product performs after installation. The studio will be one of the key factors driving growth in the premium segment because this generation values showing off and wants to experience products firsthand in the real world. That's why the company is consistently growing in its premium segment, with revenue from the premium and mid segments at 42% and 35%, respectively.





Key Drivers

Changing lifestyle preferences, higher disposable income and housing



Faucet ware has gone

Replacement demand is much higher as compared to sanitaryware

Government Initiative like Swachh bharat,PMGAY Etc.



Concall Analysis- Q4FY24 and Q4FY23

	Cera Sanitaryware has reaffirmed its revenue guidance of ₹2,900 crore for FY25, with a margin expectation of 15–16%. This projection is based on anticipated industry growth of 7–8% for sanitaryware and 12–13% for faucets, with the company aiming to outperform the sector by
	6–7%. Despite this confidence, demand across segments has remained subdued for six
	consecutive quarters. The market continues to face pricing pressure due to oversupply and
	overcapacity, leading players to increase discounts by 0.5–0.75% in FY25.
	In terms of product contribution, sanitaryware accounted for 48% of revenue, faucets 40%,
	tiles 9%, and wellness 3%. Sanitaryware sales declined 1.6% year-on-year to ₹269 crore, while
	faucets, tiles, and wellness grew by 9.6%, 4.7%, and 46.7% respectively. Although overall
	faucet demand remains sluggish, Cera achieved around 10% growth in FY24 and FY25,
	benefitting from its smaller market base. Operationally, capacity utilization remained robust at
	90% for sanitaryware and 95% for faucets. The tiles business, which is fully outsourced and
	included primarily to offer comprehensive bathroom solutions, saw 50% of its revenue come
	from GVT tiles. However, tile margins remain in the single digits.
_	Cera reported a 1.5% year-on-year improvement in margins, driven by a 0.1% gain in gross
	margin, 0.5% reduction in publicity expenses, and 0.9% in cost efficiencies and sales and marketing savings. The B2B share of sales increased steadily, reaching 40% in Q4FY25 from
	35% in Q4FY24 and 37% in Q3FY25. On an annual basis, the B2B contribution rose to 38% in
	FY25 from 35% in FY24 and 30% in FY23, with a target of 40–45% in the coming years. Large
	projects typically involve phased deliveries across two years, while smaller ones are fulfilled
	immediately. However, margins in the project business are 5–6% lower than retail, and a 10%
	increase in project share could reduce margins by 0.5%.
	Energy costs remained relatively stable, with average gas prices from GAIL at ₹28.68/cbm and
	from Sabarmati at ₹55.62/cbm in Q4FY25. GAIL accounted for 73% of gas needs and
	Sabarmati 27%, leading to a weighted average cost of ₹36.03/cbm. Gas expenses represented
	3.2% of total revenue. Cera's revenue also reflected a balanced product and geographical mix,
	with premium, mid-range, and entry-level products contributing 42%, 35%, and 23%
	respectively. Revenue by geography was spread across Tier I (35%), Tier II (21%), and Tier III
	(44%) cities. Exports accounted for 2.5–3% of sales. In FY25, Cera introduced 431 new SKUs across its Cera and Senator brands and opened 342
_	new stores. The company also expanded its network of Cera Experience Centres, adding new
	locations in Mohali, Jaipur, Pune, and Lucknow, bringing the total to 13. The premium Senator
	brand, led by Chief Business Officer Mr. Ramesh Baliga, had 17 operational stores by March
	2025, with plans to add 40–45 more in FY26. Cera Luxe is now present in over 50 stores, and
	together with Senator, the two brands are expected to contribute about 10% of revenue in the
	next 2–3 years.
	Digitally, Cera launched its e-commerce platform in FY25 and now has 24,400 retailers under
	its loyalty program. The company also introduced a new dealer management system to
	enhance transparency, with 50 dealers currently enrolled and plans to scale this to 150–200
	by FY26. Through its focused efforts in brand building, channel expansion, digital integration,
	and premiumization, Cera is positioning itself to sustain growth momentum and drive margin
	improvement despite the challenging industry environment.

Source :Company Analysis,Concalls



Management Analysis

Below are the details of experience of Management:

Sr No.	Name	Designation	Qualification	About	Commentary
1	Mr. Vikram Somany	Chairman & Managing Director		• B.Sc., FCMI (U.K.) Founded the business in 1980. Deep industry knowledge and experience. Hands on involvement. Initiation and execution of strategy. Drives High Governance Standards .He is Chairman and Managing Director and Promoter of the Company since 2002. Under his leadership the CERA has achieved the status of being one of the leading brands in Sanitaryware & Faucet ware industry. Due to his vision and leadership the Company has been marching ahead continuously. He drives high Governance Standards.	From an early age, he managed the business Madhusudan I. Ltd starting in 1978. After that, he met with government delegations to sign an MoU to establish a sanitaryware manufacturing unit in Kadhi, North Gujarat. He built the company from scratch into one of the leading companies in India. From 1980 to the present, he has continuously added
2	Mrs. Deepshikha Khaitan	Joint Managing Director		Presently, Deepshikha Khaitan holds the position of Vice Chairman and Joint Managing Director at Cera Sanitaryware Ltd. She has a B.Sc. Hons. in Economics and an LLB. She has been actively associated with Cera for over 8 years and is involved in design innovation, product development, R&D, channel outreach, sales, and marketing. She drives equal focus on profitability and product development.	Managing Director and has continuously been involved in the R&D department. Apart from that, Ms. Khaitan is also on the board of the Indian Council of Sanitaryware
3	Mr. Anupam Gupta	Executive Director (Technical)	BE in Electrical Engineering and MBA	Over 30 years of industry experience, has been a part of various industries like Cement, Textiles, Chemicals and Ceramics, spending last 17 years in Aditya Birla Group. Responsible for all aspects of manufacturing activities at Cera.	Birla Group and has over 30 years of experience in sectors like cement,
4	Mr. Vikas Kothari	Chief Finance Officer	CA	A Chartered Accountant with over two decades of diverse experience across industries including Steel, Petrochemicals, Textiles, Polymers, and Ceramics. Brings demonstrated expertise in strategic financial management, operational efficiency, and value-driven decision-making.	
5	Mr. Ramesh Baliga	Chief Business Officer	PGDM	Over 38 years of industry experience. Held senior leadership roles at Jaguar & Co. and served as CEO and later Executive Director at Water Tec India. Associated with leading international brands such as Hansgrohe, WTS Italy, and Conti+. At CERA, he is responsible for driving growth and execution of the Senator and premium businesses, overseeing brand strategy, product development, and business expansion	

Source :Company Analysis



Man 6	Mr. Sandee	p President -	M.Com, PGDN	MM 28 years of experience. Previously worked with Senior Management Program –
	Abraham	Sales		Roca (RBPPL), Partyware Roca, EID Parry IIM Nagpur, with extensive (India), Nuchem Ltd., Hutchison Max Telecom, experience in big companies like and Maruti Zen. Currently heads the Sales Roca. Based on his experience, he function at CERA. is capable of handling this position.
7	Mr. Rahul Ja	ain President – Marketing	MBA in Marketing	20 years of experience. Has held key marketing Completed MBA in Marketing roles at Roca (RBPPL), Nippon India, and and subsequently worked with Akzonobel. Leads marketing and consumer large companies like Roca and engagement, focusing on innovation-driven Nippon Ltd. He has the capability brand and market share growth. to hold this position.
8	Mr. Ajay Jai	President (Faucetwar Division)	Engineering e	nical 23 years of experience. Has worked with HSIL, From a BE in Mechanical Kohler India, and Hindalco. Currently heads all Engineering to Senior Vice aspects of Faucet ware manufacturing at CERA. President at Cera, he started from the lowest level and worked hard to upgrade himself to hold this position.
9 Indep	Mr. Vivek Andankar endent Dire	(Sanitarywa Division)	ent BE in Mechan re Engineering	nical 28 years of experience. Has worked with From a BE in Mechanical Kohler, LG Electronics, and Electrolux. Leads all Engineering to Vice President at aspects of sanitaryware manufacturing at CERA, he has extensive experience in the manufacturing division and is capable of holding this position.
Sr No.	Name	Designation	Qualification	About Commentary
1	Ms. Akriti Jain		Master of Laws with Merit in Commercial & Corporate Law	Ms. Akriti Jain holds a Master of Laws with Merit in Commercial & Ms. Akriti is a value-adding Corporate Law from Queen Mary University of London. She is a person among the practicing advocate and is associated with C. K. Jain & Company, independent directors. She Solicitors and Advocates, Kolkata. She has more than 14 years of also holds a directorship at y experience in legal matters related to Commercial & Corporate Universal Petro-Chemicals Laws, the National Company Law Tribunal, Debt Recovery Limited.
2	Mr. Ravi Bhamidipaty	Independent Director	CA, CS, ICWA and CFA	Mr. Ravi Bhamidipaty is a CA, CS, ICWA, and CFA, with 39 years of Mr. Ravi is a value-adding experience specializing in Corporate Finance, Debt Syndication, person among the Equity Placement, Public Issues, QIPs, Investor Relations, Strategy independent directors. He and Planning, Mergers and Acquisitions, Accounts, ERP initiatives, also holds a directorship at Secretarial, Legal, and Taxation. After serving reputed companies Universal Petro-Chemicals like Ashima, Sembawang, and Adani Port as Chief Financial Limited. Officer, he is currently providing management and financial consultancy services. Mr. Ravi Bhamidipaty also holds directorships in TCT Ventures Private Limited, Svelte Developers Private Limited, and OPCOMMERCE Online Private Limited.
3	Mr. Anandh Sundar	Independent Director	CA and MBA (IIM Ahmeda bad	Mr. Anandh is a value- 14 years of experience in Corporate Finance, Strategy, Fundraising, Project Management, Risk Management, Internal Audit, and Insurance, working across Indian companies, MNCs, and foreign entities. He has also worked with BIC Cello (India) Private Ltd (MNC) and Bharti Airtel. He brings diverse experience, which he is now applying in his management and financial consultancy. Mr. Anandh Sundar also holds directorships in Ken Vision Robotics and Inspection Automation Private Limited, Thyrocare Technologies Limited, and Nuclear Healthcare Limited.
4	Mr. Surendra Singh Baid	Independent Director	B.Sc. Tech	Mr. Surendra Singh Baid holds a B.Sc. Tech in Ceramics from BHUMr. Surendra is a value- and has more than 50 years of experience in the insulatoradding person among the industry, product and business development, sales & marketing, independent directors. He personnel management, and related areas. He does not hold anyalso holds directorships in other directorships. Universal Petro-Chemicals

Limited.



Commentary

The company has had strong management since its inception. The independent directors also have experience from different fields. For example, Mr. Surendra Singh has 50 years of business experience, which is a positive for the company. Based on publicly available information, we did not find any political or regional party connections. Additionally, we found no conflicts of interest between management and the independent directors.

Mr. Vikram Somany has been the managing director since 2002, and under his leadership, Cera has become India's number one sanitaryware brand. Furthermore, his leadership team has strong experience in related fields, with members having backgrounds in companies like Ceramic, ROCA, and Kohler India.

Shareholding Pattern

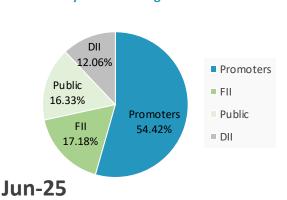
The company's majority shareholding by promoters is 54% as of July 2025, with FII holding 12% and DII holding 17%. Promoters have never reduced their majority stake in the company since the beginning, which shows their confidence in the company. The public shareholding has decreased from 24% to 16%, resulting in a reduction in the number of public shareholders. Apart from that, the company does not have any pledged shares.

Yearly & Quarterly Shareholding Pattern as under:

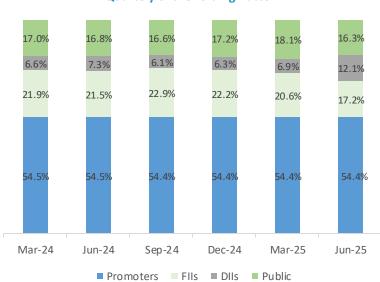
Particulars	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Jun-25
Promoters	54.75%	54.75%	54.75%	54.48%	54.48%	54.48%	54.48%	54.48%	54.41%	54.41%
FIIs	6.91%	8.13%	7.56%	14.26%	15.44%	19.92%	18.03%	21.93%	20.58%	17.18%
DIIs	13.73%	9.17%	10.62%	10.18%	10.39%	9.98%	9.73%	6.61%	6.93%	12.06%
Public	24.61%	27.95%	27.07%	21.08%	19.69%	15.62%	17.77%	16.98%	18.06%	16.33%
Others	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.02%

Particulars	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	54.48%	54.48%	54.48%	54.48%	54.48%	54.48%	54.41%	54.41%	54.41%	54.41%
FIIs	18.03%	19.44%	20.92%	20.63%	21.93%	21.45%	22.89%	22.17%	20.58%	17.18%
DIIs	9.73%	9.04%	8.38%	8.38%	6.61%	7.30%	6.06%	6.26%	6.93%	12.06%
Public	17.77%	17.05%	16.26%	16.53%	16.98%	16.79%	16.64%	17.16%	18.06%	16.33%
Others	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%	0.03%	0.02%

Yearly Shareholding Pattern



Quartely Shareholding Pattern





Commentary

Management Remuneration

From FY24, the remuneration of Key Managerial Personnel was ₹1781 lakhs, which increased to ₹1850 lakhs in FY25. This is reasonable considering the profit performance. The percentage increase in remuneration for all Key Managerial Personnel ranges between 10% and 30%.

		Ration of Remuneration with			Growth in		
Managerial	Desgiation	Median Employee	FY25	FY24	Remuneration	Sales Growth YoY%	Net Profit Growth YoY%
	Chairman and Managing						
Mr. Vikram Somany	Director	39	848.43	816.57	4%	3%	87%
Ms. Deepshikha Khaitan	Vice Chairman & JMD	18	400.62	352.76	14%	3%	87%
Mr. Anupam Gupta	Executive Director (Technical)	20	428.98	373.29	15%	3%	87%
Mr. Vikas Kothari	Chief Financial Officer		138.34	105.79	31%	3%	87%
Mr. Hemal Sadiwala	Company Secretary		34.33	28.59	20%	3%	87%
Total			1850.7	1677.0	10%	3%	87%

Based on our analysis, Cera's compensation practices for its Key Managerial Personnel (KMP) are responsible and well-aligned with company performance, with the median KMP salary being 39 times that of the median employee, a ratio that is balanced compared to peers like Hindware, which shows a larger pay gap. Unlike Hindware, which increased KMP pay during a year of negative profit after tax, raising governance concerns, Cera maintains a strong link between performance and remuneration, reflecting in its steady revenue growth of around 10% CAGR over the past 3 and 5 years and 9% over 10 years. This careful alignment of pay with performance is a positive signal for shareholders and helps attract long-term investors who value sustainability and good governance.

Overall, Cera's compensation approach demonstrates prudent management, promotes fairness, and aligns with the company's consistent growth trajectory and shareholder interests.

Board Efficiency

Based on our research, the Board of Directors (BOD) has strong experience in legal, finance, and ceramics, with each member having over 10 years of expertise. All BOD members attended the board meetings held during FY25.

Sr No.	Name of Director	Category Of Directorship	No. of Board Meeting attended	Attendance at last AGM	No. of other Directorship
1	Mr. Vikram Somany	Chairman and Managing Director Promoter Director	6	YES	2
2	Mrs. Deepshikha Khaitan	Vice Chairman and Joint Managing Director Promoter Director	6	YES	2
3	Mr. Anupam Gupta	Executive Director (Technical)	6	YES	
1	Mr. Surendra Singh Baid	Non-Executive Independent Director	6	YES	
5	Ms. Akriti Jain	Non-Executive Woman Independent Director	6	YES	1
6	Mr. Ravi Bhamidipaty	Non-Executive Independent Director	6	YES	3
7	Mr. Anandh Sundar	Non-Executive Independent Director	6	YES	3

Source : Company Analysis



Quarterly Snapshot

	Particulars Rs mn	Q3FY	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue		438	548	400	492	452	580
Expenditure		377	453	342	420	390	472
Staff Cost		56	58	58	63	61	61
Other Cost		120	125	102	123	118	125
Operating Profit		61	95	58	72	61	108
OPM(%)		14%	17%	15%	15%	13%	19%
Other Income		16	15	15	17	11	15
Depreciation		9.7	9.7	9	10.7	10.4	10.4
Interest		1.6	1.5	1.3	2.6	1.9	1.7
Exceprional							-1.5
РВТ		66	99	63	76	61	109
Tax		14.7	23.8	16.3	7.9	14.6	23.2
PAT		51	75	47	68	46	86
PAT Margins (%)		12%	14%	12%	14%	10%	15%

Annual Snapshot

Particulars Cr	FY24	FY25	FY26E	FY27E
Revenue	1879	1926	2177	2470
Growth(%)	4.2%	2.5%	13.0%	13.5%
EBITDA	303	300	337	395
EBITDA Margin (%)	16%	16%	15%	16%
Growth(%)	4%	-1%	12%	17%
Depreciation & Amortization	37	41	43	48
EBIT	326	320	355	412
EBIT Margins(%)	17%	17%	16%	17%
Interest	6	7	3	2
Other Income	60	61	61	65
Profit before tax	319	311	352	410
Total Tax	78.00	62	81	96
Profit After Tax	241	249	271	314



Commentary

Revenue

For the full fiscal year FY25, the company achieved total revenue of ₹1,915 crore, an increase of 2.4% from ₹1,871 crore in FY24. The revenue growth in Q4 FY25 was primarily driven by strong performance in the Faucet ware segment, which saw a 9.6% increase, and continued momentum in the B2B segment, where contribution rose to 40% of total revenues from 35% in the same quarter last year. Productwise, Sanitaryware contributed 48% of the quarterly revenue, Faucet ware 40%, Tiles 9%, and Wellness products 3%. While Sanitaryware revenue declined slightly by 1.6% year-on-year, Tiles grew by 4.7%, and Wellness products experienced a significant increase of 46.7%. The company also noted that 42% of sales came from premium products, 35% from mid-range, and 23% from entry-level products, with Tier-3 cities contributing the highest share of 44% to total sales. Despite a slowdown in the retail sector, the company's project sales have steadily increased, now accounting for 40% of total revenue in Q4 FY25, up from 30% two years ago, providing a strong foundation for future revenue growth.



In Q4 FY25, the company's gross margin improved due to better cost management, higher capacity utilization, and a favorable product mix with increased premium and project sales. EBITDA margin excluding other income rose to 18.3%, up from 16.8% in Q4 FY24, reflecting a 150 basis point increase. Despite a slight rise in gas prices, efficient sourcing kept the average cost below industry levels, helping control production expenses. Growth in high-margin segments like Faucet ware and Wellness, along with a rising share of B2B revenue, further supported margin expansion and overall profitability.

Inventory

In Q4 FY25, the company's working capital days increased from 60 to 76 due to a rise in inventory and receivable days, while payable days slightly decreased. Inventory days rose from 79 to 85 as production levels were maintained despite weak demand, mainly in the Sanitaryware segment.

Inventory turnover ratio is 5.01 times. CERA uses a just-intime vendor system to keep inventory low, reduce material waste, and improve supply chain efficiency.

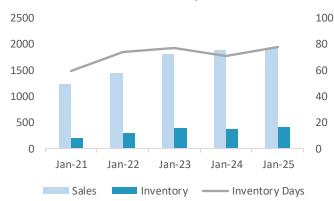
During the quarter, Faucet ware capacity utilization was 91% and Sanitaryware was 90%, which puts us in a good position to meet future demand.



EBITDA & Margins Growth



Inventory





Commentary

Trade Receivable

In Q4 FY25, total working capital days increased by 16 days, rising from 60 to 76 days, mainly due to higher inventory and receivable days. Receivable days increased from 27 to 33 following a change in the cash discount (CD) policy, which reduced CD sales from 76% to 70%, resulting in higher receivables but lower discount outflow. Payable days decreased from 46 to 42 due to a shift toward MSME vendors, who require payments within 45 days as per regulatory norms.

The receivable turnover has slightly decreased from 9.3 times last year to 7.1 times this year due to changes in their policies.

Compared to their peer Hindware, CERA has lower inventory and receivables, which is a strong advantage for the company's future growth.

Source :Company Analysis, Multiple Reports,Concalls



Depreciation Analysis

Particulars	Mar-1 <u>4</u>	Mar-1 <u>5</u>	Mar-1 <u>6</u>	Mar-1 <u>7</u>	Mar-1 <u>8</u>	Mar-1 <u>9</u>	Mar-2 <u>0</u>	Mar-21	Mar-22	Mar-2 <u>3</u>	Mar-24	Mar-2 <u>5</u>	Median	Mean
Revenue	664	822	917	1,011	1,182	1,344	1,209	1,202	1,442	1,803	1,871	1,915		
Revenue Growth yoy %		23.8%	11.6%	10.3%	16.9%	13.7%	-10.0%	-0.6%	20.0%	25.0%	3.8%	2.4%		
Fixed Assets	152	215	226	266	279	305	350	330	321	320	356	380		
FA Growth YoY %		41.4%	5.1%	17.7%	4.9%	9.3%	14.8%	-5.7%	-2.7%	-0.3%	11.3%	6.7%		
FA AS % OS Sales	22.9%	26.2%	24.6%	26.3%	23.6%	22.7%	28.9%	27.5%	22.3%	17.7%	19.0%	19.8%		
Depreciation	12	15	16	18	22	23	33	33	30	30	34	39		
Depreciation YoY %		25.0%	6.7%	12.5%	22.2%	4.5%	43.5%	0.0%	-9.1%	0.0%	13.3%	14.7%		
Depreciation As a % Of														
Sales	1.8%	1.8%	1.7%	1.8%	1.9%	1.7%	2.7%	2.7%	2.1%	1.7%	1.8%	2.0%	1.8%	2.0%
Depreciation As a % Of FA	7.9%	7.0%	7.1%	6.8%	7.9%	7.5%	9.4%	10.0%	9.3%	9.4%	9.6%	10.3%	8.6%	8.5%
Gross Block Accumulated	212	288	311	368	402	445	516	521	531	556	605	645		
Depreciation	60	73	85	102	122	139	165	191	210	236	250	265		
Net Block	152	215	226	266	280	306	351	330	321	320	355	380		
Depreciation For The														
Year	12	15	16	18	22	23	33	33	30	30	34	39		
Average Life Of Asset	18	19	19	20	18	19	16	16	18	19	18	17		
Average Age Of Asset	5	5	5	6	6	6	5	6	7	8	7	7		
% Of Assets Consumed	28.3%	25.3%	27.3%	27.7%	30.3%	31.2%	32.0%	36.7%	39.5%	42.4%	41.3%	41.1%		
Asset Tumover Ratio	4.37	3.82	4.06	3.80	4.22	4.39	3.44	3.64	4.49	5.63	5.27	5.04		
Change In Revenue		158	95	94	171	162	-135	-7	240	361	68	44		
Change In Fixed Assets		76	23	57	34	43	71	5	10	25	49	40		
Change in Revenue/Char	nge In FA	2.08	4.13	1.65	5.03	3.77	-1.90	-1.40	24.00	14.44	1.39	1.10		

Commentary

From FY14 to FY25, the company has used its fixed assets more efficiently over time. The assets have a long average life of about 18 years, and their average age has increased to 7–8 years, meaning the company is using its older assets well. The percentage of assets used went up from 28.3% to 41.1%, showing better use of existing resources. The asset turnover ratio, which shows how much revenue is earned from each unit of asset, also improved and stayed strong, reaching 5.27 in FY25. In recent years, the company earned more revenue compared to how much it spent on fixed assets, showing high capital efficiency. Overall, the company is managing its assets well to support steady growth.

Source :Company Analysis



Dupont Analysis

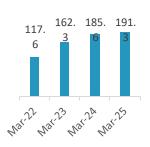
Revenue from Operations (in Crs.)







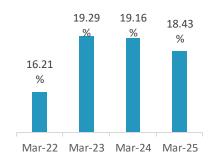
Earnings Per Share (in Rs.)



Asset Turnover Ratio



Return on Equity



Return on Capital Employed



RETURN ON EQUITY (ROE)											
	Mar-22	Mar-23	Mar-24	Mar-25							
NET PROFIT	₹ 152.94	₹ 211.04	₹ 241.31	₹ 248.70							
AVERAGE SHAREHOLDERS EQUITY	₹ 943.44	₹ 1,093.89	₹ 1,259.21	₹ 1,349.68							
RETURN ON EQUITY	16.21%	19.29%	19.16%	18.43%							

ROE - DU	PONT EQUATION			
	Mar-22	Mar-23	Mar-24	Mar-25
NET PROFIT	₹ 152.94	₹ 211.04	₹ 241.31	₹ 248.70
REVENUE	₹ 1,445.83	₹ 1,810.49	₹ 1,879.41	₹ 1,926.15
NET PROFIT MARGIN (A)	10.58%	11.66%	12.84%	12.91%
REVENUE	₹ 1,445.83	₹ 1,810.49	₹ 1,879.41	₹ 1,926.15
AVERAGE TOTAL ASSETS	₹ 1,464.69	₹ 1,614.19	₹ 1,761.09	₹ 1,854.25
ASSET TURNOVER RATIO (B)	0.99	1.12	1.07	1.04
AVERAGE TOTAL ASSETS	₹ 1,464.69	₹ 1,614.19	₹ 1,761.09	₹ 1,854.25
AVERAGE SHAREHOLDERS EQUITY	₹ 943.44	₹ 1,093.89	₹ 1,259.21	₹ 1,349.68
EQUITY MULTIPLIER (C)	1.55	1.48	1.40	1.37
RETURN ON EQUITY (A*B*C)	16.21%	19.29%	19.16%	18.43%



Dupont Analysis

RETURN ON AS	SETS (ROA)			
	Mar-22	Mar-23	Mar-24	Mar-25
NET PROFIT	₹ 152.94	₹ 211.04	₹ 241.31	₹ 248.70
AVERAGE TOTAL ASSETS	₹ 1,464.69	₹ 1,614.19	₹ 1,761.09	₹ 1,854.25
RETURN ON EQUITY	10.44%	13.07%	13.70%	13.41%

ROC - DUPONT	EQUATION			
	Mar-22	Mar-23	Mar-24	Mar-25
NET PROFIT	₹ 152.94	₹ 211.04	₹ 241.31	₹ 248.70
REVENUE	₹ 1,445.83	₹ 1,810.49	₹ 1,879.41	₹ 1,926.15
NET PROFIT MARGIN (A)	10.58%	11.66%	12.84%	12.91%
REVENUE	₹ 1,445.83	₹ 1,810.49	₹ 1,879.41	₹ 1,926.15
AVERAGE TOTAL ASSETS	₹ 1,464.69	₹ 1,614.19	₹ 1,761.09	₹ 1,854.25
ASSET TURNOVER RATIO (B)	0.99	1.12	1.07	1.04
RETURN ON EQUITY (A*B*C)	10.44%	13.07%	13.70%	13.41%

RETURN ON CAPITA	L EMPLOYED (RC	CE)		
	Mar-22	Mar-23	Mar-24	Mar-25
NOPAT	₹ 143.86	₹ 198.67	₹ 202.06	₹ 209.25
AVERAGE CAPITAL EMPLOYED	₹ 722.95	₹ 798.56	₹888.14	₹ 1,041.38
RETURN ON CAPITAL EMPLOYED	19.90%	24.88%	22.75%	20.09%

ROO	CE - DUPONT EQUATION			
	Mar-22	Mar-23	Mar-24	Mar-25
NOPAT	₹ 143.86	₹ 198.67	₹ 202.06	₹ 209.25
REVENUE	₹ 1,445.83	₹ 1,810.49	₹ 1,879.41	₹ 1,926.15
NOPAT MARGIN (A)	9.95%	10.97%	10.75%	10.86%
REVENUE	₹ 1,445.83	₹ 1,810.49	₹ 1,879.41	₹ 1,926.15
AVERAGE CAPITAL EMPLOYED	₹ 722.95	₹ 798.56	₹ 888.14	₹ 1,041.38
CAPITAL TURNOVER RATIO (B)	2.00	2.27	2.12	1.85
RETURN ON EQUITY (A*B*C)	19.90%	24.88%	22.75%	20.09%

Dupont Summary

- □ ROE improved from 16.21% in FY22 to 19.29% in FY23, before moderating to 18.43% in FY25, driven by better margins and stable leverage.
- □ ROA increased steadily from 10.44% in FY22 to 13.41% in FY25, showing improved efficiency in asset utilization.
- □ ROCE peaked at 24.88% in FY23 and stood at 20.09% in FY25, supported by consistent NOPAT margins and effective capital allocation.
- □ Net profit margin expanded from 10.58% in FY22 to 12.91% in FY25, reflecting strong pricing power and operational control.
- Asset turnover reached 1.12x in FY23 but slightly declined to 1.04x in FY25, suggesting a minor dip in efficiency.



Valuation - Discounted Cash Flow **CERA SANITARYWARE LTD**

itcy Assumptions		
Years	01-May	06-Oct
FCF Growth Rate	12%	10%
Discount Rate	11%	

FCF CAGR

irena			
9-Years	7-Years	5-Years	3-Years
3%	6%	5%	18%

Period (t)	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32
Year	0	1	2	3	4	5	6	7	8	9	10
Free Cash Flow to Firm	140.6	157.5	176.4	197.5	221.2	247.8	272.6	299.8	329.8	362.8	399.1
Discount rate (r) PV of Cash Flows		11% 141.9	11% 143.2	11% 145.9	11% 145.8	11% 147.2	11% 145.9	11% 144.6	11% 143.3	11% 142.1	11% 140.8

Stage 1: Sum of Present

Values 1440.6

Terminal Value	
Terminal Growth Rate	2%
10th Year FCF x (1+g)	407
Terminal value Stage 2: PV of TV	4532.8 1599.2

Enterprise Value (Stage

1 + 2)3039.9

Net Debt (Latest Year)	
Debt	67.4
Less: Cash	-31.7
Net Debt	99
DCF Value (Equity Value)	2940.9

Reverse

DCF Value 2968.2 Current Market Cap 8339.4

DCF as % of Mkt Cap

Calculation Of Discount Rate (WACC)

Calculation Of Cost
Of Equity (Ke)

Risk Free	
Rate	6.30%
ERP	5.50%
BETA	0.85
Cost Of Equity (Ke)	10.03%
Cost Of Debt (Pre Tax	0%
Tax Rate (Marginal	

Tax Rate) Cost Of Debt -Kd

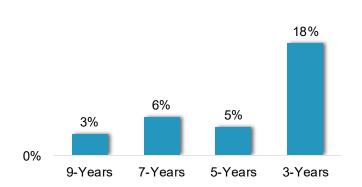
(Post Tax)

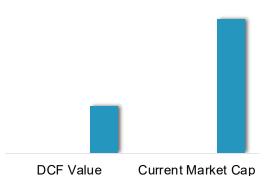
FCF CAGR Trend

30%

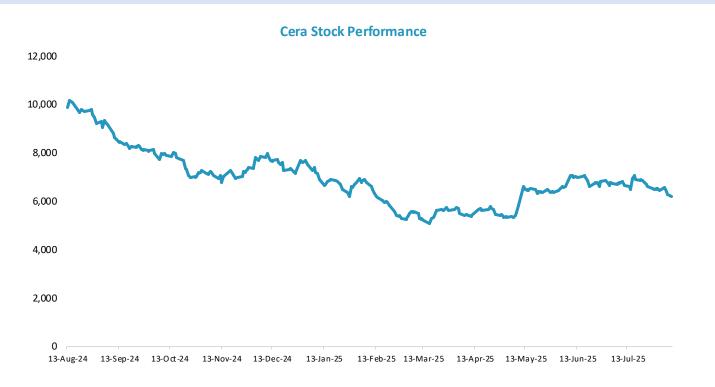


36%









Disclaimer: This is an Academic Project and does not for commercial usage.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is obtained from publicly available data or other sources believed to be reliable and the author has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such.

Author is not SEBI Registered investment analyst. This document is prepared as part of academic project.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendation. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investor.