motilal oswal
Financial Services

8 August 2026
1QFY27 Result Update | Sector: Building Materials

Cera Sanitaryware

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	CRS IN
Equity Shares (m)	13
M.Cap.(INRb)/(USDb)	78.2 / 0.8
52-Week Range (INR)	6740 / 4461
1, 6, 12 Rel. Per (%)	-6/22/-3
12M Avg Val (INR M)	109
Free float (%)	45.6

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	20.5	23.8	26.6
EBITDA	2.7	3.3	3.9
Adj. PAT	2.1	2.6	3.2
Adj. EPS (INR)	164.4	203.5	245.6
EPS Gr. (%)	-14.5	23.8	20.7
BV/Sh. (INR)	1,141.6	1,265.1	1,420.6
Ratios			
RoE (%)	14.4	16.1	17.3
RoCE (%)	19.0	21.9	23.9
Payout (%)	47.4	39.3	36.7
Valuations			
P/E (x)	36.9	29.8	24.7
P/BV (x)	5.3	4.8	4.3
EV/EBITDA (x)	26.2	21.4	17.6
Div. Yield (%)	1.2	1.3	1.5

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	54.4	54.4	54.4
DII	14.1	14.2	12.1
FII	15.5	14.2	17.2
Others	16.1	17.2	16.3

CMP: INR6,062 TP: INR7,384 (+22%) Buy

Volume-led growth to continue; margins to improve

Healthy revenue, but weak margins in 1QFY27

- Cera Sanitaryware (CRS) reported a weak operating performance in 1QFY27 driven by healthy revenue and weak margins.
- Revenue grew 16% YoY; however, it was hit by ~3% due to reclassification of dealer discounts adjusted in revenue from other expenses earlier.
- Sanitaryware/Faucetware's 14%/25% YoY revenue growth was driven by volume (up 10%/18%), price hikes (up 2%/4%), and product mix (up ~2%).
- EBITDA fell 7% YoY, impacted by one-time employee wage settlement (INR63m in 1Q; ~INR180m in total). Consequently, PAT fell by 3% YoY.
- Working capital improved by 25 days to 50 days, led by inventory (down 12 days) and receivables (down 8 days). Cash balance stood at INR9.43b.

Key highlights from the management commentary

- CRS' 1Q revenue growth of 16% YoY was volume-driven; a similar pattern in volume and price-led growth is expected in the coming months.
- FY27 revenue growth guidance is maintained at 18-20% (Sanitaryware: 10-12% with 7-8% volume and 5% realization, Faucetware: 18-20% with 10-12% volume and 8% realization).
- EBITDA margin guidance: 13.5-14% for FY27, while the 14-15% range is sustainable in the long term; confident of gradually improving margins.
- Senator: Revenue of INR105m in FY26 is expected to be INR450m in FY27; currently 40+ stores are likely to expand to 60 by the end of FY27.
- Polipluz: Revenue was INR85m in FY26 and is targeted at INR350m in FY27; it is a volume-led strategy; the company aims 1,120 dealers and 100+ distributors to increase to 2,000 and 200, respectively.
- Capex: INR430m in FY27, mainly in the faucetware brownfield expansion
- A&P costs are aimed at INR850m in FY27 vs. INR490m in FY26.
- Ramesh Baliga, CEO – Senator, has resigned and will exit in Oct'26.
- A cumulative price hike of 12% in sanitaryware and 16% in faucetware was taken in the retail segment, while it is yet to be taken in the project segment.
- Implemented a dealer incentive program to boost volumes
- Reducing sourcing from Morbi; engaging with vendors outside the region
- Focus remains on in-house manufacturing of high-value products.

Valuation and view: Reiterate BUY

After weak margins in 1Q, we cut our FY27 earnings estimate by ~4%. However, we maintain it for FY28, expecting sustenance of healthy volume growth and recovery in margins. We now estimate a 14%/20%/22% CAGR in revenue/EBITDA/APAT over FY26-28 with an EBITDA margin of 14.6% in FY28, at the upper band of CRS's guidance. A high cash surplus of ~INR10b and a strong annual FCF of over INR1.5b will restrict RoE (~17%) and pre-tax RoCE (~24%), though. **We reiterate our BUY rating on CRS with an unchanged TP of INR7,384, based on 30x FY28E EPS. A slower-than-expected recovery in sales and margins poses key risks to our positive view on the stock.**

Ashish Poddar - Research Analyst (Ashish.Poddar@MotilalOswal.com)

Consolidated quarterly performance **(INR m)**

	FY26				FY27				FY26	FY27E	FY27E	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%
Net Sales	**4,194**	**4,879**	**4,990**	**6,438**	**4,860**	**5,654**	**5,844**	**7,404**	**20,501**	**23,761**	**4,823**	**1**
YoY Change (%)	4.7	-0.9	11.1	11.4	15.9	15.9	17.1	15.0	7.0	15.9	15.0	
Total Expenditure	3,663	4,208	4,479	5,459	4,368	4,903	5,036	6,190	17,809	20,497	4,111	
EBITDA	**531**	**671**	**511**	**979**	**492**	**751**	**807**	**1,214**	**2,692**	**3,265**	**712**	**-31**
Margins (%)	12.7	13.8	10.2	15.2	10.1	13.3	13.8	16.4	13.1	13.7	14.8	
Depreciation	91	98	98	99	94	97	100	103	387	395	100	
Interest	14	16	20	14	13	15	15	15	65	58	14	
Other Income	186	166	114	63	213	150	150	150	529	663	100	
PBT before EO expense	**612**	**722**	**507**	**929**	**598**	**789**	**842**	**1,246**	**2,769**	**3,475**	**698**	
Extra-Ord expense	0	0	-185	107	0	0	0	0	-78	0	0	
PBT	**612**	**722**	**322**	**1,035**	**598**	**789**	**842**	**1,246**	**2,691**	**3,475**	**698**	**-14**
Tax	146	156	86	262	145	193	206	305	649	850	171	
Rate (%)	23.9	21.6	26.6	25.3	24.2	24.5	24.5	24.5	24.1	24.5	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**	**595**	**636**	**941**	**2,042**	**2,625**	**527**	**-14**
Adj PAT	**466**	**566**	**421**	**667**	**453**	**595**	**636**	**941**	**2,120**	**2,625**	**527**	**-14**
YoY Change (%)	-1.0	-16.7	-8.1	-23.4	-2.7	5.1	50.9	41.1	-14.5	23.8	13.1	
Margins (%)	11.1	11.6	8.4	10.4	9.3	10.5	10.9	12.7	10.3	11.0	10.9	

E: MOFSL Estimates

Operating metrics

Y/E March	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Segment revenue (INR m)						
Sanitaryware	2,690	2,087	2,293	2,390	2,962	2,284
Faucetware	2,200	1,619	1,952	1,962	2,768	1,944
Tiles	530	426	537	521	579	535
Wellness	160	63	98	116	129	97
Total	**5,780**	**4,194**	**4,879**	**4,990**	**6,438**	**4,860**
% YoY						
Sanitaryware	(3.2)	(0.3)	1.7	6.4	10.1	9.5
Faucetware	6.3	13.4	(2.9)	18.1	25.8	20.1
Tiles	4.5	5.0	9.5	5.5	9.3	25.5
Wellness	46.0	-	(33.6)	29.0	(19.5)	54.5
Total	**5.3**	**4.7**	**(0.9)**	**11.1**	**11.4**	**15.9**
% Mix						
Sanitaryware	48.2	49.8	47.0	47.9	46.0	47.0
Faucetware	39.4	38.6	40.0	39.3	43.0	40.0
Tiles	9.5	10.2	11.0	10.4	9.0	11.0
Wellness	2.9	1.5	2.0	2.3	2.0	2.0

CONFERENCE CALL

Key highlights from the management commentary

Guidance & outlook

- 1Q revenue growth of 16% YoY was volume-led. A similar pattern in volume- and price-led growth is expected for the coming months
- FY27 revenue growth guidance is maintained at 18-20% (Sanitaryware: 10-12% with 7-8% volume and 5% realization, Faucetware: 18-20% with 10-12% volume and 8% realization).
- EBITDA margin guidance: 13.5-14% for FY27 while 14-15% range is sustainable in the long term
- Confident of progressively improving profitability over the course of the year
- Senator: Revenue INR105m in FY26 expected to be INR450m in FY27; currently 40+ stores expected to expand to 60 by the end of FY27.
- Polipluz: Revenue of INR85m in FY26 is targeted at INR350m in FY27; volume-led strategy; aims 1,120 dealers and 100+ distributors to increase to 2,000 and 200
- Capex of INR430m is planned in FY27, mainly in the faucetware brownfield expansion.
- Brand building & marketing cost is planned at INR850m in FY27 (FY26: INR490m)

Key business development

- 1Q revenue was hit by ~3% due to reclassification of dealer discounts to revenue itself from other expenses earlier
- A low EBITDA margin of 10.1% was mainly due to an INR63m one-time impact on account of employee wage settlement, which happens every 3-4 years
- 1Q sanitaryware revenue growth of 14% YoY was driven by volume (up 10%), price hike (up 2%) and product mix (up 2%)
- 1Q faucetware revenue growth of 25% YoY was driven by volume (up 18%), price hike (up 4%) and product mix (up 3%)
- Ramesh Baliga, CEO – Senator, has resigned and will exit Cera by 30th Oct'26.
- Cumulative price hike of 12% in sanitaryware and 16% in faucetware taken in retail segment while it is yet to be effected in project segment
- Elevated RM costs continue to impact gross margins, while price hikes were taken gradually only.
- Implemented a dealer incentive program to boost volumes
- Reducing dependence on sourcing from Morbi cluster via engaging vendors outside the region
- Focus remains on in-house manufacturing of high-value products

1QFY27 key financial highlights

- Revenue grew 16% YoY, led by Faucetware (up 25%) and Sanitaryware (up 14%)
- EBITDA fell 7% YoY, impacted by a one-time employee wage settlement
- Consequently, PAT declined by 3% YoY
- Tier-wise revenue mix: Tier-1 38%, Tier-2 24%, Tier-3 38%
- Plants are operating at ~90% utilization levels
- Significant improvement in working capital cycle by 25 days to 50 days, aided by inventory (down 12 days) and receivables (down 8 days)
- Cash balance stands high at INR9.43b

Story in charts

Exhibit 1: 1QFY27 revenue mix (%)

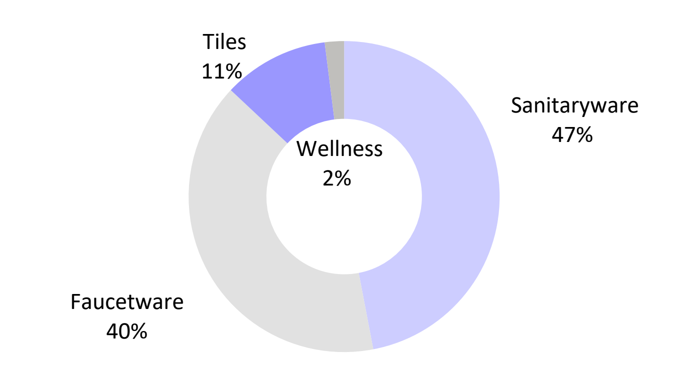


Exhibit 2: Quarterly revenue mix trend (%)

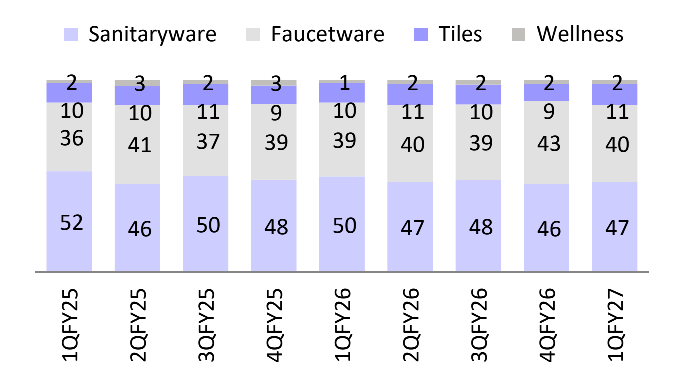


Exhibit 3: Consolidated revenue and growth trends

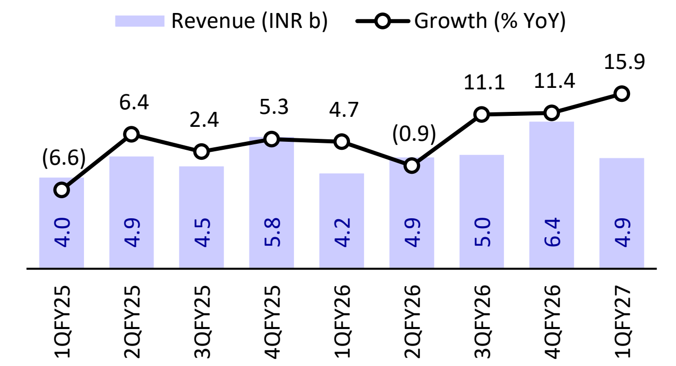


Exhibit 4: Expenses as % of quarterly revenue

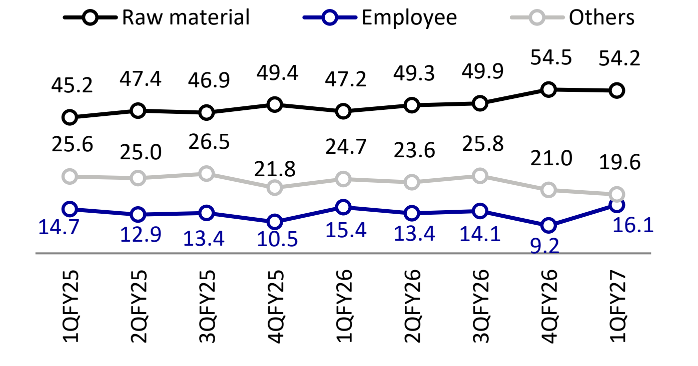


Exhibit 5: Quarterly EBITDA, Adj. PAT, and margin trends (%)

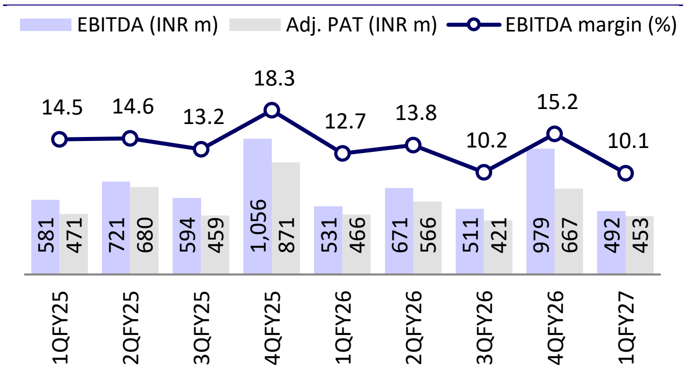


Exhibit 6: Quarterly reported EPS trend

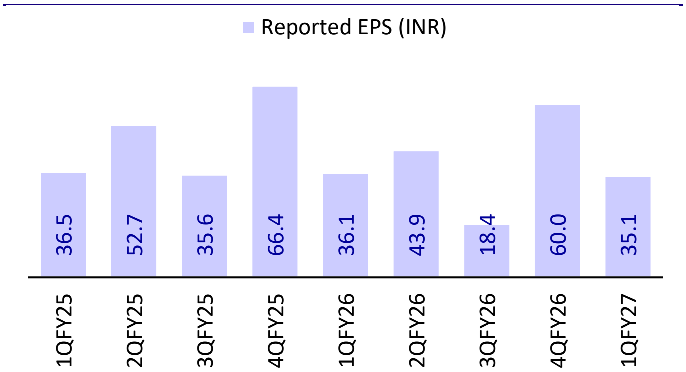


Exhibit 7: Revenue mix trend (%, annual)

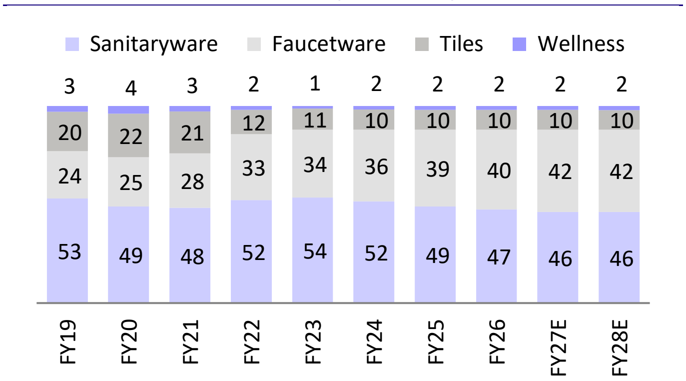


Exhibit 8: Power and fuel costs as % of revenue

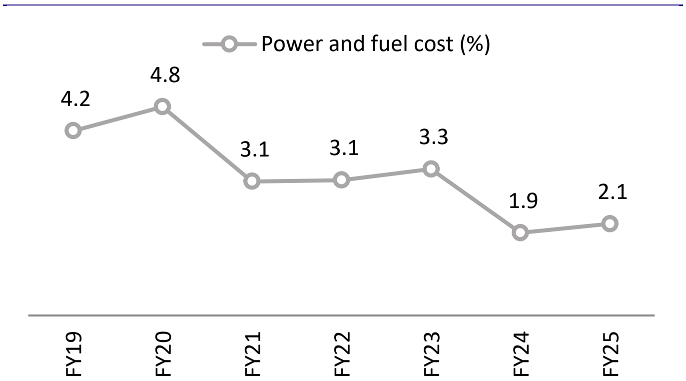


Exhibit 9: Consolidated annual revenue and growth trends

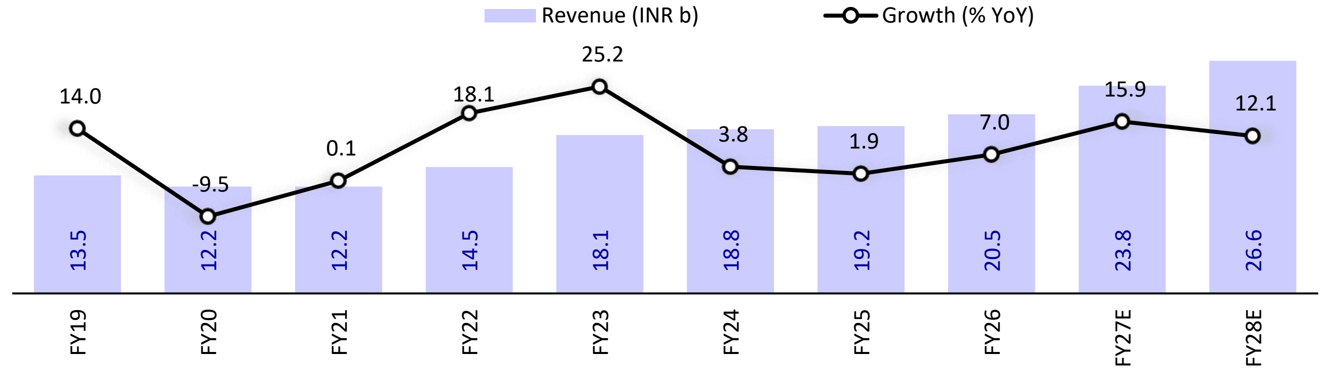
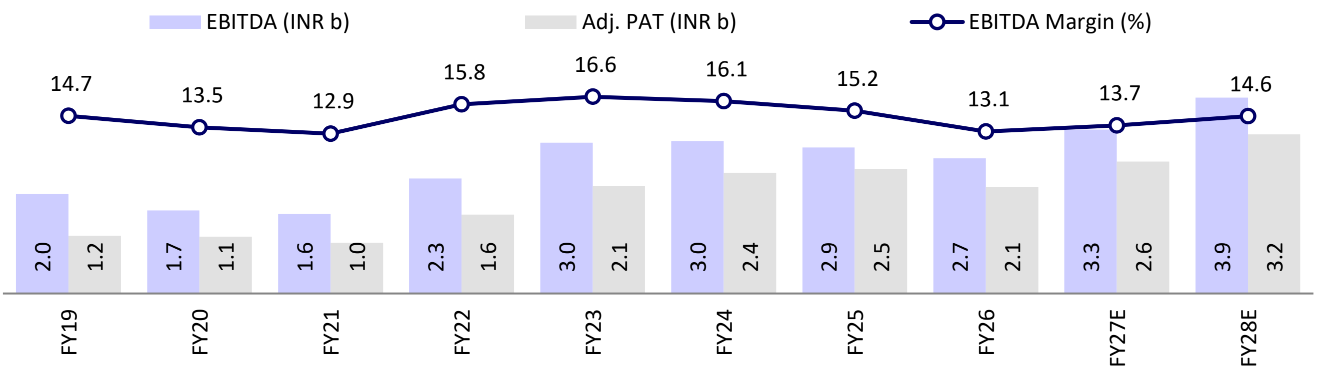


Exhibit 10: Annual EBITDA, Adj. PAT, and margin trends (%)



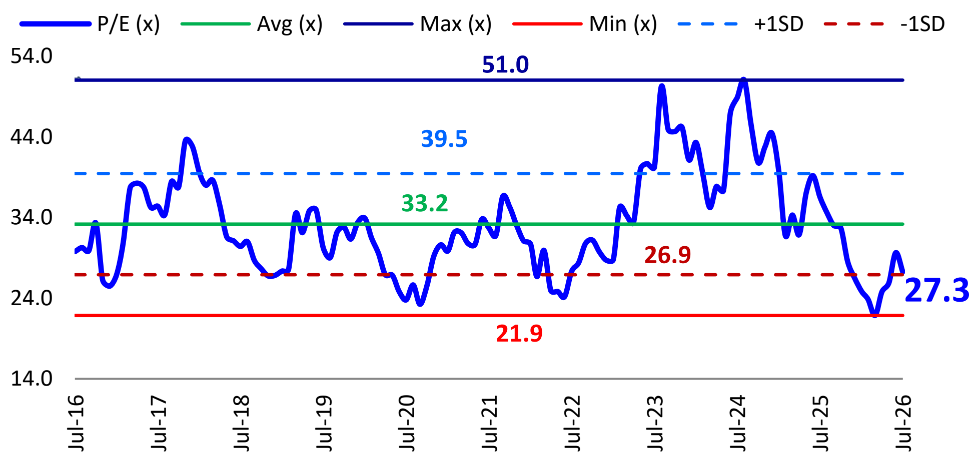
Source: Company, MOFSL

Exhibit 11: Changes to our estimates

INR m	Old		New		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	23,297	25,918	23,761	26,627	2	3
EBITDA	3,502	3,999	3,265	3,898	(7)	(3)
EBITDA margin %	15.0	15.4	13.7	14.6		
PAT	2,727	3,154	2,625	3,167	(4)	0
EPS	211.4	244.5	203.5	245.6	(4)	0

Source: MOFSL, Company

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



Source: Bloomberg, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**12,243**	**14,458**	**18,105**	**18,794**	**19,153**	**20,501**	**23,761**	**26,627**
Change (%)	0.1	18.1	25.2	3.8	1.9	7.0	15.9	12.1
RM Cost	6,268	6,836	8,246	8,828	9,096	10,383	12,492	13,865
Employees Cost	1,537	1,936	2,147	2,309	2,415	2,594	2,955	3,258
Other Expenses	2,858	3,399	4,710	4,624	4,734	4,832	5,050	5,606
Total Expenditure	**10,663**	**12,171**	**15,103**	**15,761**	**16,245**	**17,809**	**20,497**	**22,729**
% of Sales	87.1	84.2	83.4	83.9	84.8	86.9	86.3	85.4
EBITDA	**1,581**	**2,287**	**3,002**	**3,033**	**2,907**	**2,692**	**3,265**	**3,898**
Margin (%)	12.9	15.8	16.6	16.1	15.2	13.1	13.7	14.6
Depreciation	396	324	326	365	385	387	395	426
EBIT	**1,185**	**1,963**	**2,676**	**2,667**	**2,522**	**2,305**	**2,870**	**3,472**
Int. and Finance Charges	97	53	60	58	71	65	58	48
Other Income	252	236	284	595	625	529	663	799
PBT bef. EO Exp.	**1,339**	**2,147**	**2,899**	**3,204**	**3,076**	**2,769**	**3,475**	**4,223**
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**	**3,475**	**4,223**
Total Tax	340	560	738	775	596	649	850	1,056
Tax Rate (%)	25.4	26.8	25.9	24.3	19.5	24.1	24.5	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**	**2,625**	**3,167**
Adjusted PAT	**1,008**	**1,568**	**2,144**	**2,406**	**2,480**	**2,120**	**2,625**	**3,167**
Change (%)	-11.0	55.6	36.7	12.2	3.1	-14.5	23.8	20.7
Margin (%)	8.2	10.8	11.8	12.8	12.9	10.3	11.0	11.9

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	16,252	18,258
Net Worth	**8,717**	**10,152**	**11,726**	**13,458**	**13,503**	**14,723**	**16,317**	**18,323**
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**	**17,330**	**19,227**
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	4,585	5,011
Net Fixed Assets	**4,155**	**3,370**	**3,395**	**3,740**	**3,800**	**3,721**	**3,726**	**3,700**
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**	**8,927**	**9,854**
Inventory	1,997	2,937	3,825	3,636	4,058	3,958	4,882	5,471
Account Receivables	2,095	1,648	1,892	2,026	2,680	2,739	2,929	3,283
Cash and Bank Balance	104	243	262	372	262	481	632	597
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**	**3,734**	**3,929**
Account Payables	1,554	1,893	2,069	1,790	1,910	2,199	2,278	2,553
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**	**5,193**	**5,925**
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**	**17,330**	**19,227**

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**	**203.5**	**245.6**
Cash EPS	108.8	146.7	191.5	214.9	222.1	194.3	234.1	278.6
BV/Share	676	787	909	1,043	1,047	1,142	1,265	1,421
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	39.3	36.7
Valuation (x)								
P/E	77.7	49.9	36.5	32.5	31.6	36.9	29.8	24.7
Cash P/E	55.8	41.4	31.7	28.3	27.3	31.2	25.9	21.8
P/BV	9.0	7.7	6.7	5.8	5.8	5.3	4.8	4.3
EV/Sales	6.1	5.1	4.0	3.8	3.8	3.4	2.9	2.6
EV/EBITDA	47.5	32.1	24.1	23.4	24.8	26.2	21.4	17.6
Dividend Yield (%)	0.2	0.6	0.8	1.0	1.1	1.2	1.3	1.5
FCF per share	196.9	57.4	96.2	134.7	69.4	149.0	72.3	134.0
Return Ratios (%)								
RoE	11.6	15.4	18.3	17.9	18.4	14.4	16.1	17.3
RoCE (pre-tax)	15.2	21.2	25.4	24.5	22.1	19.0	21.9	23.9
RoIC (pre-tax)	21.1	37.1	49.0	51.0	44.0	37.2	44.2	48.2
Working Capital Ratios								
Fixed Asset Turnover (x)	1.9	2.4	2.8	2.6	2.5	2.6	2.9	3.1
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	2.4	2.5
Interest Cover Ratio	14.8	41.6	48.9	56.0	44.2	43.8	61.2	89.1
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	3,475	4,223
Depreciation	396	324	326	365	385	387	395	426
Interest & Finance Charges	97	53	60	58	71	65	58	48
Direct Taxes Paid	-296	-523	-727	-783	-570	-692	-806	-1,012
(Inc)/Dec in WC	1,316	-933	-768	154	-922	273	-1,136	-767
CF from Operations	**2,851**	**1,011**	**1,740**	**2,983**	**2,025**	**2,724**	**1,985**	**2,917**
Others	-171	-121	-116	-623	-869	-605	-663	-799
CF from Operating incl EO	**2,680**	**890**	**1,624**	**2,360**	**1,156**	**2,119**	**1,322**	**2,119**
(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**	**932**	**1,729**
(Pur)/Sale of Investments	-2,313	-601	-701	-843	1,508	-719	-200	-1,200
Others	30	32	29	37	36	31	663	799
CF from Investments	**-2,423**	**-719**	**-1,054**	**-1,428**	**1,282**	**-885**	**73**	**-791**
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	-58	-48
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**	**-1,243**	**-1,363**
Inc/Dec of Cash	**68**	**65**	**-26**	**97**	**-138**	**87**	**152**	**-35**
Opening Balance	8	74	139	113	179	41	128	280
Other cash & cash equivalent								
Closing Balance	**77**	**139**	**113**	**210**	**41**	**128**	**280**	**245**

N O T E S

Explanation of Investment Rating	
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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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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