BUY
TP: Rs 6,437 | ⮝ 34%

CERA SANITARYWARE | Building Materials | 05 November 2026

Market-share gains drive growth; margins key

- **Revenue up 27% YoY on volume-led growth across sanitaryware and faucetware; with EBITDA margin at 12.2% (−203bps YoY)**
- **Distribution expansion supports market-share gains; Management maintains 13.5-14.0% margin guidance**
- **Revise estimates, roll forward to Sep'27 TP of Rs 6,437 (ascribe 28x Sep'28E EPS, from 30x); maintain BUY**

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Strong revenue growth; EBITDA beats estimates: Cera Sanitaryware (CRS IN) reported 27% YoY revenue growth, 13% above our estimate, driven by 16.6% volume growth, 9.1% pricing and 1.7% favourable mix. EBITDA grew 9% YoY, beating our estimate by 48%, with EBITDA margin at 12.2% (-203bps YoY), but improving 202bps sequentially. APAT declined 1% YoY to Rs 561mn, although it was 46% above our estimate.

Broad-based growth led by sanitaryware and faucetware: Sanitaryware and faucetware revenue grew 24% and 38% YoY, respectively, supported by volume growth of 14.3% and 24%. Tiles and wellness revenue increased 9% and 71%, respectively. Retail demand improved alongside steady project performance, with retail contributing 61% of revenue against 39% from projects. Management attributed the sustained growth to distribution expansion, stronger dealer relationships and improved execution, which have supported market-share gains.

Pricing actions and lower discounts to support H2 margins: Gross margin declined 528bps YoY to 44.0%, reflecting higher brass prices, increased outsourcing costs and discounts on existing project orders. Management expects the benefits of price hikes (12% in sanitaryware and 24% in faucets) and lower discounts on new project orders to flow through from Q3. It remains confident of surpassing its earlier 18–20% FY27 revenue growth target and achieving its 13–14% EBITDA margin guidance, supported by operating leverage and cost-efficiency initiatives. Net working capital fell to 58 days from 77, and cash stood at Rs 8.97bn.

Revise estimates; maintain BUY: We maintain BUY on CRS. We revise FY27-29E revenue/EBITDA/PAT estimates by +0-4%/-3% to +2%/-1% to +3%, respectively, lifting near-term estimates on strong volumes and price hikes while trimming FY29E EBITDA margin by 109bps to 15.3% on input-cost inflation. We roll forward our valuation to Sep'28E EPS of Rs 230 and cut our target multiple to 28x from 30x. Distribution expansion and market-share gains support growth, but margin recovery depends on project and retail discount normalisation, pricing flow-through and moderation in brass and gas costs. We arrive at a Sep'27 TP of Rs 6,437.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	CRS IN/Rs 4,802
Market cap	US$ 652.2mn
Free float	46%
3M ADV	US$ 0.6mn
52wk high/low	Rs 6,740/Rs 4,398
Promoter/FPI/DII	54%/16%/14%

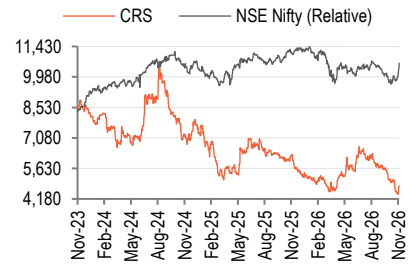
Source: NSE | Price as of 5 Nov 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	20,501	23,486	26,324
EBITDA (Rs mn)	2,692	2,866	3,762
Adj. net profit (Rs mn)	2,101	2,296	2,910
Adj. EPS (Rs)	162.9	178.0	225.6
Consensus EPS (Rs)	162.9	194.6	228.6
Adj. ROAE (%)	14.9	15.0	17.4
Adj. P/E (x)	29.5	27.0	21.3
EV/EBITDA (x)	20.2	18.7	14.3
Adj. EPS growth (%)	(15.2)	9.3	26.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly Performance - Consolidated

Particulars (Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)	BOBCAPS Q2FY27E	Variance (%)
Total operating income	6,030	4,879	23.6	4,860	24.1	10,889	8,947	21.7	5,346	12.8
Raw-Material expense	3,379	2,403	40.6	2,632	28.4	6,011	4,384	37.1	2,833	19.3
Gross Profit	2,650	2,476	7.0	2,228	19.0	4,878	4,563	6.9	2,513	5.5
Employee expense	722	652	10.7	784	(7.9)	1,506	1,298	16.0	792	(8.8)
Other expense	1,195	1,152	3.8	952	25.6	2,147	2,063	4.1	1,225	(2.4)
EBITDA	733	671	9.1	492	48.9	1,225	1,202	1.9	496	47.7
D&A	98	98	(0.6)	94	3.6	192	189	1.4	94	3.6
EBIT	635	573	10.8	398	59.6	1,033	1,013	2.0	402	58.1
Interest cost	14	16	(15.8)	13	8.9	26	31	(14.0)	13	8.9
Non-operating expense/(income)	(109)	(166)	(34.2)	(213)	(48.8)	(322)	(352)	(8.5)	(124)	(12.2)
PBT	730	722	1.1	598	22.1	1,328	1,334	(0.4)	513	42.3
Tax	169	156	8.3	145	16.4	314	302	4.0	129	30.7
Reported PAT	561	566	(0.9)	453	23.9	1,014	1,032	(1.7)	384	46.2
Adjusted PAT	561	566	(0.9)	453	23.9	1,014	1,032	(1.7)	384	46.2
As % of net revenues			chg (bps)		chg (bps)			chg (bps)		chg (bps)
Gross margin	44.0	50.7	(679)	45.8	(189)	44.8	51.0	(621)	47.0	(305)
Employee cost	12.0	13.4	(140)	16.1	(415)	13.8	14.5	(68)	14.8	(283)
Other cost	19.8	23.6	(379)	19.6	24	19.7	23.1	(334)	22.9	(309)
EBITDA margin	12.2	13.8	(161)	10.1	202	11.2	13.4	(219)	9.3	288
Tax rate	23.1	21.6	154	24.2	(113)	23.6	22.6	99	25.2	(205)
APAT margin	9.3	11.6	(230)	9.3	(1)	9.3	11.5	(222)	7.2	213

Source: Company, BOBCAPS Research

Fig 2 – Segment Details

Revenue (Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)
Sanitaryware	2,849	2,298	24.0	2,381	19.7	5,230	4,384	19.3
Faucetware	2,689	1,948	38.0	2,028	32.6	4,717	3,567	32.2
Tiles	554	508	9.0	520	6.6	1,074	934	14.9
Wellness	259	151	71.0	58	342.6	317	214	48.1
Others	(321)	(27)	1,106.8	(127)	152.1	(449)	(153)	193.7
Total	6,030	4,879	23.6	4,860	24.1	10,889	8,947	21.7
Revenue-mix								
Sanitaryware	47.3	47.1	16	49.0	(174)	48.0	49.0	(97)
Faucetware	44.6	39.9	466	41.7	286	43.3	39.9	345
Tiles	9.2	10.4	(123)	10.7	(151)	9.9	10.4	(58)
Wellness	4.3	3.1	119	1.2	309	2.9	2.4	52
Others	(5.3)	(0.5)	(478)	(2.6)	(271)	(4.1)	(1.7)	(241)

Source: Company, BOBCAPS Research

Earnings Call Highlights

- **Demand and Market Share Gains:** Management attributed volume growth to recovering retail demand, distribution initiatives undertaken over the past two years and market-share gains over the last 3-4 quarters, rather than pre-buying ahead of price hikes. UP, Bihar, Jharkhand, Odisha, Chhattisgarh and MP drove growth, offsetting weaker traditional markets. Disruption among Morbi manufacturers and a shift towards branded products also supported growth, but management considers these secondary factors.

- **Pricing:** Sanitaryware prices rose 12% in May'26. Faucetware rose 16% in May'26 and 8% from 1 Sep'26, a cumulative 24%. CRS's outsourcing vendors raised prices 9% in Apr-May'26 and 3% in Sep'26 (~12%). No further hikes are planned for Q3. Management does not expect rollbacks if input costs fall, but says discounts could rise if demand weakens.

- **Revenue growth and product mix:** Revenue grew 27.4% YoY, driven by volume growth of 16.6%, price growth of 9.1% and favourable mix of 1.7%. Sanitaryware revenue grew 24%, comprising volume growth of 14.3%, price growth of 6.7% and mix improvement of 2.7%. Faucetware revenue grew 38%, with volume, price and mix contributing ~24%, 10.3% and 1.9%, respectively. Tiles and wellness grew 9% and 71%, respectively. Growth was broad-based across Jul–Sep'26.

- **Input Costs:** Brass averaged Rs 932/kg (+58% YoY, +11% QoQ) and gas Rs 47.29/scm (Rs 33.79 in Q2FY26). Brass is 60-65% of faucet COGS. CRS's GAIL gas is cheaper than the market. Gas is 11-12% of its own sanitaryware production cost, but 30-35% for outsourcing partners, who pass costs on. Freight is 11-12% of sanitaryware revenue and 8-9% for the company. Sanitaryware gross margin fell YoY because outsourced cost, freight and other costs all rose.

- **Margin Bridge:** Q1FY27's 10.1% margin was impacted by one-off factors of ~4.5%. Management's Q2 bridge was: 10.1% + 3.8% (one-off reversal) + 1.0% (higher-than-planned pricing benefit) + 1.9% (operating leverage) = 16.8%, less 4.6% (brass 2.1%, discounts 1.7%, publicity 0.5%, sourcing 0.3%) = 12.2%. It expects the 1.7% discount drag to ease in Q3-Q4FY27 as old-price projects are completed, new projects reflect revised pricing, retail schemes are withdrawn and the September faucetware hike flows through.

- **Guidance:** Management is confident of surpassing its earlier FY27 revenue growth target of 18-20%, while retaining its 13-14% EBITDA margin outlook.

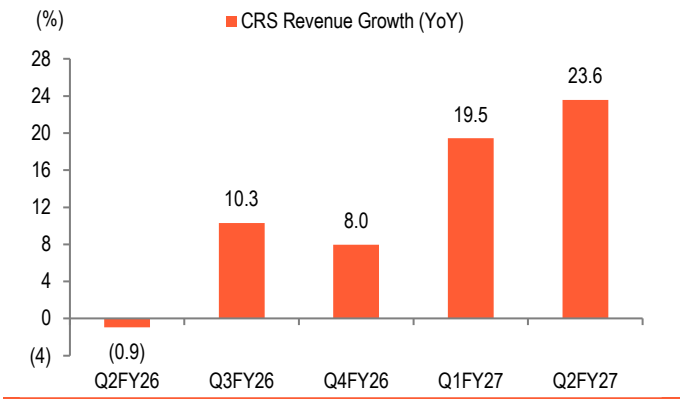
- **Channel Mix:** Projects were 39% of revenue and retail 61%. Q1 was 43:57 because CRS accelerated project deliveries ahead of cost rises. Management expects ~40:60 going forward. Most old-price project orders will be completed in Q3, and new ones carry revised pricing terms.

- **Capacity and Outsourcing:** Sanitaryware utilisation is 82%. Faucet capacity rose from 4 to 5 lakh pieces per month from Sep'26, and can reach 6-7 lakh in phases, with a review in Q4. Management will decide on the sanitaryware greenfield project (land already bought) by the end of Q4. About half the business is outsourced, 59% in sanitaryware. Management indicated that shifting production between in-house

and outsourced facilities would not necessarily improve margins, as the product SKUs differ.

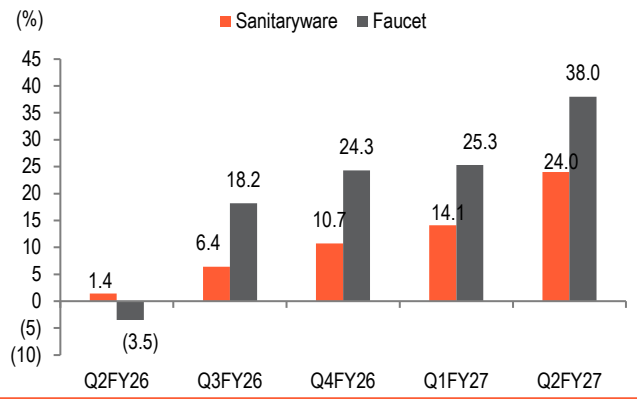
- **Brands and Mix:** The Cera brand contributes 98–99% of revenue, while Senator and Cera Luxe remain small. Premium, mid-range and entry-level products contribute 43%, 37% and 20% of revenue, respectively.
- **Working capital, capex and capital allocation:** Net working capital improved to 58 days from 77 days YoY. Cash and cash equivalents stood at Rs 8.97bn. H1FY27 capex was Rs 270mn against the full-year plan of ~Rs 430mn. Management continues to evaluate acquisition opportunities, but has no specific transaction to announce.

Fig 3 – CRS's revenue grew by 24% YoY in Q2FY27



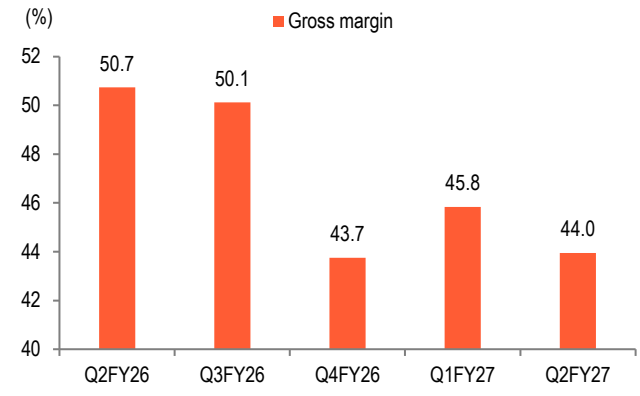
Source: Company, BOBCAPS Research

Fig 4 – CRS reported strong YoY revenue growth for both sanitaryware and faucet in Q2FY27



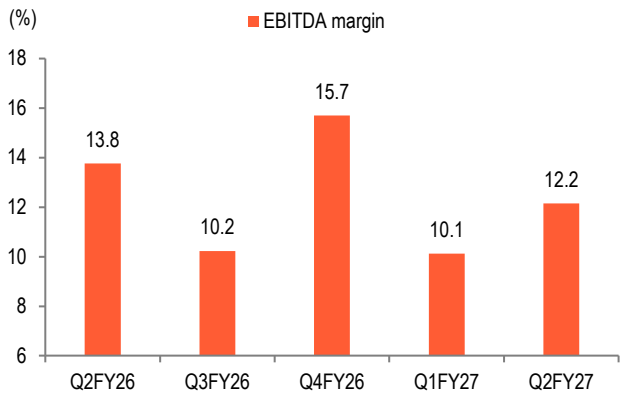
Source: Company, BOBCAPS Research

Fig 5 – Gross margin was down 679bps YoY to 44.0% in Q2FY27



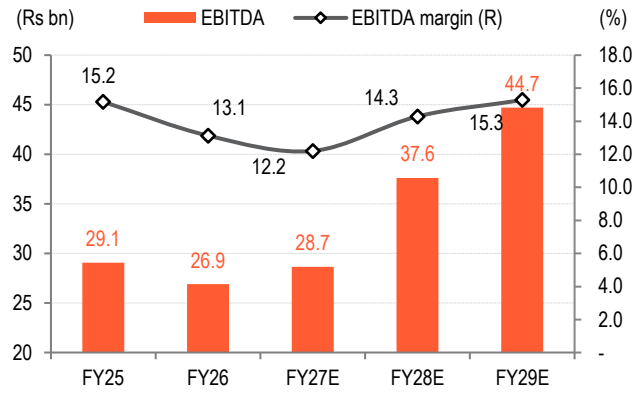
Source: Company, BOBCAPS Research

Fig 6 – EBITDA margin was down 161bps YoY in Q2FY27



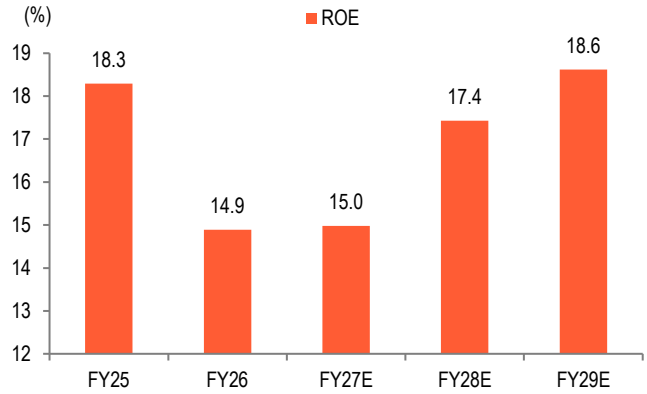
Source: Company, BOBCAPS Research

Fig 7 – EBITDA forecast to grow at a moderate pace of 18.4% CAGR over FY26-FY29E



Source: Company, BOBCAPS Research

Fig 8 – ROE profile will likely stay healthy over the medium term



Source: Company, BOBCAPS Research

Valuation Methodology

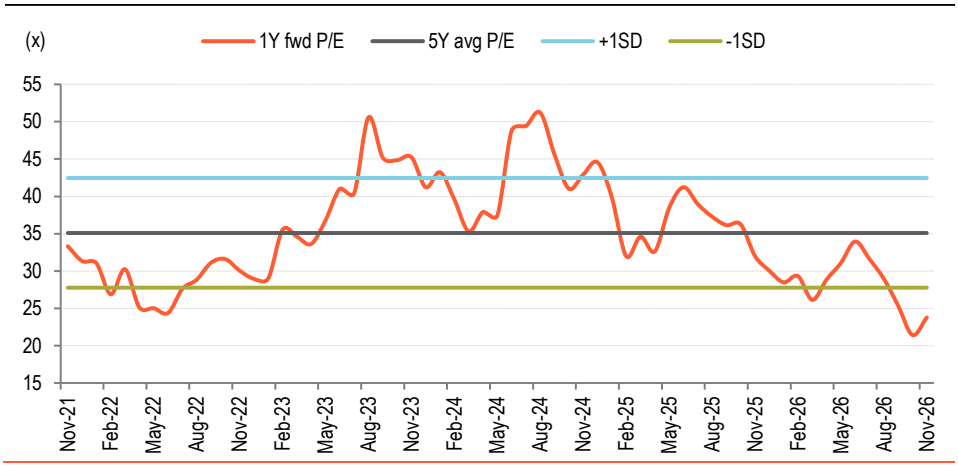
We maintain BUY on CRS. We revise FY27-29E revenue/EBITDA/PAT estimates by +0-4%/-3% to +2%/-1% to +3%, respectively, lifting near-term estimates on strong volumes and price hikes while trimming FY29E EBITDA margin by 109bps to 15.3% on input-cost inflation. We roll forward our valuation to Sep'28E EPS and cut our target multiple to 28x from 30x. Distribution expansion and market-share gains support growth, but margin recovery depends on project and retail discount normalisation, pricing flow-through and moderation in brass and gas costs. We arrive at a Sep'27 TP of Rs 6,437.

Fig 9 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	23.5	26.3	29.2	23.4	25.8	28.2	0.3	1.9	3.6
EBITDA	2.9	3.8	4.5	2.8	3.7	4.6	2.1	0.5	(3.3)
EBITDA Margin (%)	12.2	14.3	15.3	12.0	14.5	16.4	21	(20)	(109)
Adjusted PAT	2.3	2.9	3.4	2.2	2.8	3.5	3.3	2.5	(1.4)
EPS (Rs)	178.0	225.6	265.1	172.2	220.1	268.9	3.3	2.5	(1.4)

Source: BOBCAPS Research

Fig 10 – CRS 1YF P/E band chart



Source: Bloomberg, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- A sharp slowdown in real estate activity
- Market share loss in sanitaryware and faucet

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**19,153**	**20,501**	**23,486**	**26,324**	**29,243**
EBITDA	2,907	2,692	2,866	3,762	4,469
Depreciation	385	387	365	384	441
EBIT	2,522	2,305	2,500	3,378	4,029
Net interest inc./(exp.)	(71)	(65)	(54)	(55)	(55)
Other inc./(exp.)	625	529	594	565	596
Exceptional items	0	0	0	0	0
EBT	3,076	2,769	3,041	3,888	4,569
Income taxes	596	649	745	979	1,150
Extraordinary items	15	78	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**2,465**	**2,042**	**2,296**	**2,910**	**3,419**
Adjustments	12	59	0	0	0
Adjusted net profit	**2,477**	**2,101**	**2,296**	**2,910**	**3,419**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	1,910	2,199	2,541	2,848	3,164
Other current liabilities	1,464	1,343	1,343	1,343	1,343
Provisions	182	109	126	141	157
Debt funds	155	9	10	11	12
Other liabilities	1,195	1,198	1,198	1,198	1,198
Equity capital	64	64	64	64	64
Reserves & surplus	13,439	14,659	15,867	17,398	19,197
Shareholders' fund	13,503	14,723	15,932	17,463	19,262
Total liab. and equities	**18,409**	**19,582**	**21,150**	**23,005**	**25,136**
Cash and cash eq.	6,979	8,493	8,072	8,510	8,920
Accounts receivables	2,680	2,739	3,137	3,517	3,906
Inventories	4,058	3,958	5,351	5,816	6,331
Other current assets	380	402	464	520	578
Investments	314	149	149	149	149
Net fixed assets	3,346	3,310	3,444	3,960	4,719
CWIP	107	72	72	72	72
Intangible assets	439	400	400	400	400
Deferred tax assets, net	0	0	0	0	0
Other assets	105	60	60	60	60
Total assets	**18,409**	**19,582**	**21,150**	**23,005**	**25,136**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**2,596**	**3,415**	**625**	**2,205**	**2,689**
Capital expenditures	(274)	(209)	(500)	(900)	(1,200)
Change in investments	0	0	0	0	0
Other investing cash flows	36	31	594	565	596
Cash flow from investing	**(238)**	**(178)**	**94**	**(335)**	**(604)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	1	1	1
Interest expenses	(20)	(14)	(54)	(55)	(55)
Dividends paid	(780)	(838)	(1,088)	(1,378)	(1,620)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(801)**	**(852)**	**(1,140)**	**(1,432)**	**(1,674)**
Chg in cash & cash eq.	**1,557**	**2,385**	**(421)**	**438**	**411**
Closing cash & cash eq.	**9,698**	**12,083**	**11,662**	**12,100**	**12,511**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	191.1	158.3	178.0	225.6	265.1
Adjusted EPS	192.0	162.9	178.0	225.6	265.1
Dividend per share	65.0	75.0	84.3	106.9	125.6
Book value per share	1,047.0	1,141.6	1,235.2	1,353.9	1,493.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.8	2.6	2.3	2.0	1.8
EV/EBITDA	18.8	20.2	18.7	14.3	11.9
Adjusted P/E	25.0	29.5	27.0	21.3	18.1
P/BV	4.6	4.2	3.9	3.5	3.2

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	80.5	75.9	75.5	74.8	74.8
Interest burden (PBT/EBIT)	122.0	120.1	121.6	115.1	113.4
EBIT margin (EBIT/Revenue)	13.2	11.2	10.6	12.8	13.8
Asset turnover (Rev./Avg TA)	104.0	104.7	111.0	114.4	116.3
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.4	1.4	1.4
Adjusted ROAE	18.3	14.9	15.0	17.4	18.6

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	1.9	7.0	14.6	12.1	11.1
EBITDA	(4.3)	(7.4)	6.5	31.3	18.8
Adjusted EPS	3.8	(15.2)	9.3	26.7	17.5
Profitability & Return ratios (%)					
EBITDA margin	15.2	13.1	12.2	14.3	15.3
EBIT margin	13.2	11.2	10.6	12.8	13.8
Adjusted profit margin	12.9	10.2	9.8	11.1	11.7
Adjusted ROAE	18.3	14.9	15.0	17.4	18.6
ROCE	23.0	19.2	19.4	22.6	24.0
Working capital days (days)					
Receivables	51	49	49	49	49
Inventory	77	70	83	81	79
Payables	36	39	39	39	39
Ratios (x)					
Gross asset turnover	3.2	3.4	3.7	3.7	3.6
Current ratio	3.8	4.3	4.2	4.2	4.2
Net interest coverage ratio	35.4	35.6	46.2	61.1	72.9
Adjusted debt/equity	(0.5)	(0.6)	(0.5)	(0.5)	(0.5)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Website: **https://www.bobcaps.in/**
CIN: **U65999MH1996GOI098009**

Logo:

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Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

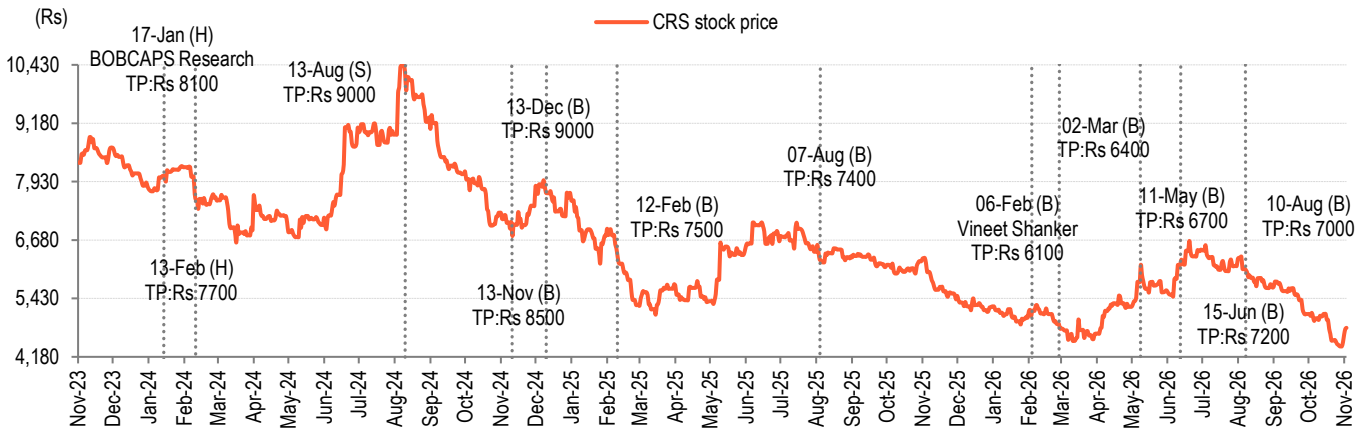
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): CERA SANITARYWARE (CRS IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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