

# Cera Sanitaryware Limited

## Corporate Presentation

**CERA**

Style. Innovation. Leadership



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CERA



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*Company owned experience centre*



# Premier Sanitaryware Company in India



Rich Legacy of  
**~40** years

**#1**  
Market Leader in India for  
Sanitaryware

**Largest**  
Sanitaryware facility in  
India

**ZERO**  
Debt Company

**11%**  
PAT CAGR  
(6 year)

**Rs.268 cr**  
Cash and Cash  
Equivalents\*

**260%**  
Rate of Dividend - FY20

**2,544**  
Employees with a  
Teeth-to-tail ratio of  
**0.97**

**66** Sanitaryware  
**258** Faucetware  
New products introduced  
during FY20

**9**  
Total touch free products

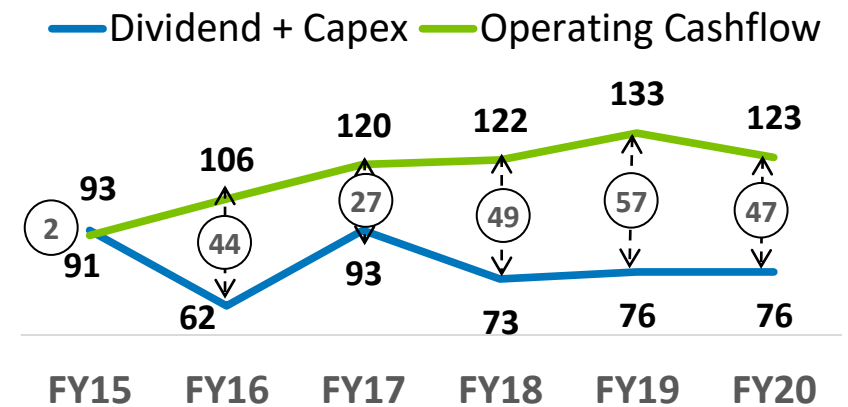
**Rated AA**  
(CARE)\*  
For Long Term Debt

**Rated A1+**  
(CRISIL)\*  
\*\*Short Term Debt



# Robust Financial Position and Protocols

<p><b>Zero Debt Company</b></p>	<ul style="list-style-type: none"> <li>• Cash and Cash Equivalents of Rs.268 crore; primarily liquid investments</li> <li>• No Contingent Liabilities for Joint Ventures</li> </ul>
<p><b>Sharp Focus on Efficient Capital Management</b></p>	<ul style="list-style-type: none"> <li>• Industry leading RoCE – 25.46%<sup>1</sup> (<i>without considering Cash &amp; Cash equivalents</i>)</li> <li>• Fixed Asset turnover of ~3.6x<sup>1</sup></li> <li>• Uniform organization-wide policy to monitor receivables – credit not used to drive revenues</li> <li>• ERP automatically shuts down fresh supplies to vendors with dues in excess of 45-60 days</li> </ul>
<p><b>Free Cash Flow Positive with Robust Cash Position</b></p>	<ul style="list-style-type: none"> <li>• Consistent cash generation each year</li> <li>• Annual Capex requirement &lt; Free Cash flow generation</li> <li>• Increasing gap between annual cash flow generation less dividend outflow and capex</li> <li>• Regularly paid dividends for the last 30 years +</li> </ul>



*Financial Discipline is Central to the growth strategy*



# Marquee Clients

CERA

## Key Institutional Clients



## Key Government and PSU's Patrons



# Witnessing high demand for touch-free, anti-bacterial & sensor-based products



Self cleaning closets, automatic sanitization, touch free taps and anti microbial products are expected to replace conventional products and form a bulk of future demand

## Products for Post Covid-19 World:

- **Anti-microbial Products** – ensuring zero retention of bacteria
- **Sensor Products** – elevating hygiene through zero contact
- **Green Products** – ensuring conservation of water



- Nano glazed surface ensures utmost hygiene
- Stain resistant & water repellent
- Scratch resistant



- Single flush cistern with Anti-microbial knob



- Antibacterial Seat Cover



- Wall mounted sensor tap

- Deck/table mounted sensor tap



- Deck/table mounted sensor tap



# Witnessing high demand for touch-free, anti-bacterial & sensor-based products

## Products for Post Covid-19 World:



CARLTON RIMLESS

- Trap glazed – Better hygiene and improved flushing
- Rimless – easy to clean, better hygiene
- Saves upto 35% water (3.9/2.3 LPF)



CARNIVAL RIMLESS



CUTINA

- Trap glazed – Better hygiene and improved flushing
- Clean rim – Prevents splashing, easy to clean and hygiene

CERA



CONVENTIONAL RIMLESS

- Better hygiene for every home





# Promoters



**Mr. Vikram Somany**  
**Founder and CMD**

- 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



**Mrs. Deepshikha Khaitan**  
**Joint Managing Director and Vice Chairperson**

- B.Sc. Hons. (Economics), LLB
- Actively associated with CERA for over 8 years
- Involved in Design Innovation, Product, R&D, Channel Outreach and Sales
- Driving equal focus on profitability & product development

# Leadership Team

**Mr. Atul Sanghvi**  
CEO & Executive Director

- MBA in Marketing; experience of 35 years
- Part of CERA leadership for over 21 years
- In charge of all aspects of manufacturing, marketing and corporate affairs



**Mr. Rajesh B Shah**  
CFO / COO (Fin. & Comm.)

- B.Com & ACA; experience of 34 years
- 34 Years with CERA
- Leads Finance, commercial, banking, budgeting and cost control functions



**Mr. Ayush Bagla**  
Executive Director

- B.A (Business) from Franklin & Marshall College, USA
- 24 year experience in Fund Management and Private Equity
- Managing Investor Relations & Strategic Planning initiatives



**Mr. P. K. Shashidharan**  
President – Marketing

- M.A. (English); experience of 39 years
- 28 years with CERA
- Brand custodian of CERA
- Devising media, marketing and positioning strategies and their execution



**Mr. Abbey Rodrigues**  
President – Sales

- B. Com, PGDMSM ; experience of 25 years
- 23 years with CERA
- Manages the pan India sales team
- Leads the sales function, dealer interactions, market feedback, CRM

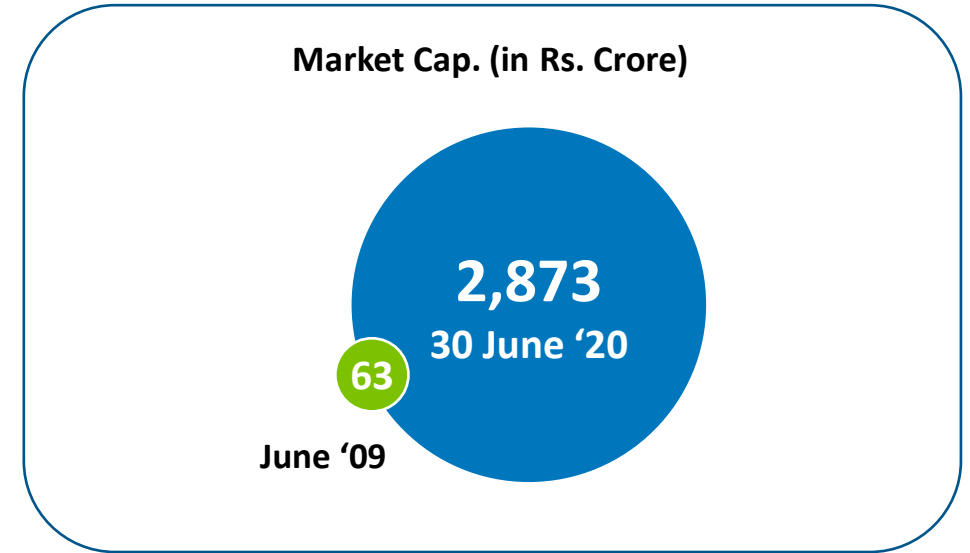
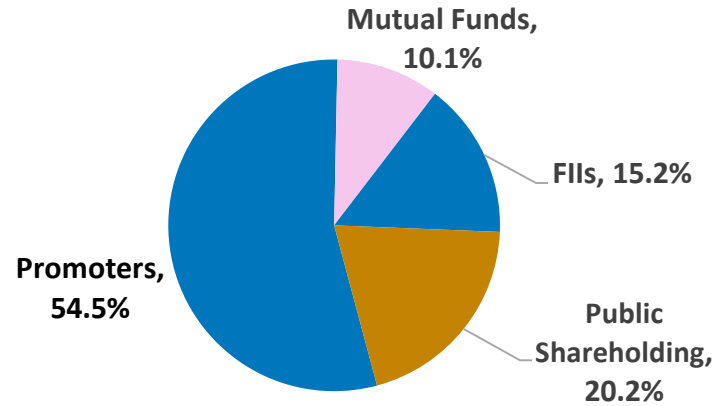


**Mr. Inderjit J Singh**  
Vice President Production

- A mechanical engineer, founded Faucetware manufacturing for CERA
- 13 years with CERA
- A 43 year veteran in the faucets industry
- Responsible for production and development activities of faucets
- He has been a part of developing polymer plant

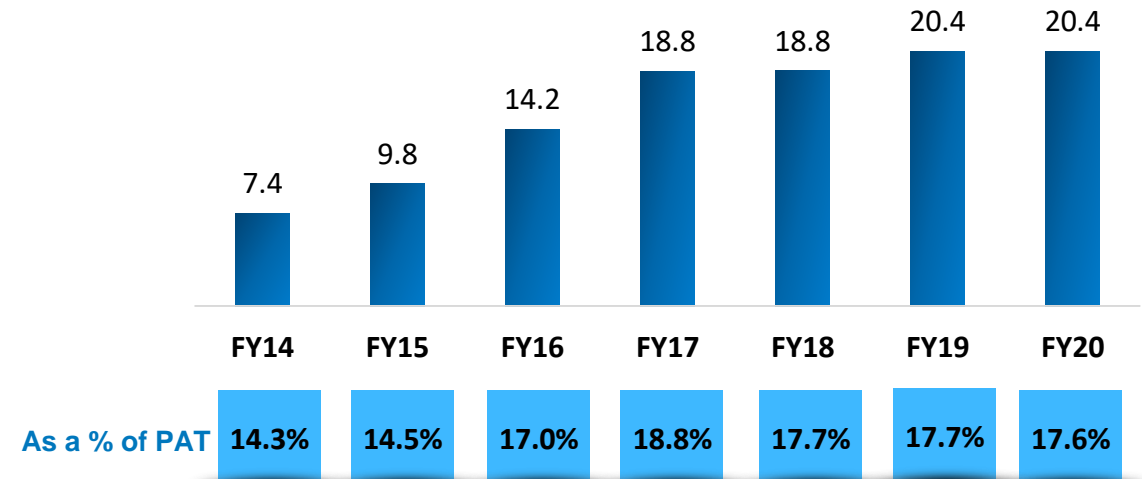


# Ownership and stakeholder value creation



Key Institutional Shareholders	As on 30 June, 2020
Nalanda India Equity Fund Ltd.	10.0%
UTI	4.2%
India 2020 II Ltd.	3.6%
DSP Small Cap Fund	3.3%
HDFC Life Insurance Company Ltd.	2.8%
L&T MF	2.1%
Old Well Emerging Markets Master Fund	1.2%
Vijay Kedia	1.1%
Invesco	0.7%
Emerging Markets Core Equity Of Dfa Investment Dimensions	0.5%
Reliance Equity Opportunities AIF Scheme	0.5%
Singular India Opportunities Trust	0.3%
Union Small Cap. Fund	0.2%
IDFC Emerging Businesses Fund	0.2%
BOI AXA	0.1%
Other Institutional shareholders	2.0%
<b>Total</b>	<b>32.8%</b>

## Dividend Distributed (Rs. cr.)



# Large-Scale and Optimized Manufacturing

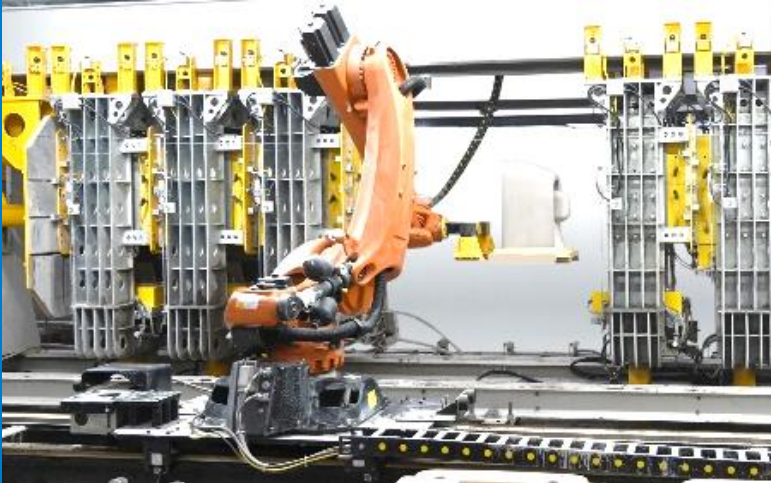
CERA



# Quality Control and Process Excellence.. 1

## Rapid Technology Adoption –Robotics for Sanitaryware and Faucet Finishing

Sanitaryware  
Robotic  
Pressure  
Casting:



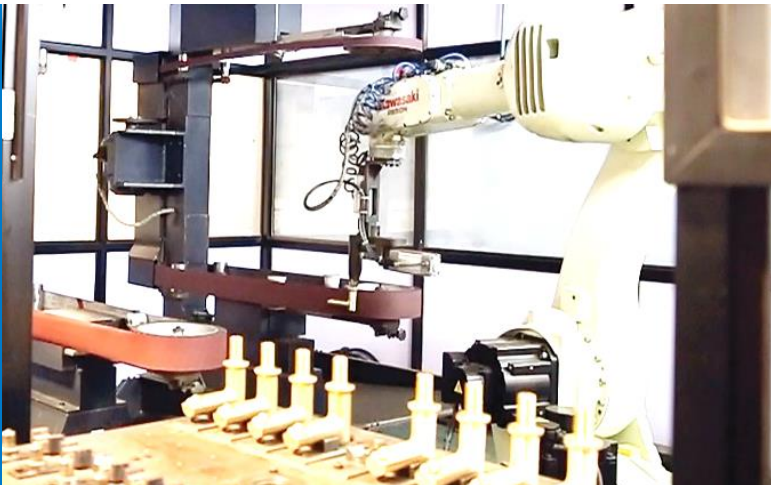
For  
producing  
high end  
sanitaryware  
in large  
quantities

Sanitaryware  
Robotic  
Glazing:



For uniform  
and faster  
glazing  
ensuring  
smooth  
surface with  
minimum  
wastage

Faucet  
Robotic  
Surface  
Grinding:



Helps in  
uniform coat  
of  
chromium  
plating that  
will lead to  
surface  
endurance

Faucet  
Peeling  
Machine:



For  
impeccable  
body finish

First Indian sanitaryware company to implement ISO 9002 and ISO 14001 certifications for Quality Management Systems and Environment-friendly Manufacturing Systems

# Quality Control and Process Excellence.. 2

R&D Facilities lead to better ergonomics designs

Latest R&D  
Centre and QC  
Lab  
(Approved by  
IAPMO)



Products  
rigorously  
tested for  
quality before  
they reach  
markets



Sanitaryware  
Mould Making



Mould are  
crafted with  
design and  
technology in  
mind by mould  
designers



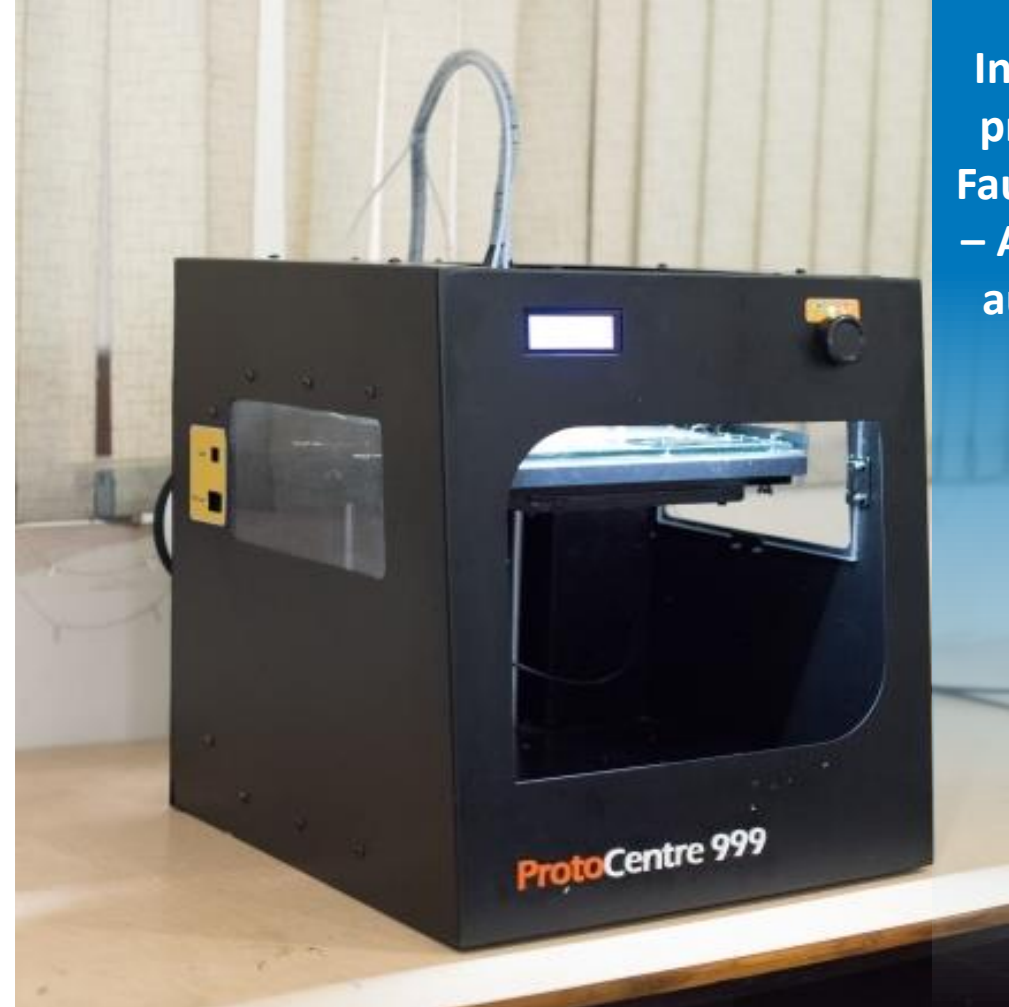
# Design Excellence and deep technology imprint

CERA

First Sanitaryware Company to design and install 3D printers



Installed 3D printers for Faucet design – A complete automated design process

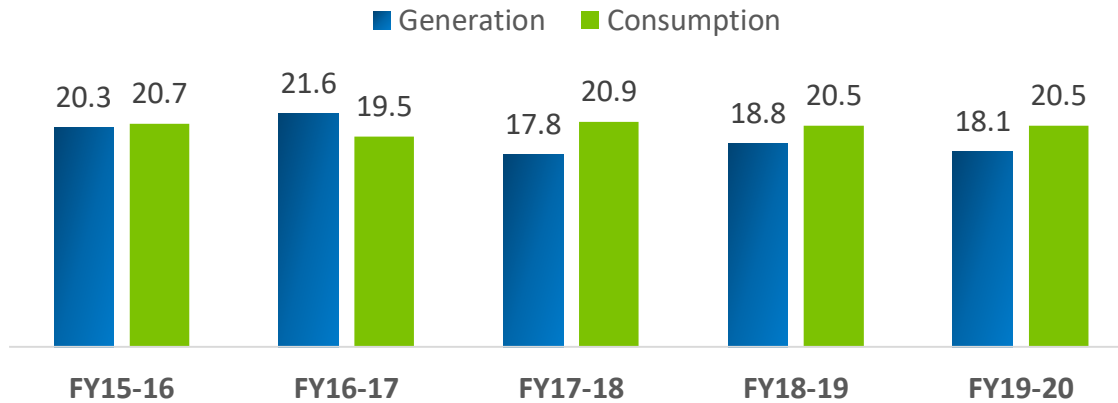


*Successfully installed 3D printers which has considerably shortened the duration for conversion of concept into launch for new designs*



# Concerted Focus on ESG... 1

Annual Green Energy Generation & Consumption Mill KWH



## Environment

- Sustainability is at the heart of CERA's being. Amongst various initiatives:
  - Non-Conventional Energy generation via wind and solar was initiated in the year 1995
  - Capacity of Non-Conventional Energy generation of the company is 10.325 M.W
  - Sanitaryware and Faucetware plants in Gujarat meet 90% of the energy needs through non conventional captive generation
  - 100% of Sanitaryware production energy needs met through natural gas
  - Natural gas being procured at open market pricing and isolated wells at substantially lower prices
- Appreciated and acknowledged by customers as a completely sustainable and 'green' Vendor



# Concerted Focus on ESG... 2

## Social

- CERA is involved in various social welfare activities and has always considered social contribution a primary objective
- Encouraging of diversity of religion and gender in the organisation
- Regularly undertakes Education Programmes, Health Programmes, Skill Development classes and distribution of scholarships under its CSR programme



## Governance

- Adhering to Best Corporate Governance Practices since inception
- High Ethical standards followed in dealings with all stakeholders
- Clean Balance Sheet: No major qualification by Auditors in the Company's history



# Strong Brand Promise

CERA

- CERA's product portfolio encompasses every aspect of the price and design matrix

- Niche brands for deeper engagement with varied customer and market segments



Brand Promise carefully cultivated over 35 years by consistently delivering on quality, value, expectations



# Comprehensive geographical footprint



- Main Plant
- Tile Mfg. plants
- 10 CERA Style Studios

**152 CERA Style Galleries**  
**14,000 + Trade Partners**

Gearing up with increase in sales and trade	
Network as on June 2020	
	Total*
Dealer	3,631
Retailer	11,306
<b>Total</b>	<b>14,937</b>

After sales team strength - June 2020	
<b>570</b>	

*\*Total may differ as there are common dealers who would have taken up one or more product ranges*

# Multi layered Marketing Infrastructure.. 1

CERA

**CERA Style Studio**  
Company Display Centre

- **10 CSS:** Ahmedabad/Bangalore/Chennai/Mumbai/Kolkata/Morbi/Thiruvananthapuram/Chandigarh/Hyderabad/Cochin
- Discerning customers including influencer's can touch and feel products
- No sales orientation/pressure
- The average size these company owned showroom are approx. 7,000 sq.ft.
- With more than 14,000 sq.ft. of display, Hyderabad CSS is the largest company showroom in this industry
- Hyderabad, Cochin recently opened



# Multi layered Marketing Infrastructure.. 2

CERA

**CERA Style Gallery**  
Exclusive CERA Display Centre

- **152 CSGs:** Covering pan India (Dealer Owned)
- Complement/Substitute CSS
- Filters include showroom location, size of display area allocated, sales turnover history and commitment of the dealer
- Exclusive display in a marked area that will highlight products
- Trained sales team helping purchase decisions of customers
- Minimum size of showroom averages 1,000 sq. ft
- Saraswathi Enterprises - Kerala is the largest showroom amongst CSGs with an area of 7,700 sq.ft.



# Multi layered Marketing Infrastructure.. 3

**CERA Style Centre**  
Exclusive CERA Retailer

- Enhances retail experiences, retailer owned
- Currently 430 Style Centre operational
- Over 600 CSCs planned in the next 2 financial years
- Retailer does not have to pay for display furniture



# Multi layered Marketing Activities.. 4

CERA

Consistent investments in several Branding and promotional activities to enhance overall market potential by:

- Creating a strong brand recall in consumers minds

CERA celebrates homes with 'Kuch Pal Ghar Ke Naam' campaign



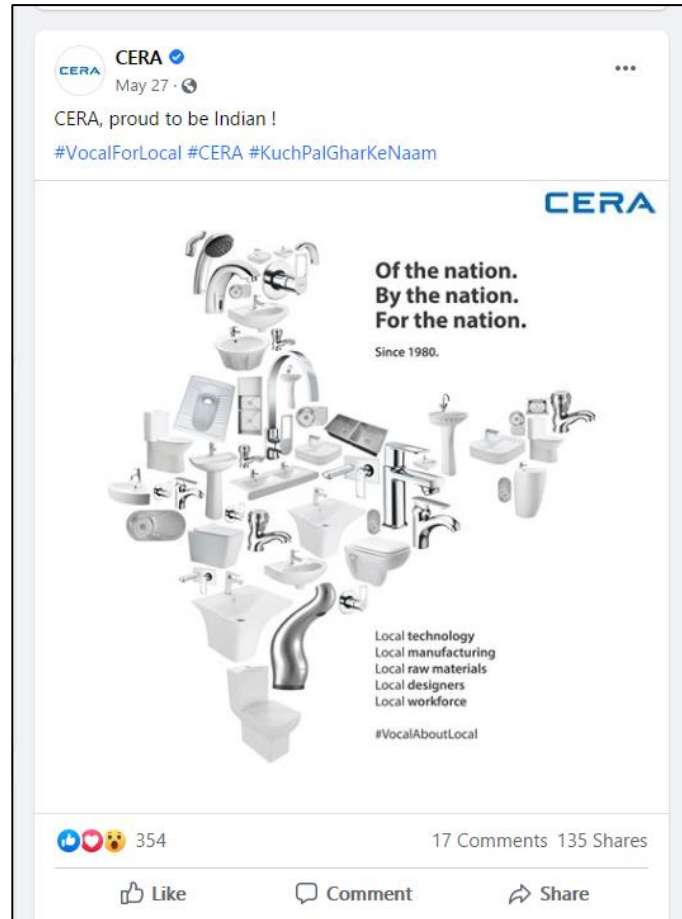
- The recent multimedia campaigns have been featured in TV commercials, press, outdoor pieces and digital
- The three film ad campaigns beautifully showcases CERA's range of Tiles, Faucets and Sanitaryware



# Multi layered Marketing Activities.. 5

Cera's recent digital campaigns are based on products with future ready technology and communications aligned with current trends

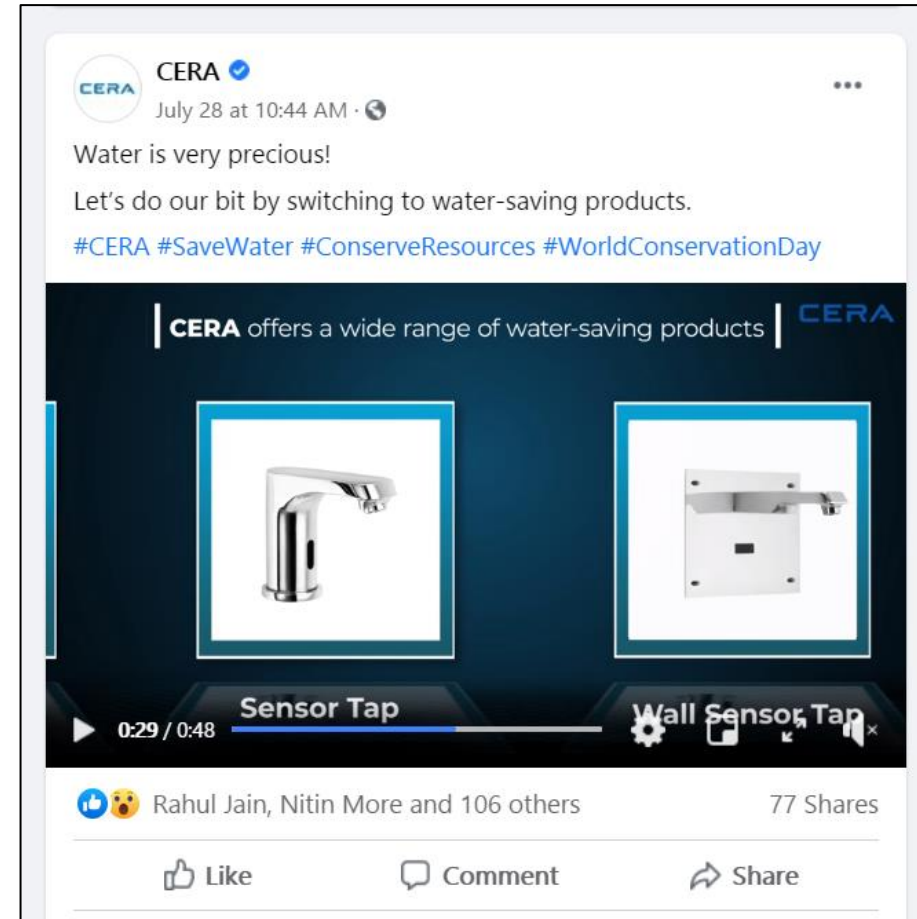
'Cera' brand active on multiple Social Media platforms



#VocalAboutLocal



'Cera Live' - an initiative in which buyers can see products through video call



Products with future ready technology





# Customer Focused and Customer Centric

## After Sales Servicing Team – On Company's Books

- 13 service offices
- 25 officers attending technicians
- 140 technicians to attend complaints spread across every state
- Periodical training on products for better quality service



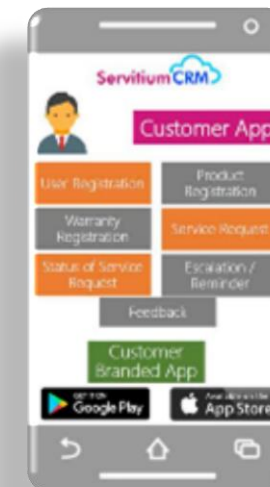
New CRM module

Mobile app for customers to register complaints

Mobile app for trade as well to register complaints of their clients

Complaints closed within 1 to 2 working days

Nationwide Toll free number  
1800 258 5500



Customer App



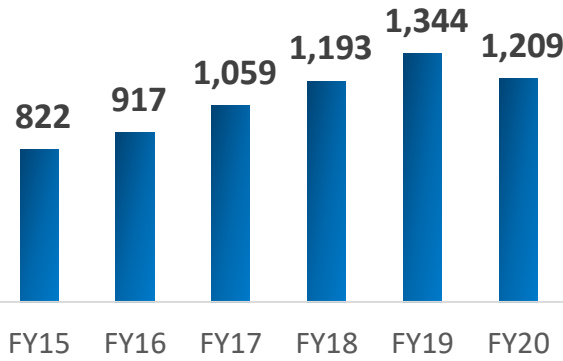
Dealer App



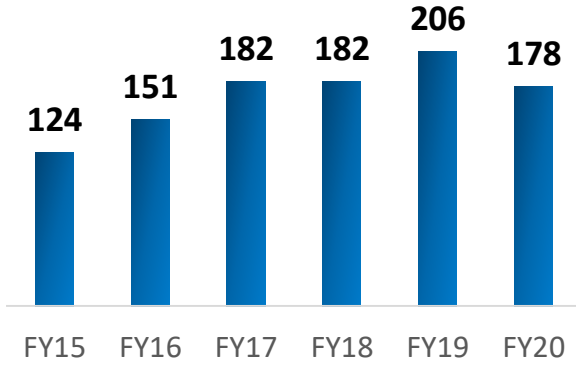
# Financial Overview



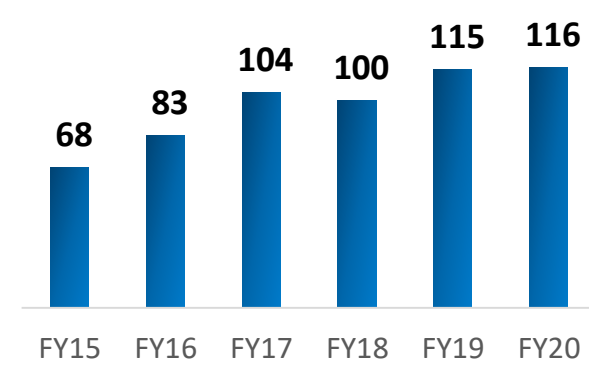
### Revenue



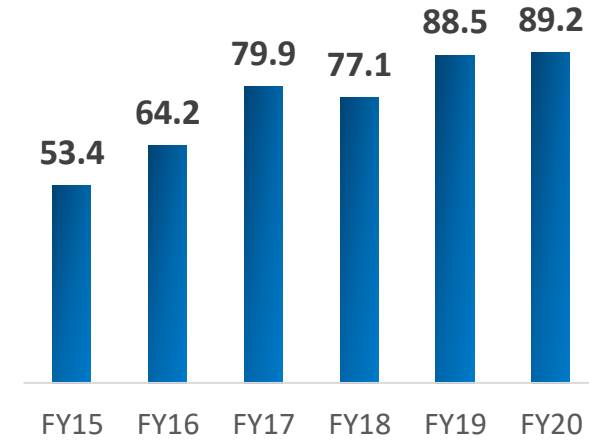
### EBITDA (Rs. in crore)



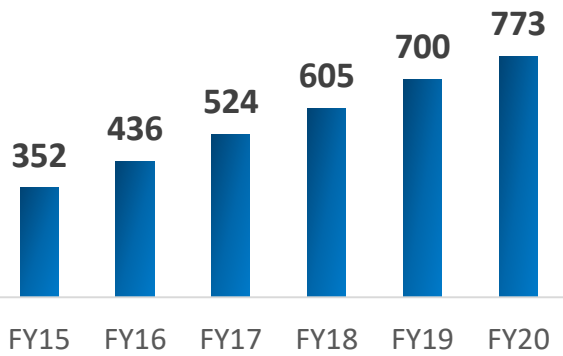
### PAT (Rs. in crore)



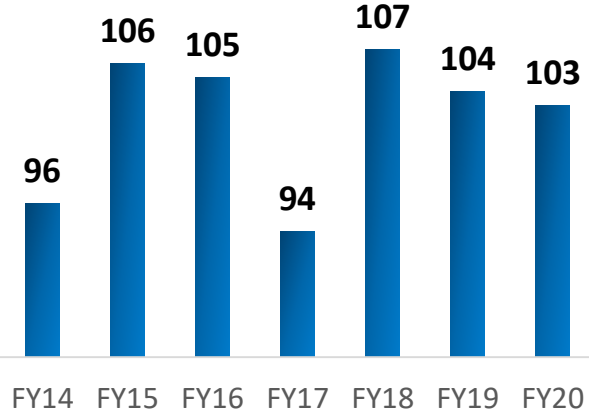
### EPS (In Rs.)



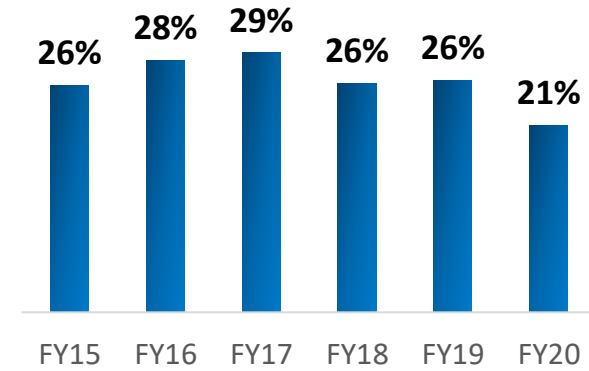
### Networth (in crore)



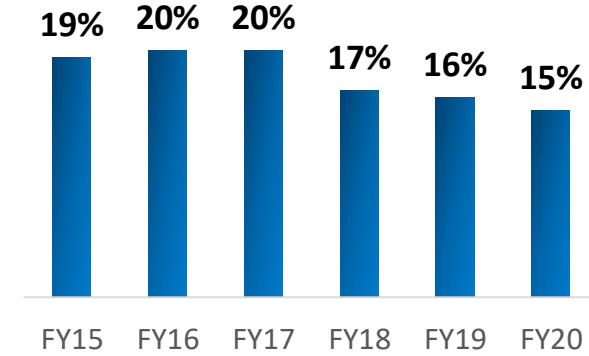
### Working Capital Days (net)



### ROCE (%)



### ROE (%)



# Abridged P&L – Standalone – Period ending 30 June 2020

Particulars (Rs. crore)	Q1 FY19	Q1 FY20	Y-o-Y Shift	FY19	FY20	Y-o-Y Shift
Revenue from Operations	267	143	(47%)	1,344	1,209	(10%)
Other Income	3	7	136%	16	16	(1%)
<b>Total Income From Operations (Net)</b>	<b>270</b>	<b>149</b>	<b>(45%)</b>	<b>1,359</b>	<b>1,225</b>	<b>(10%)</b>
<b>Total Expenditure:</b>	<b>232</b>	<b>136</b>	<b>(41%)</b>	<b>1,153</b>	<b>1,047</b>	<b>(9%)</b>
Raw Material expenses (costs of material consumed)	123	73	(41%)	646	585	(9%)
Employee benefits expense	40	31	(22%)	156	160	3%
Other expenses	69	32	(54%)	351	301	(14%)
<b>EBITDA (includes Other Income)</b>	<b>38</b>	<b>14</b>	<b>(65%)</b>	<b>206</b>	<b>178</b>	<b>(14%)</b>
<b>EBITDA margin (%)</b>	<b>14.1%</b>	<b>9.0%</b>	<b>(510 bps)</b>	<b>15.2%</b>	<b>14.5%</b>	<b>(70 bps)</b>
Finance Costs	1	1	(12%)	3	4	36%
Depreciation and Amortization	8	8	6%	23	33	43%
<b>PBT</b>	<b>29</b>	<b>4</b>	<b>(85%)</b>	<b>180</b>	<b>141</b>	<b>(22%)</b>
Tax expense	10	1	(85%)	65	25	(62%)
<b>PAT</b>	<b>19</b>	<b>3</b>	<b>(85%)</b>	<b>115</b>	<b>116</b>	<b>1%</b>
<b>PAT margin (%)</b>	<b>7.1%</b>	<b>1.9%</b>	<b>(520 bps)</b>	<b>8.5%</b>	<b>9.5%</b>	<b>100 bps</b>

Note: Due to Implementation of Ind AS 116 on Leases there has been an increase in EBITDA and Depreciation. Net Impact on PAT is negative in the initial years. Results are not strictly comparable with the prior period.

# Thank You

For further information, please contact:

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