

Cera Sanitaryware Limited

Corporate Presentation

CERA

Style. Innovation. Leadership



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CERA





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CERA



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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.230 cr
Cash and Cash
Equivalents* of

260%
Rate of Dividend - FY20

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

Sanitaryware - **66**
Faucetware - **258**
New products introduced

9
Total touch free products

Rated AA
(CARE)*
For Long Term Debt

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

Largest Market Share, Deep Customer Connect and Elevated Brand Promise

Largest plant for Sanitary ware in India established at legacy costs

Robust Financial Position

Wide Product Portfolio incorporating Design Excellence and Deep Technology Imprint

Experienced Proficient Leadership with zero attrition in Senior Management over last decade

Wide Distribution Network and Comprehensive Marketing Infrastructure

Robust Financial Position and Protocols

Zero Debt Company

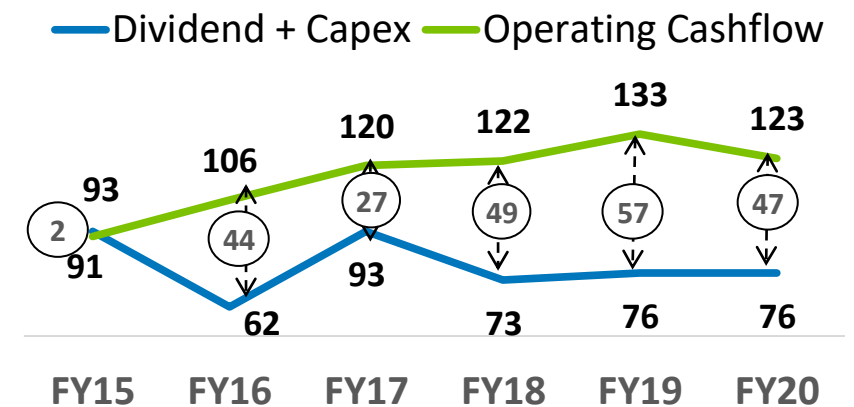
- Cash and Cash Equivalents of Rs.230 crore; primarily liquid investments
- No Contingent Liabilities for Joint Ventures

Sharp Focus on Efficient Capital Management

- Industry leading RoCE – 25.46%¹
- Fixed Asset turnover of ~3.6x (As on 31 March 2020)
- Uniform organization-wide policy to monitor receivables – credit not used to drive revenues
- ERP automatically shuts down fresh supplies to vendors with dues in excess of 45-60 days

Free Cash Flow Positive with Robust Cash Position

- Consistent cash generation each year
- Annual Capex requirement < Free Cash flow generation
- Increasing gap between annual cash flow generation less dividend outflow and capex
- Regularly paid dividends for the last 30 years +



Financial Discipline is Central to the growth strategy

Note 1: Without considering Cash & Cash equivalents

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

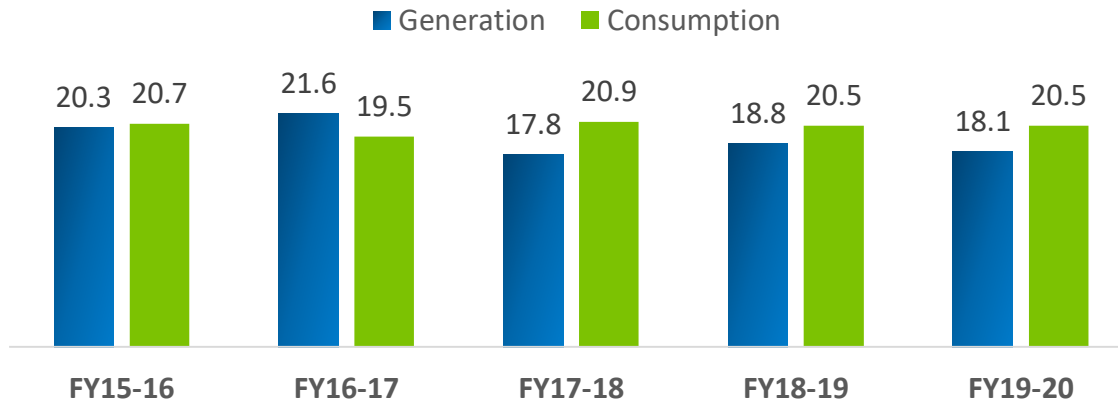
- A mechanical engineer, founded Faucetware manufacturing for CERA
- 13 years with CERA
- A 43 year veteran in the faucets industry
- Responsible for production and development activities of faucets
- He has been a part of developing polymer plant



Zero Attrition in the Senior Management Team over the last decade

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

Marquee Clients

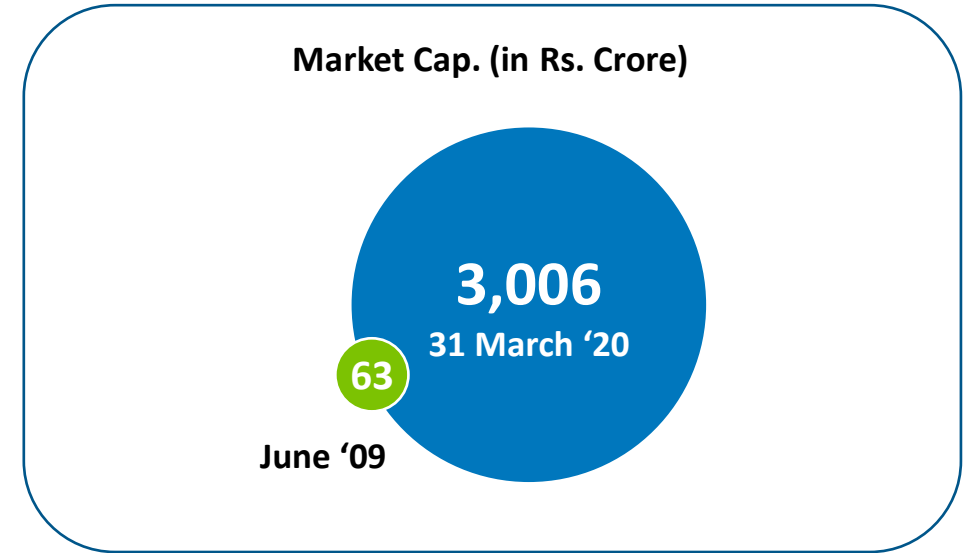
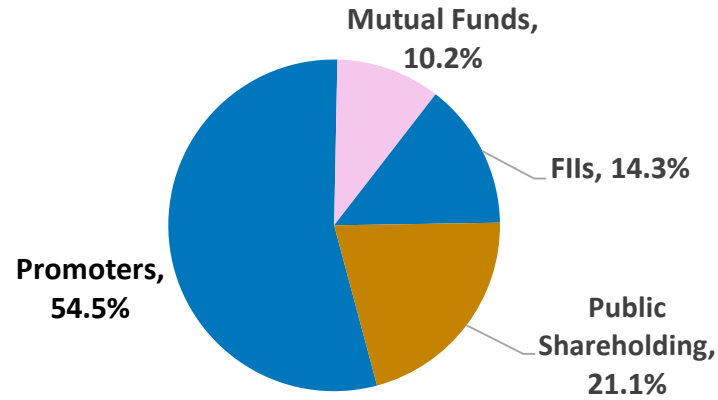
Key Institutional Clients



Key Government and PSU's Patrons

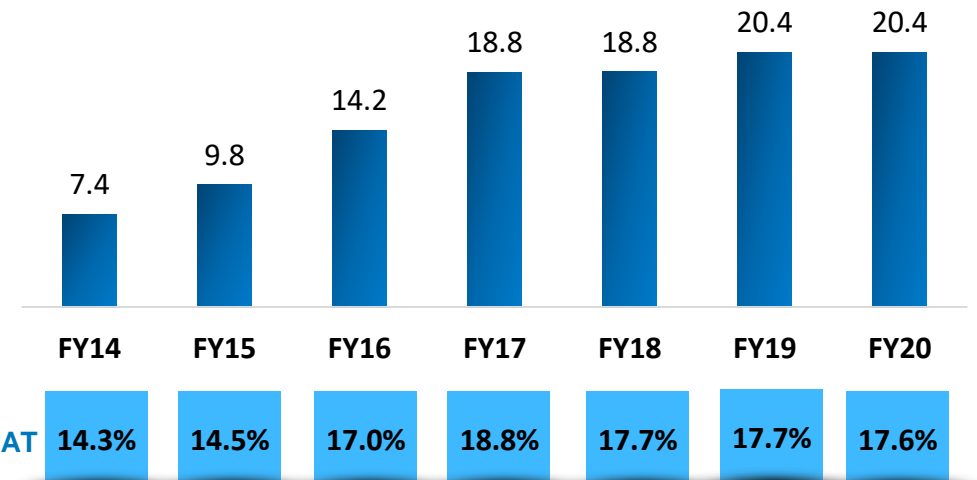


Ownership and stakeholder value creation



Key Institutional Shareholders	As on March, 2020
Nalanda India Equity Fund Ltd.	9.0%
UTI	4.2%
HDFC Life Insurance Company Ltd.	3.6%
DSP Small Cap Fund	3.3%
India 2020 II Ltd.	3.2%
L&T MF	2.2%
Old Well Emerging Markets Master Fund	1.2%
Vijay Kedia	1.1%
Invesco	0.7%
Emerging Markets Core Equity Of Dfa Investment Dimensions	0.6%
Reliance Equity Opportunities AIF Scheme	0.5%
Singular India Opportunities Trust	0.3%
Union Small Cap. Fund	0.2%
BOI AXA	0.2%
IDFC Emerging Businesses Fund	0.1%
Other Institutional shareholders	2.0%
Total	32.4%

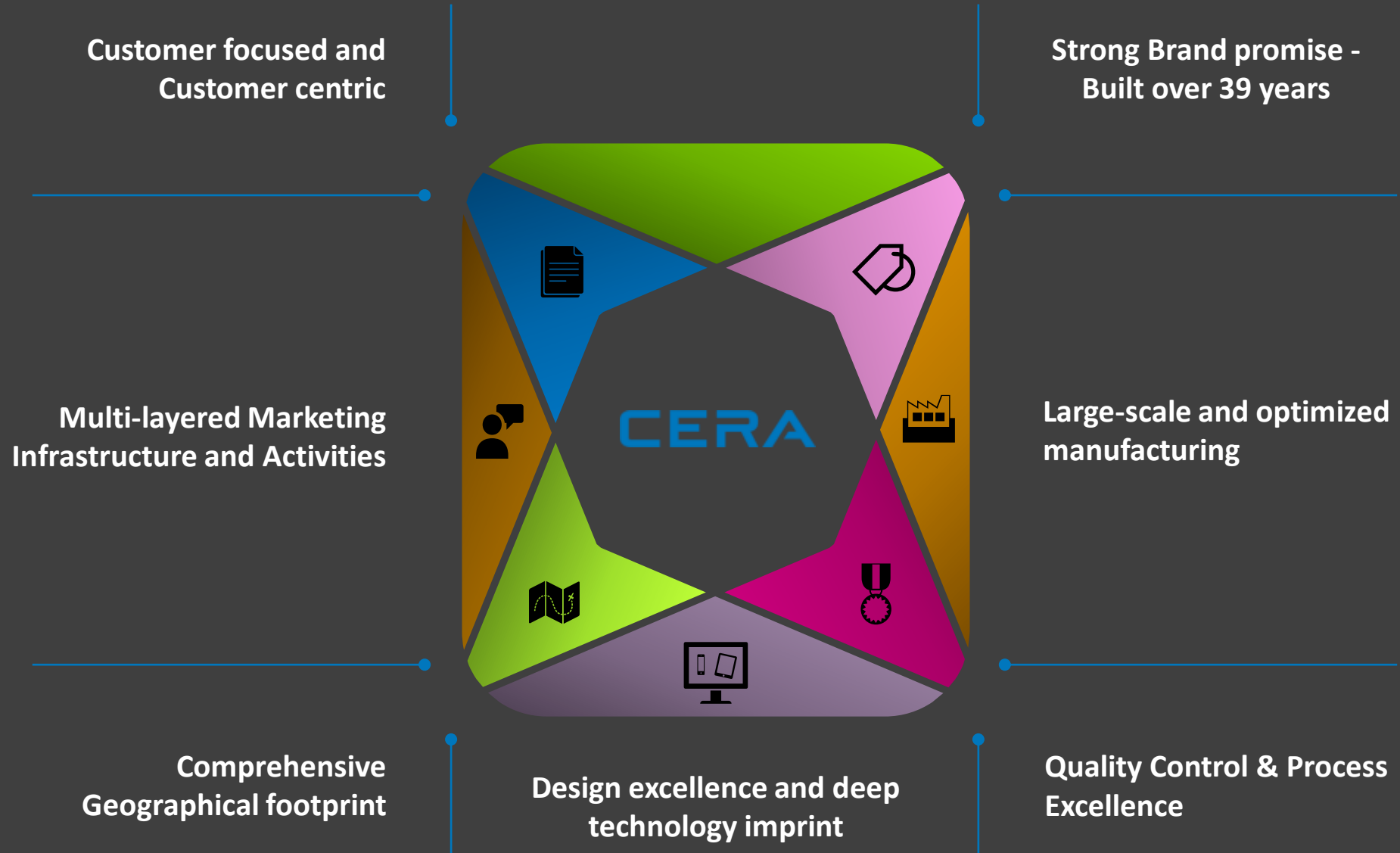
Dividend Distributed (Rs. cr.)



As a % of PAT

14.3% 14.5% 17.0% 18.8% 17.7% 17.7% 17.6%

Key Differentiators



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

Large-Scale and Optimized Manufacturing

CERA



Quality Control and Process Excellence

CERA

Advanced
Quality
Control
Systems



Rapid
Technology
Adoption –
Robotics for
Sanitaryware
Finishing



Plant is equipped with **Robotic Glazing machines** which provide shine and colour to the product and faster turnaround time

Latest R&D
Center
(Approved
by IAPMO)



Sanitaryware
MouldMaking



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

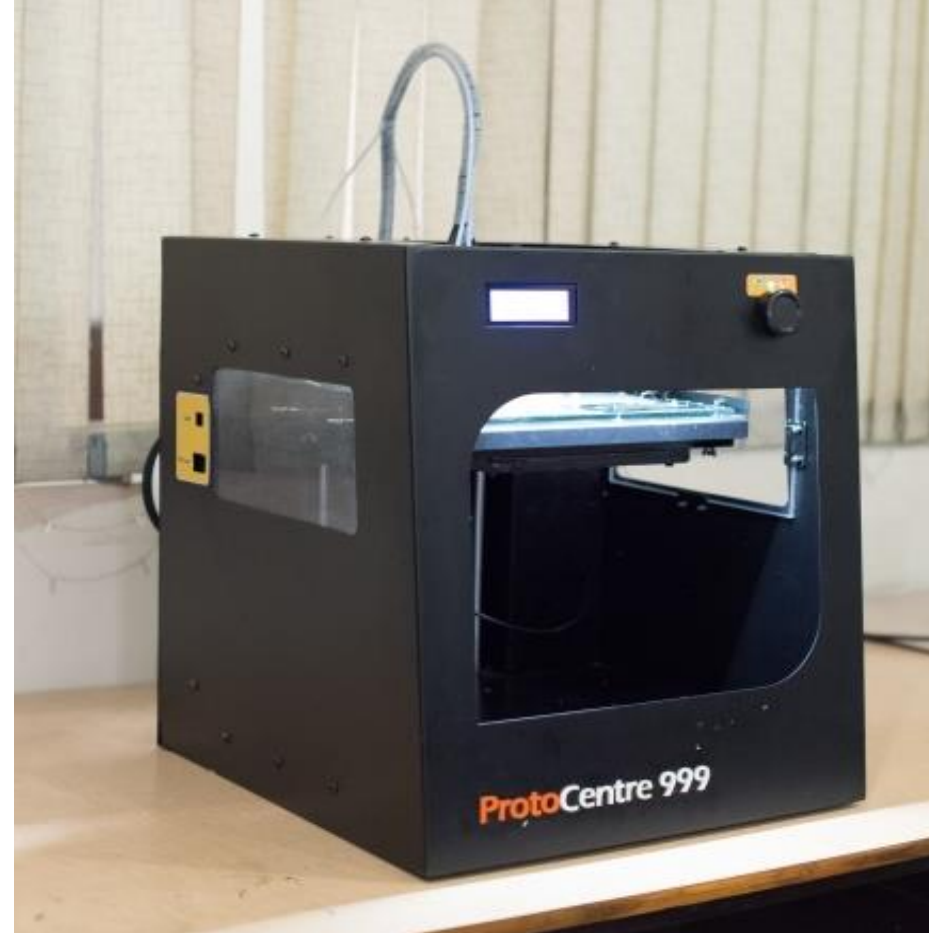
Design Excellence and deep technology imprint

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

Comprehensive geographical footprint



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

139 CERA Style Galleries
14,000 + Trade Partners

Gearing up with increase in sales and trade	
Network as on March 2020	
	Total*
Dealer	3,564
Retailer	11,306
Total	14,870

After sales team strength - March 2020	
320	

*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

- **139 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

CERA Style Centre
Exclusive CERA Retailer

- Enhances retail experiences, retailer owned
- Currently 2,700 Style Centre operational
- Over 600 CSCs planned in the next 2 financial years
- Retailer does not have to pay for display products



Multi layered Marketing Activities.. 4

CERA

Senator Launch



Senator, ISVEA & Water Heater Prints



MADE FOR ROYALTY

Introducing Senator from the house of CERA
Created by our award winning Design Team

Senator
 by CERA

www.cera-india.com/senator

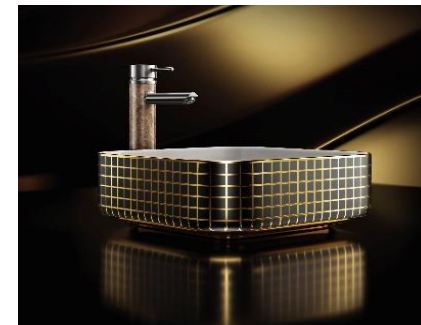


Italian Luxury Designer Sanitaryware.

ISVEA
 1972 BARRI

ISVEA products are available in all major Indian cities
 to create your outdoor lifestyle.

Designed and manufactured by
CERA



MADE FOR ROYALTY

Introducing Senator from the house of CERA
Created by our award winning Design Team

Senator
 by CERA

www.cera-india.com/senator



CERA
 VIVA

— WATER HEATERS —
 Redefining Shower Experience

FREE
 Hot Water Connection Pipe
 (Maximum length)



Multi layered Marketing Activities.. 5

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

- Creating a strong brand recall in consumers minds

First Brand to sign an celebrity as its Brand Ambassador in the industry



Dia Mirza

- The former Miss Asia Pacific turned actress, was CERA's brand ambassador for two years from 2012
- CERA communicated its foray into the next level of luxury with this ad campaign

Contemporary meets class



Sonam Kapoor

Fashionista. Very classy. Fondly followed. Deeply admired

- In 2013, CERA and Sonam Kapoor came together to make style meet fashion
- A heady combination that is set to inspire trends for a long time to come

Multi layered Marketing Activities.. 6

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

Customer Focused and Customer Centric

After Sales Servicing Team – On Company's Books

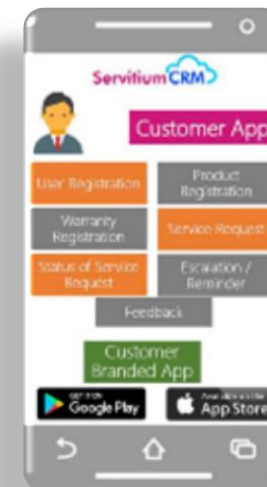
- 13 service offices
- 25 officers attending technicians
- 140 technicians to attend complaints spread across every state
- Periodical training on products for better quality service

New CRM module

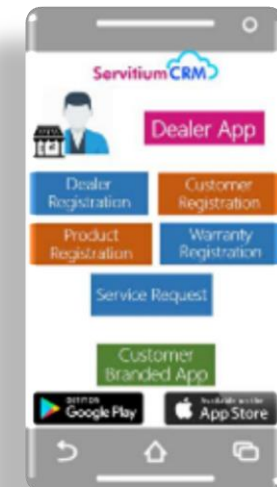
Mobile app for customers to register complaints

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

Complaints closed within 1 to 2 working days



Customer App

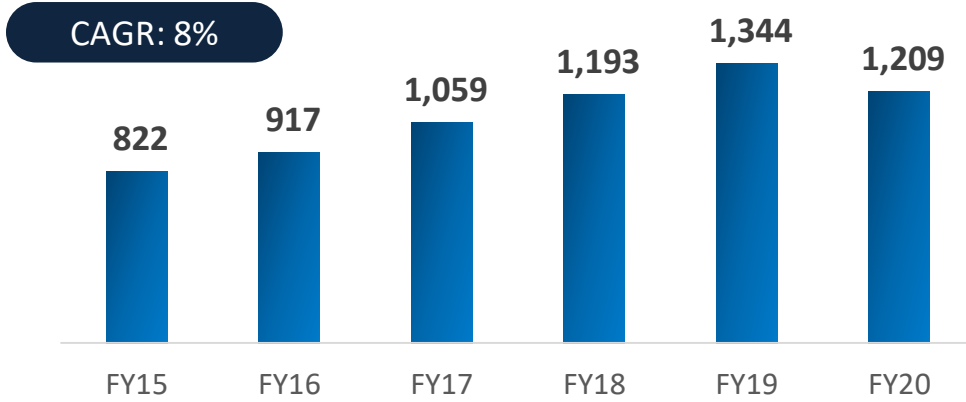


Dealer App

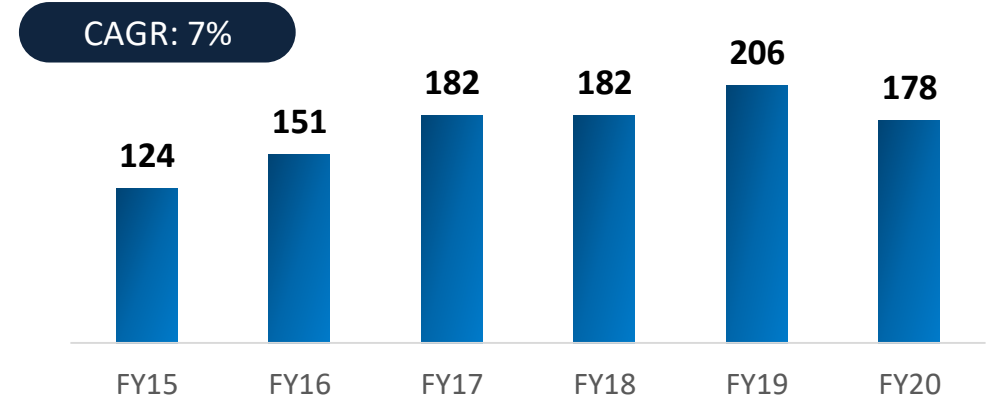
Financial Overview



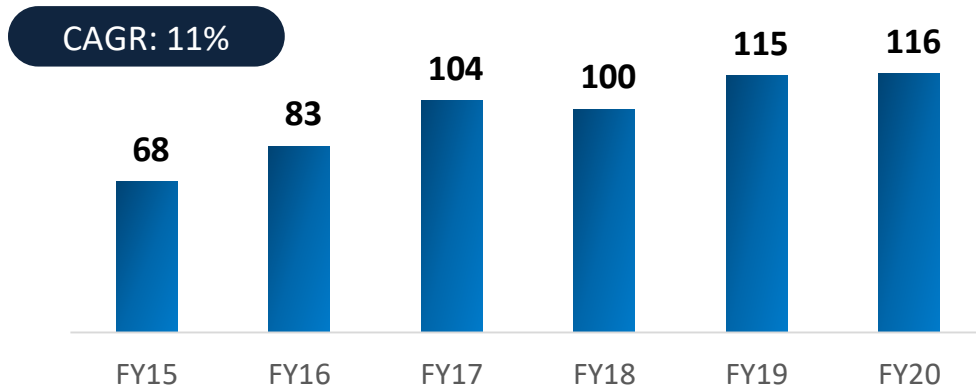
Revenue



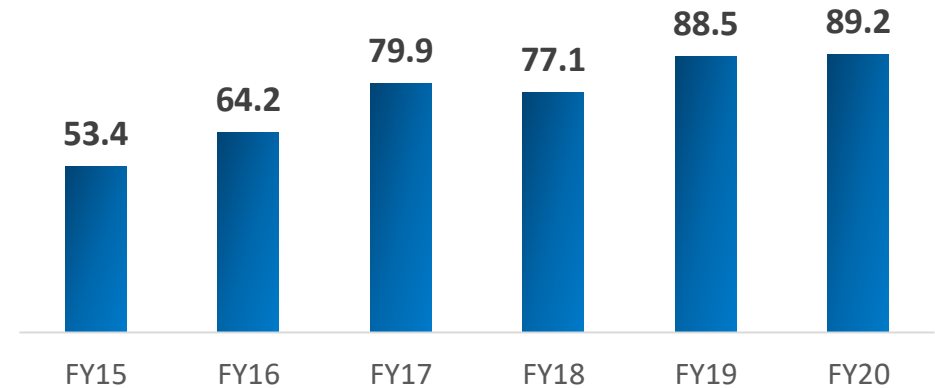
EBITDA (Rs. in crore)



PAT (Rs. in crore)

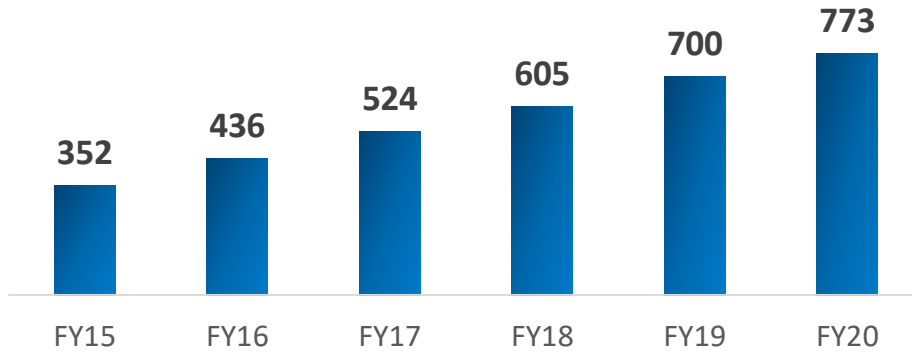


EPS (In Rs.)

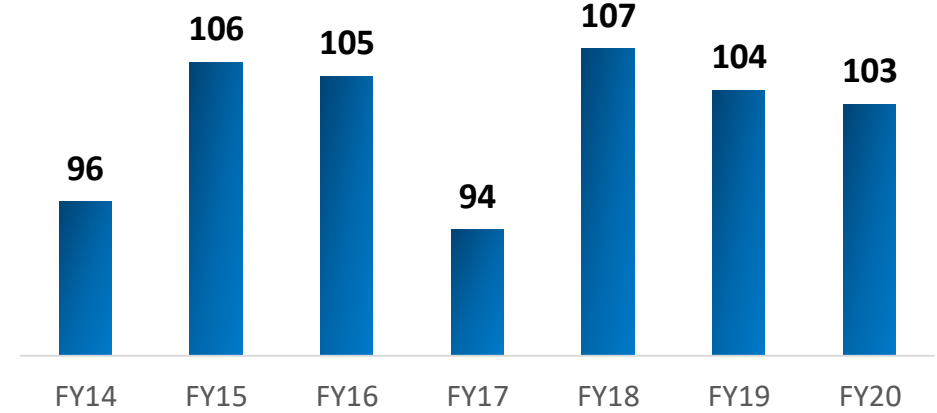


Financial Overview

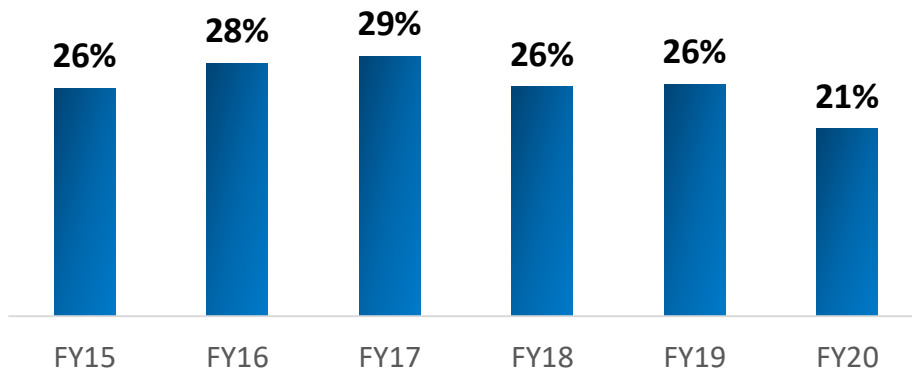
Networth (in crore)



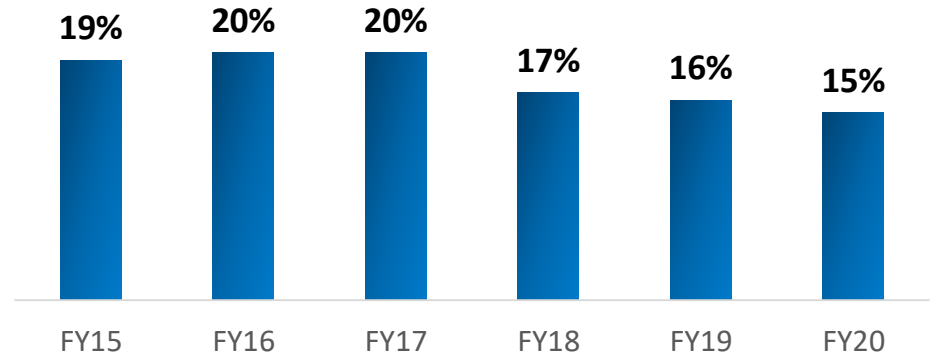
Working Capital Days (Net)



ROCE (%)



ROE (%)



Abridged P&L – Standalone – Period ending 31 Mar. 2020

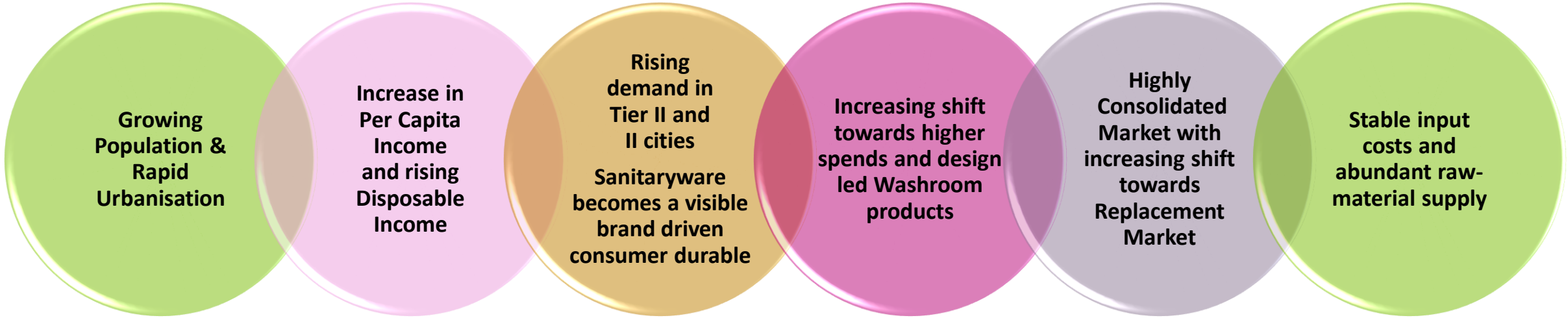


Particulars (Rs. crore)	Q4 FY19	Q4 FY20	Y-o-Y Shift	FY19	FY20	Y-o-Y Shift
Revenue from Operations	413	293	(29%)	1,344	1,209	(10%)
Other Income	6	4	(25%)	16	16	(1%)
Total Income From Operations (Net)	419	297	(29%)	1,359	1,225	(10%)
Total Expenditure:	349	251	(28%)	1,153	1,047	(9%)
Raw Material expenses (costs of material consumed)	207	139	(33%)	646	585	(9%)
Employee benefits expense	39	39	(0.01%)	156	160	3%
Other expenses	103	73	(29%)	351	301	(14%)
EBITDA (includes Other Income)	69	47	(33%)	206	178	(14%)
EBITDA margin (%)	16.6%	15.7%	(90 bps)	15.2%	14.5%	(70 bps)
Finance Costs	1	1	(22%)	3	4	36%
Depreciation and Amortization	7	9	36%	23	33	43%
PBT	61	36	(41%)	180	141	(22%)
Tax expense	23	(2)	NA	65	25	(62%)
PAT	38	38	1%	115	116	1%
PAT margin (%)	9.1%	12.9%	380 bps	8.5%	9.5%	100 bps

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.

Economic and Fundamental trends are favorable for growth CERA

Industry to benefit from amalgamation of growth vectors



Government Initiatives are supporting demand growth for Sanitaryware, Faucets and Tiles



Thank You

For further information, please contact:

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