

Cera Sanitaryware Limited

Corporate Presentation

CERA

Style. Innovation. Leadership



Disclaimer

This presentation and the accompanying slides (the “Presentation”), which have been prepared by Cera Sanitaryware Limited company, have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

This presentation contains certain forward looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.

The CERA logo is displayed in a bold, blue, sans-serif font in the top right corner of the page.

Contents



	Company Overview	4	▶
	Covid Related Opportunities	7	▶
	Management team & Shareholding	9	▶
	ESG, Technology and R&D	12	▶
	Marketing and Customer Connect	18	▶
	Financial Overview	26	▶

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.409 cr
Cash and Cash
Equivalents*

260%
Rate of Dividend - FY20

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

91 Sanitaryware
11 Faucetware
New products introduced
during 9M FY21

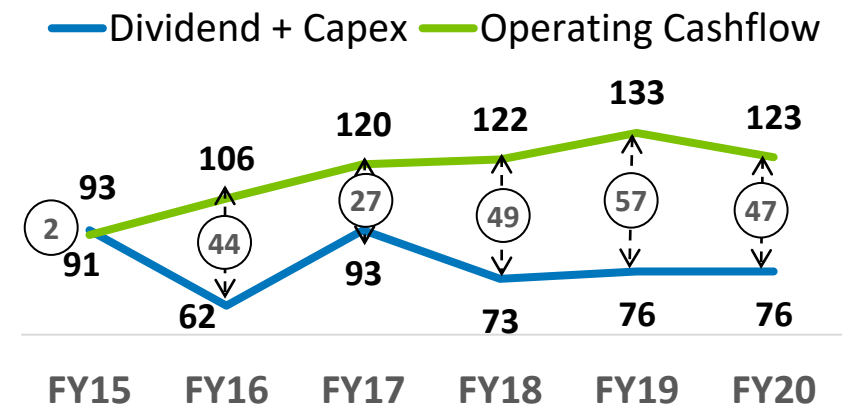
Rated AA
Long Term Debt
Rated A1+
Short Term Debt
(CARE)

Rated AA-
Long Term Debt
Rated A1+
Short Term Debt
(CRISIL)



Robust Financial Position and Protocols

<p>Zero Debt Company</p>	<ul style="list-style-type: none"> • Cash and Cash Equivalents of Rs.409 crore; primarily liquid investments • No Contingent Liabilities for Joint Ventures
<p>Sharp Focus on Efficient Capital Management</p>	<ul style="list-style-type: none"> • Industry leading RoCE – 25.46%¹ (<i>without considering Cash & Cash equivalents</i>) • Fixed Asset turnover of ~3.6x¹ • 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
<p>Free Cash Flow Positive with Robust Cash Position</p>	<ul style="list-style-type: none"> • 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



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

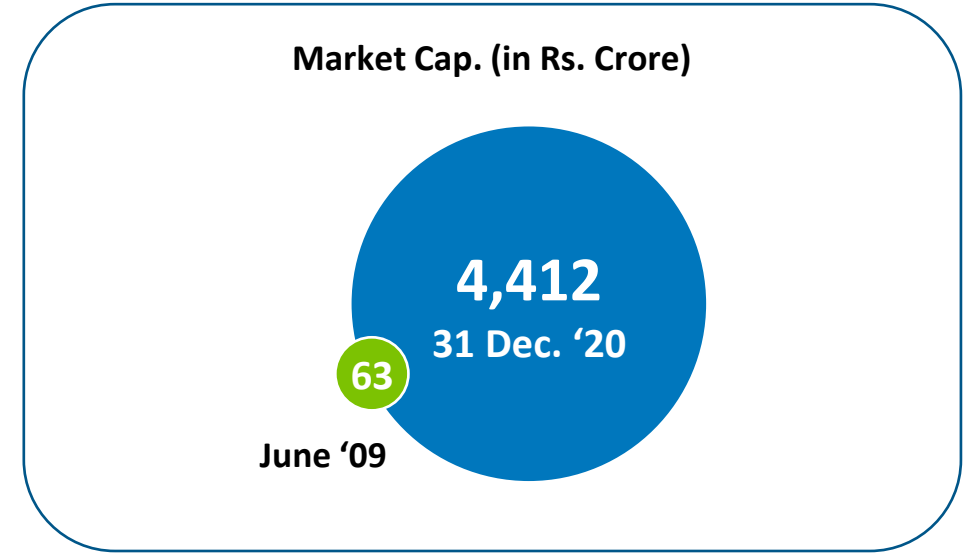
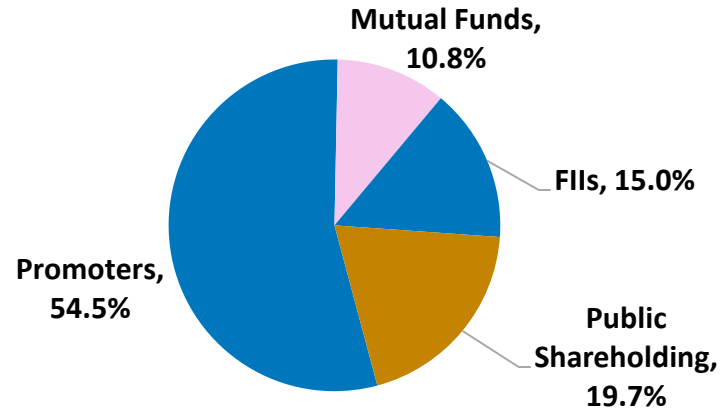
- A mechanical engineer, founded Faucetware manufacturing for CERA
- 13 years with CERA
- A 43 year veteran in the faucets industry
- Responsible for production and development activities of faucets
- He has been a part of developing polymer plant



Zero Attrition in the Senior Management Team over the last decade

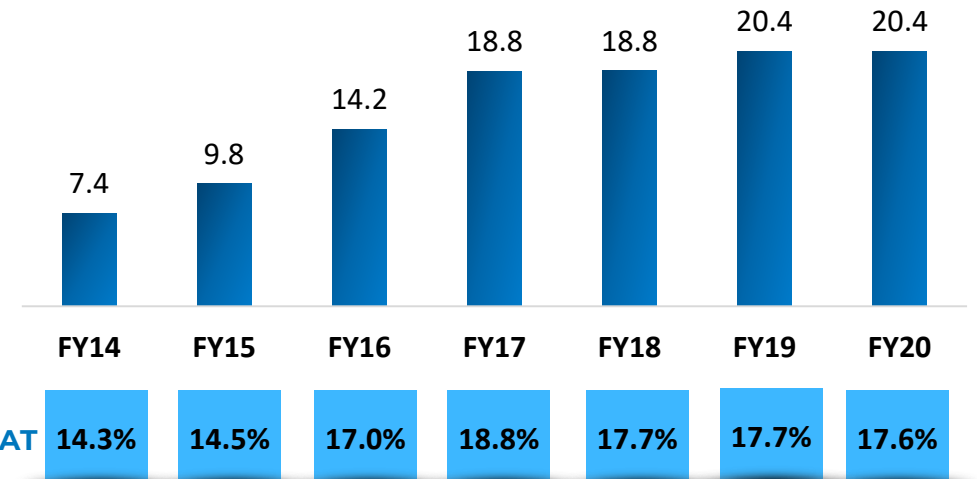


Ownership and stakeholder value creation

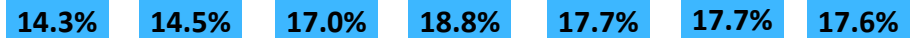


Key Institutional Shareholders	As on 31 December, 2020
Nalanda India Equity Fund Ltd.	9.9%
UTI	4.2%
DSP Small Cap Fund	3.9%
India 2020 II Ltd.	3.6%
HDFC Life Insurance Company Ltd.	2.1%
L&T MF	2.1%
Vijay Kedia	1.0%
Old Well Emerging Markets Master Fund	0.8%
Invesco	0.5%
Emerging Markets Core Equity Of Dfa Investment Dimensions	0.5%
Reliance Equity Opportunities AIF Scheme	0.3%
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	1.1%
Total	30.8%

Dividend Distributed (Rs. cr.)



As a % of PAT



Large-Scale and Optimized Manufacturing

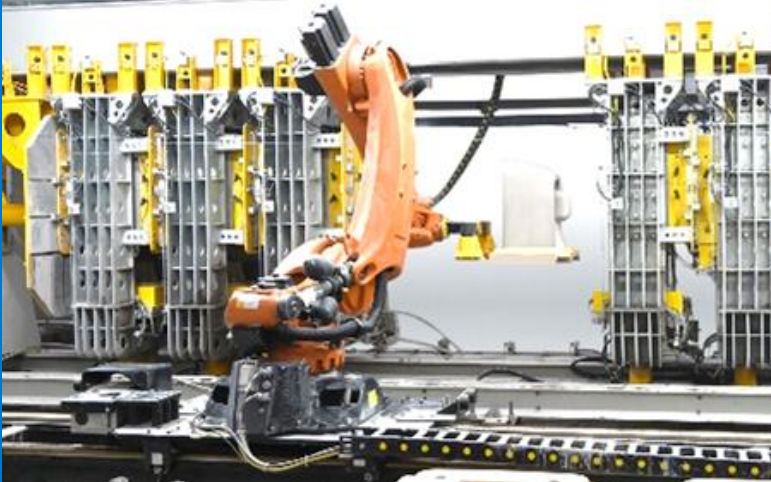
CERA



Quality Control and Process Excellence.. 1

Rapid Technology Adoption –Robotics for Sanitaryware and Faucet Finishing

Sanitaryware
Robotic
Pressure
Casting:



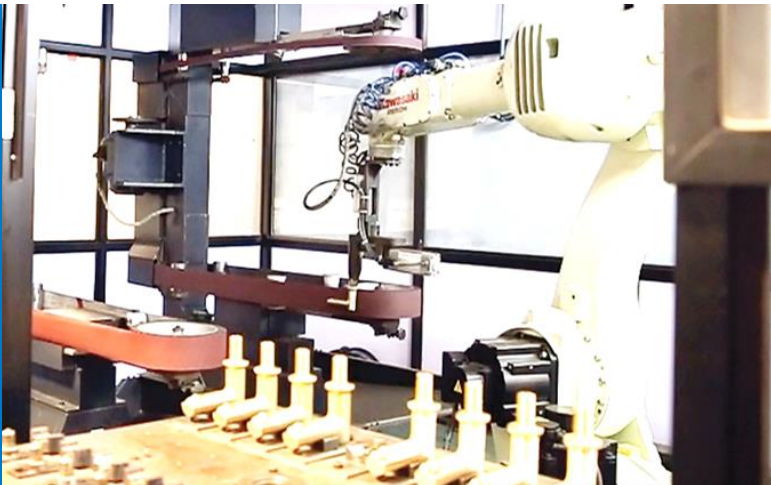
For
producing
high end
sanitaryware
in large
quantities

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

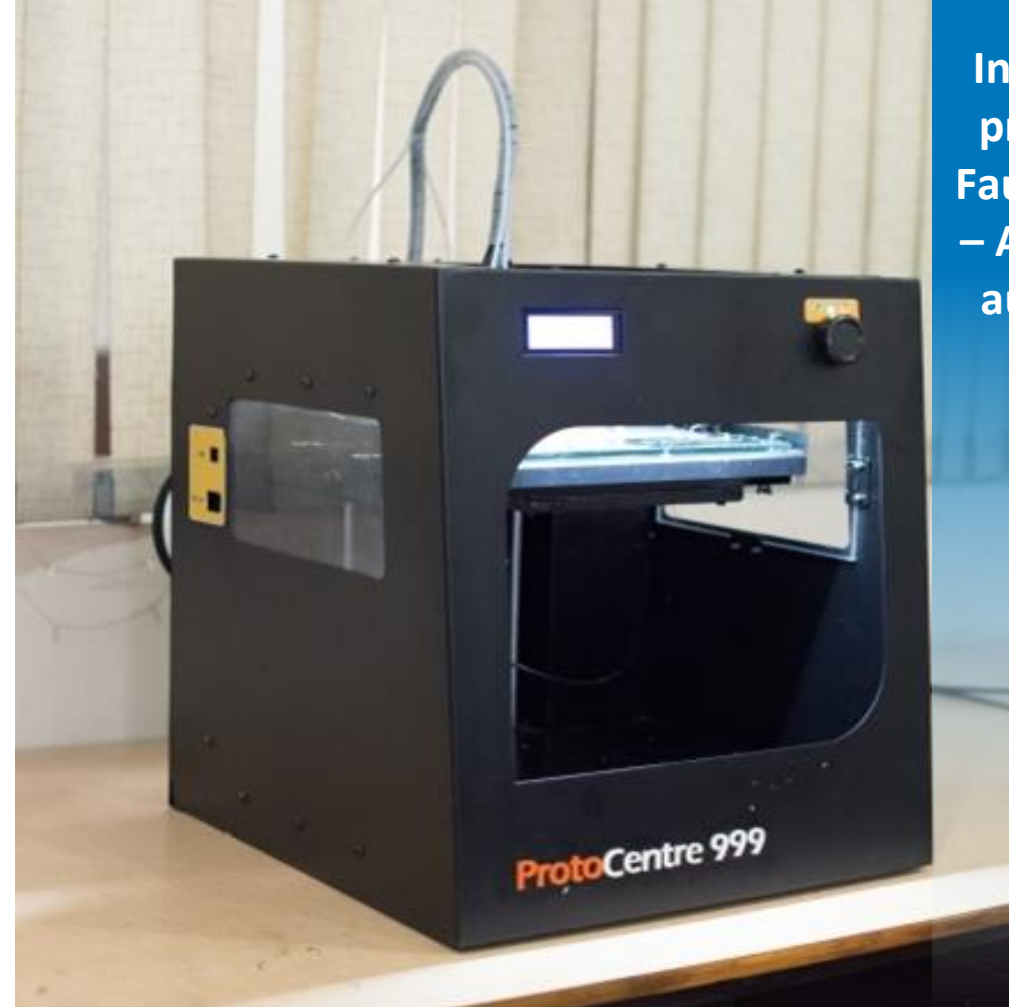


Design Excellence and deep technology imprint

First Sanitaryware Company to design and install 3D printers



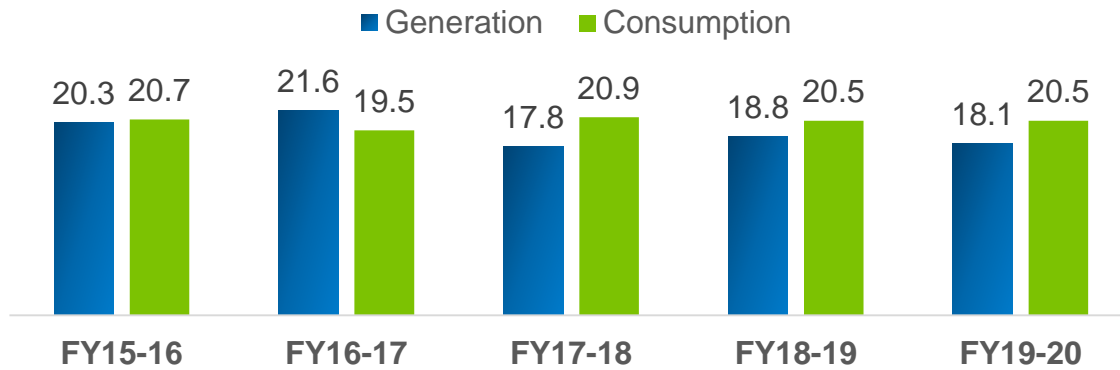
Installed 3D printers for Faucet design – A complete automated design process



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

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 Dec. 2020	
	Total*
Dealer	3,882
Retailer	11,306
Total	15,188

After sales team strength – Dec. 2020	
328	

**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

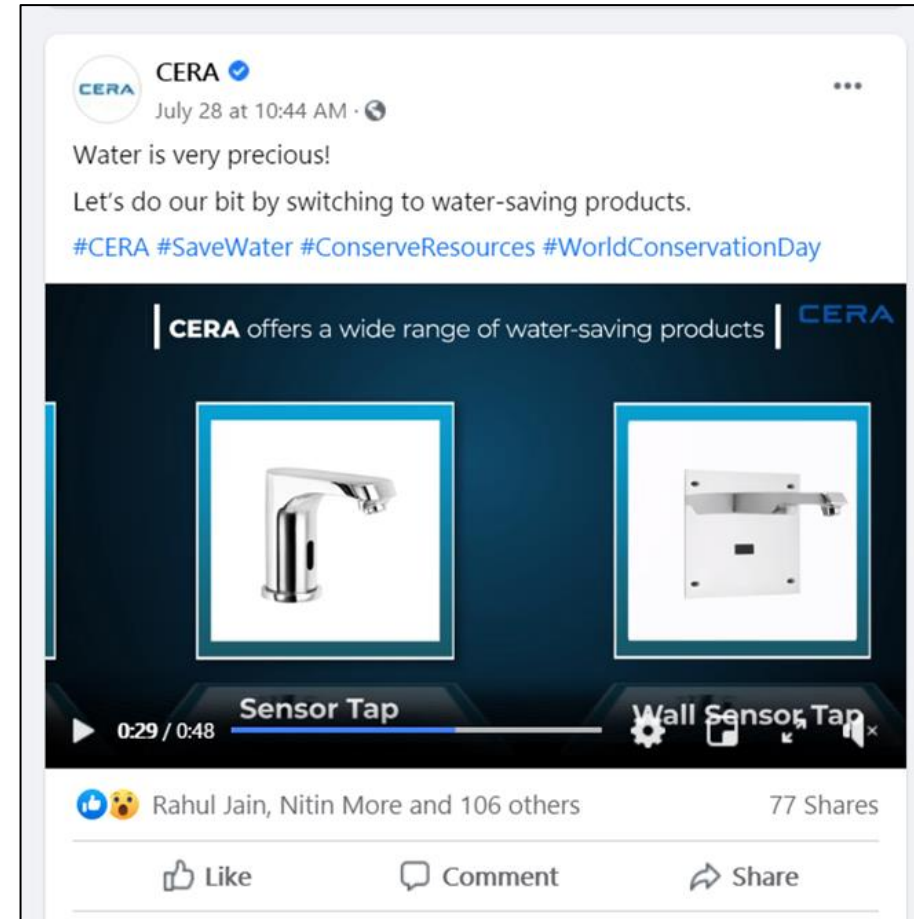
'Cera' brand active on multiple Social Media platforms



#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
- 23 officers attending technicians
- 328 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



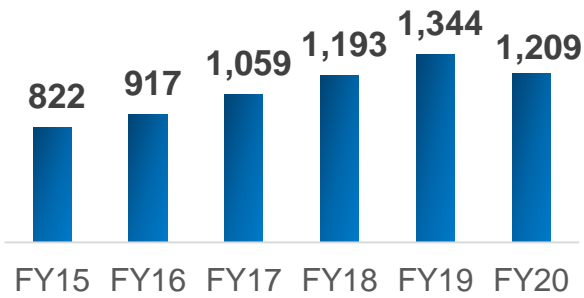
Dealer App



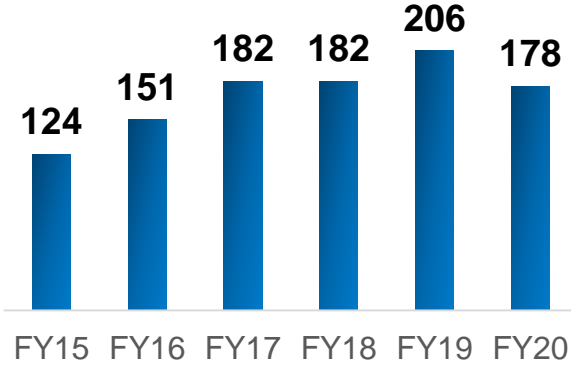
Financial Overview



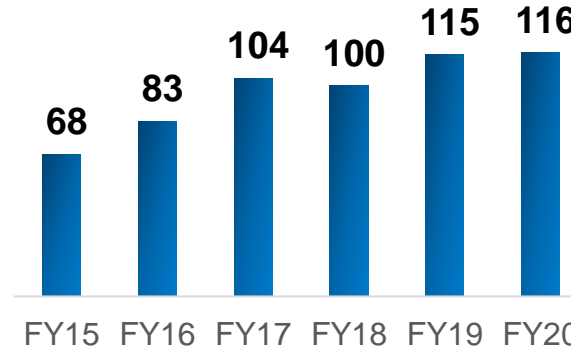
Revenue (Rs. in crore)



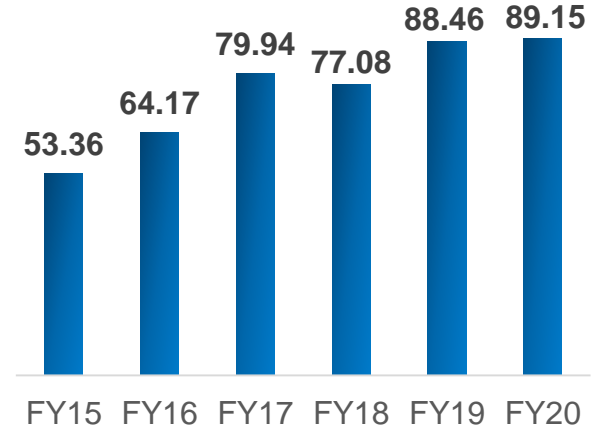
EBITDA (Rs. in crore)



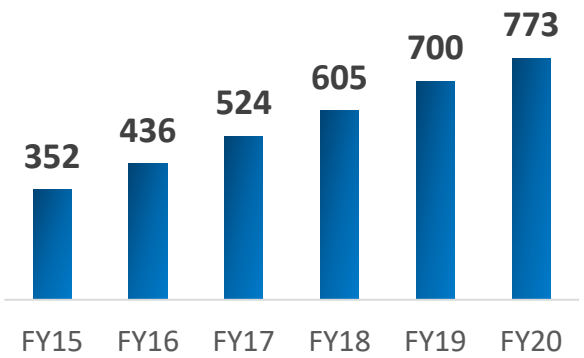
PAT (Rs. in crore)



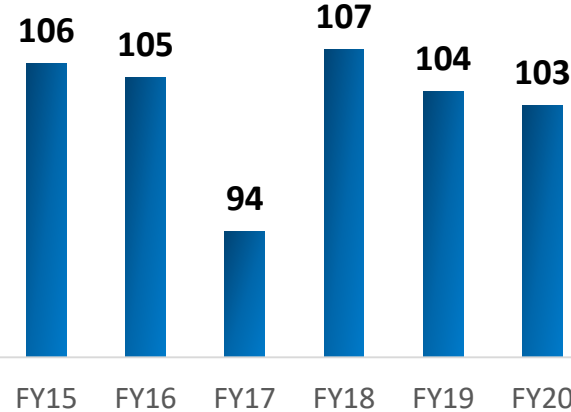
EPS (in Rs.)



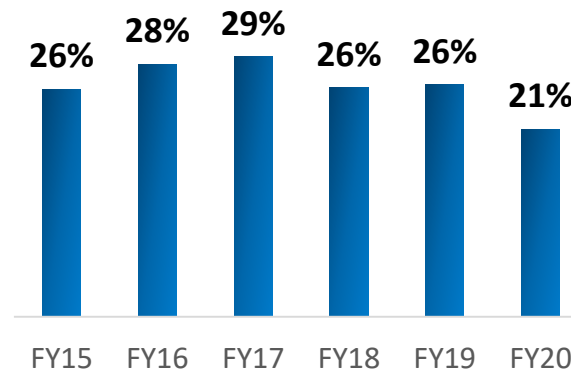
Networth (in crore)



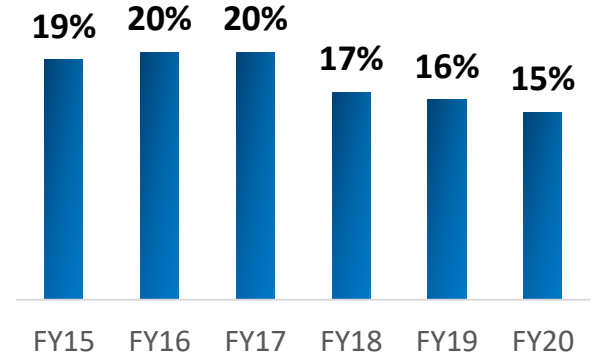
Working Capital Days (net)



ROCE (%)



ROE (%)



Abridged P&L – Standalone – Period ending 31 December 2020 CERA

Particulars (Rs. crore)	Q3 FY20	Q3 FY21	Y-o-Y Shift	9M FY20	9M FY21	Y-o-Y Shift
Revenue from Operations	321.35	309.84	(4%)	915.93	770.33	(16%)
Other Income	4.30	8.50	98%	11.30	19.32	71%
Total Income From Operations (Net)	325.65	318.34	(2%)	927.23	789.65	(15%)
Total Expenditure:	278.42	270.14	(3%)	796.20	683.52	(14%)
Raw Material expenses (costs of material consumed)	163.49	180.07	10%	446.10	419.53	(6%)
Employee benefits expense	41.12	34.20	(17%)	121.72	101.49	(17%)
Other expenses	73.81	55.87	(24%)	228.38	162.50	(29%)
EBITDA (includes Other Income)	47.23	48.20	2%	131.03	106.13	(19%)
EBITDA margin (%)	14.5%	15.1%	60 bps	14.1%	13.4%	(70 bps)
Finance Costs	1.07	0.95	(10%)	3.24	2.89	(11%)
Depreciation and Amortization	8.01	8.39	5%	23.62	24.84	5%
PBT	38.15	38.87	2%	104.17	78.40	(25%)
Tax expense	9.78	9.78	0.0%	26.70	20.12	(25%)
PAT	28.37	29.09	3%	77.47	58.28	(25%)
PAT margin (%)	8.7%	9.1%	40 bps	8.4%	7.4%	(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.



Thank You

For further information, please contact:

 Siddharth Patel / Ayush Bagla
 CERA Sanitaryware Limited
 Phone : +02764 243000 / 022 4295 8370
 Email: siddharth@cera-india.com
ayushbagla@cera-india.com

 Mayank Vaswani / Devrishi Singh
 CDR, India
 Phone : +91 98209 40953 / 98205 30918
 Email: mayank@cdr-india.com
devrishi@cdr-india.com