Cera Sanitaryware Limited

Q4 & FY26 Earnings Conference Call

May 09, 2026

Moderator: Ladies and gentlemen, good day, and welcome to the earnings conference call of Cera Sanitaryware Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Devrishi Singh of CDR India. Thank you, and over to you, Mr. Singh.

Devrishi Singh: Good morning, everyone, and thank you for joining us on the earnings conference call for Cera Sanitaryware Limited for Q4 FY26 earnings, which were announced yesterday. We have with us today the management team comprising Mr. Vikas Kothari – CFO; and Mr. Deepak Chaudhary – VP Finance and Investor Relations of Cera Sanitaryware. We will start with brief opening remarks from the management, following which we will open the call for Q&A.

A quick disclaimer before we begin. Some of the statements made in today's conference call may be forward-looking in nature, and a detailed note in this regard is contained in the results documents that have been shared with all of you earlier.

I would now turn the call over to the management for their opening remarks. Thank you, and over to you.

Deepak Chaudhary: Thank you, Devrishi. Good morning, everyone, and a warm welcome to you all for joining us for the Q4 and full year FY26 earnings conference call of Cera Sanitaryware Limited. I will begin by sharing a brief overview of our operational and strategic developments during the quarter, following which our CFO, Mr. Vikas Kothari, will take you through the financial performance in greater detail.

During the quarter, the Company delivered an improved performance with revenues growing in double digits at 11.4% on a year-on-year basis. Sanitaryware and faucetware accounted for 46% and 43% of the revenues, respectively, during the quarter.

This performance further builds on the early signs of recovery that we had started witnessing from Q3 and reinforces our confidence that demand conditions are gradually improving. Importantly, this improvement is being led by our core product categories, where we are seeing relatively better traction given our strong positioning in the mass and mid-segments.

From a broader perspective, the underlying drivers for the building materials sector continue to remain supportive. We are seeing a more balanced recovery across segments with traction in both urban markets and select Tier 2 and Tier 3 regions. This is encouraging for our core product categories as demand conditions continue to stabilize.

During the quarter, we implemented a calibrated price revision across faucetware and sanitaryware effective from March 1st, primarily to offset the increase in input costs, particularly in brass. Going forward, we expect continued volatility in the key input prices, including metals and energy costs, over the near to medium term. While these pricing actions have been undertaken in a measured manner, we continue to maintain a balanced approach keeping in mind both margin protection and market competitiveness. Pricing decisions will remain dependent on movements in input costs and overall demand conditions.

On the margin front, we have continued to see some pressure during the quarter with margins remaining below our normal range, largely on account of higher input costs as well as on account of continued trade discounts. We have already compensated for the higher costs by increasing prices in both sanitaryware and faucetware segments. As operating conditions stabilize, we expect to progressively regain better control over discounts, which should support a steady improvement in margins over time.

The Company has identified certain focus markets, mainly the Northeast, West Bengal, Uttarakhand, Bihar, Tamil Nadu, Madhya Pradesh, Jharkhand, Goa, Chhattisgarh, and Odisha as a part of its growth strategy initiated some time ago. Continuous efforts undertaken across these regions to strengthen distribution and market interventions have contributed meaningfully to the growth achieved by the Company so far.

From a portfolio perspective, FY26 has been an important year in strengthening our overall brand architecture, particularly through our initiatives under Senator and Polipluz. Both brands have made steady progress during the year with key building blocks now largely established across product portfolio, team structure, distribution, and market presence.

Under Senator, we have successfully expanded our retail footprint with 40 flagship stores operational during the year and are targeting to scale this up to 60 stores by next financial year. Under Polipluz, we have onboarded 102 distributors and 1,120 dealers during FY26, with a target to expand the network to 200 distributors and 2,000 dealers by the end of FY27. These initiatives are currently in the investment and brand-building phase, where the focus remains on strengthening positioning, expanding reach, and building long-term brand equity. Given the nature of this phase, we expect the outcomes to play out progressively over time with a more visible contribution to growth as these initiatives scale up. With the foundational elements now largely in place, our focus will increasingly be on strengthening execution and driving progressive scale-up over the coming periods. Backed by a strong leadership team and relevant industry experience in building established brands, we remain confident about the long-term potential of these initiatives.

At the same time, as we continue to invest in these emerging brands, the core Cera brand remains central to our growth strategy and continues to be the primary driver of volumes and overall business performance. As mentioned earlier, we are seeing improved traction in this segment supported by gradual recovery in retail demand as well as continued momentum in the project business.

Cera Luxe is also gradually strengthening our presence in the premium and contemporary segment, supported by an expanding product portfolio and improving market visibility.

Given our strong positioning across our core segments, we expect a significant part of the growth going forward to be driven by the core Cera brand, where we have established scale, distribution reach, and strong brand recall.

On the brand and marketing front, we are strengthening our overall communication strategy with a sharper focus on enhancing brand visibility across segments. During FY26, our marketing and publicity spends stood approximately at INR 49 crore, and we expect this to increase in FY27 as we step up our brand-building initiatives across key channels.

We are working towards rolling out a series of focused campaigns across digital, social, and on-ground platforms. This will include the introduction of a new brand ambassador, which we expect to announce in the near term and which we believe will further enhance brand visibility and engagement across the key markets. Overall, these initiatives are aimed at strengthening our brand positioning and supporting our growth strategy going forward.

In addition, we have been strengthening our brand visibility through strategic franchise and institutional tie-up with leading consumer-facing brands across India. These include association with well-recognized names such as McDonald's, Tea Post, Connplex, JSW One Homes, Shalby Hospitals, Federal Bank, and other prominent brands across sectors.

From a supply side perspective, as most of you are aware, the industry has been witnessing disruptions in parts of the unorganized sector, particularly in Morbi, due to gas availability challenges arising from the ongoing geopolitical situation. In response to this environment, we are increasingly undertaking internalization of certain sanitaryware product categories, which is expected to enhance supply reliability and strengthen our ability to cater to demand requirements more efficiently. While gas prices remain elevated and are unlikely to ease in the near term, Cera has remained relatively insulated from these disruptions. This is supported by our continued gas sourcing arrangement, including supplies from GAIL at relatively subsidized rates, which have ensured operational continuity.

In addition, we have been able to effectively service demand through our existing inventory levels and manufacturing capabilities, enabling us to maintain supply in a market where several players have faced disruptions. This has also provided an opportunity to liquidate inventory and support offtake during the period, leading to improved demand visibility. Overall, while the external environment remains challenging, we are well-positioned to navigate the current situation without any material disruption to production or supply in the near term. At the same time, we continue to closely monitor the situation and remain focused on ensuring operational stability and responsiveness across our network.

On the operations front, we continue to focus on improving manufacturing efficiencies and strengthening our supply chain. In faucetware, we continue to witness strong traction with operations running at high utilization levels. During March 2026, we manufactured 4.3 lakh pieces, reflecting a healthy demand momentum.

In view of the strong demand visibility, we are undertaking capacity expansion to increase the production capacity to 5 lakh pieces per month with minimal capex outlay of approximately INR 5 crore. The enhanced capacity is expected to become operational from Q4 FY27 onwards.

To summarize, while the near-term environment continues to present certain challenges, we are seeing gradual improvement in demand conditions supported by a strong market position and execution focus. Importantly, we are beginning to see early signs of strengthening across key demand drivers and as these trends sustain, we expect this to translate into more visible growth momentum over the coming periods. Our priority remains on disciplined execution, strengthening our operating fundamentals and building a robust platform for future growth. With a strong balance sheet, diversified product portfolio and continued investments across brands, channels and systems, we believe that we are well-positioned to navigate the current environment and capture growth opportunities as demand conditions continue to improve over time.

With this, I would like to hand over to Mr. Vikas Kothari to run you through the financials of the Company.

Vikas Kothari: Thank you, Deepak and a very good morning to everyone. I will now take you through a brief overview of the company's financial performance for the quarter and year ended 31st March '26.

Revenue from operations for the quarter stood at INR 644 crore as compared to INR 578 crore in Q4 FY25.

EBITDA excluding other income for the quarter was at INR 98 crore as compared to INR 106 crore in the corresponding quarter of the previous year. EBITDA margins stood at 15.2% in Q4 FY26 as compared to 18.3% in Q4 FY25. This decline was primarily driven by continued pressure on gross margins led by elevated brass input costs and higher trade discounts. Margins were also impacted by pre-operating expenses related to the Senator and Polipluz formats.

Gas costs during the quarter remained stable with the weighted average cost at INR 35.55 per cubic meter in Q4 FY26 as compared to INR 36.03 per cubic meter in Q4 FY25. During the quarter, gas consumption was sourced 64% from GAIL and 36% from Sabarmati. Overall, gas cost as percentage of revenue stood at 2.3%.

Input costs, particularly brass continued to remain at elevated levels, while other input costs such as clay also witnessed some upward movement during the period. In response to these sustained cost pressures, the Company implemented calibrated price revisions of 4% in sanitaryware and 11% in faucetware towards the later part of the quarter.

These revisions were largely applicable to the retail segment, while project business remained relatively insulated due to pre-booked orders. This approach is intended to balance margin protection with market competitiveness.

For the quarter under review, revenue contributions by segment was broadly as follows: Sanitaryware at 46%, Faucetware 43%, tiles at 9% and wellness at 2%. On a Y-o-Y basis, sanitaryware revenue grew by 10.7%, faucetware by 24.3%, wellness by 31.2%, while tiles declined by 8.3%. Our core categories, sanitaryware and faucetware, together accounted for 89% of the total revenues.

Capacity utilization during the quarter stood at 70% for sanitaryware and 106% for faucetware.

From a product mix perspective, 41% of sales were from premium segment, 38% from mid-segment, and 21% from entry-level products. Geographically, Tier-3 cities accounted for 40% of sales followed by Tier-1 at 36% and Tier-2 at 24%.

Profit after tax stood at INR 77 crore as compared to INR 86 crore in the corresponding quarter of the previous year. Earnings per share for the quarter stood at INR 59.96 compared to INR 66.36 in Q4 FY25.

On the working capital front, we continued to see improvement across key parameters during the quarter, with inventory days decreasing from 79 days to 71 days, receivables reducing from 37 days to 33 days, while payables stretched from 38 days to 40 days. This resulted in a Y-o-Y reduction in net working capital from 78 days to 64 days.

As of 31st March '26, our cash and cash equivalents stood at INR 853 crore.

On capital expenditure front, the capital expenditure for FY26 remained measured with an outlay of around INR 14.5 crore by end of March '26. This was largely directed towards routine maintenance along with selective investments towards strengthening our brand presence and retail initiatives.

Overall, our financial position remains healthy, supported by a strong balance sheet, disciplined cost management and prudent working capital practices. While the operating environment continues to be impacted by input cost pressures, the steps taken during the quarter, including calibrated price revisions and a continued focus on cost efficiencies, position us well to navigate near-term challenges. We remain focused on maintaining financial discipline while continuing to invest selectively in strategic initiatives and believe this approach should support steady and sustainable performance going forward.

With this, I would like the moderator to open the lines for Q&A.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Praveen Sahay from PL Capital.

Praveen Sahay: Many congratulations for the good set of numbers. The first question is related to the demand. So, if I look at that from Q3 to Q4, we can clearly see that the retail has done better in Q4. And also, in the commentary and opening statement, you had said that the retail channel has shown encouraging recovery. So how are you going to see FY27, the retail demand, because the retail has been quite muted for the past few quarters? Now we have started seeing some improvement. So, how are you going to see the growth in retail, the way forward. And second thing is on the institution contribution? Because institution contribution has also increased in the last four years from 32% to 38% with a good growth. So, where do you see the balance between institution and retail in the coming years?

Deepak Chaudhary: I will just take you through the journey of how this progress in demand has been over the last couple of years. If you see, we had entered a phase of sluggish demand from Q3 of FY '23-'24. During that period, the project demand continued to remain strong, but retail had entered into a sluggish kind of a situation. Since Q3 of the current financial year, we have started seeing an improvement in the retail demand, and we saw this sustaining through Q4 also.

If we see the month of April also, we have seen a good surge in retail; it has continued in the current quarter also. So, we are hopeful that going forward, the kind of demand recovery that we have seen in the retail segment should continue in the full year of FY27. And the kind of traction that we are seeing in project, we find that it has increased from something like 30% a couple of years back, to 35% and then now to something like 39%-40%. With the improvement in retail demand, we expect that this percentage should now remain stable. So, going forward, we expect that the proportion of retail and project should now remain stable at 60% for retail and 40% for the project business.

On an overall growth perspective, we have started seeing improvements in volume. And going forward, we expect that there should be good traction in the volume in both the sanitaryware and faucet, more so in the faucetware segment, even during the period where the demand used to be sluggish, we have consistently seen improvements in the faucetware demand. Going forward in FY27, we expect that faucetware should continue to grow at 10% to 12% in volumes, and sanitaryware should be in the range of, you can say, 7% to 8% in FY27 also.

Praveen Sahay: Okay, so that 7% to 8% or 10% to 12% is the volume growth what you are indicating for?

Deepak Chaudhary: Correct.

Praveen Sahay: Next question is related to the price, because last quarter also you indicated 4% in the sanitaryware and 11% in the faucetware, but eventually we indicated that from March onwards we started seeing gradual price increase. So, what challenges basically had you faced, especially in taking the price hike, because the brass prices have been quite high for the last couple of quarters? But the price hike has been first announced and now March actually has been taken. And the second related to pricing is how much more price hikes do you expect, as you had indicated also that the brass prices and also the clay prices have increased. How much more price hikes you expected to take to maintain your margin guidance of a 14% around?

Deepak Chaudhary: You are right that the input situation has been challenging in the last one quarter or so, especially in light of the geopolitical situation which developed in the month of February. Brass prices had started moving upwards even before that. And in the last three-four months it has gone up from something like late 600 to early 700. From that it has gone up to something like 800 to 850 which is prevailing right now.

Now, if I see on a year-on-year basis, there would have been an increase of something like 29%-30% in the brass prices. Now, effectively we have taken a price increase of 11% in the month of March. In the month of April, we had taken a surcharge of 10% in the case of sanitaryware and 5% in the case of faucetware. And now again we have taken a price increase of 8% in the case of sanitaryware and 5% in the case of faucets. We have removed the surcharge, and we have gone in for a price increase. So, effectively over a period of two months, we have taken a price increase of 12% in the case of sanitaryware and 16% in the case of faucetware.

Now, these prices are only effective on the retail portion. And for the projects, the prices are expected to, as per our norms they remain stable for the period of one year from the time it is booked into our system.

So, on an average, if I assume that projects would be starting and would be completing and there would be a six-month kind of an average wherein the new price effect would take place in the case of projects, we can expect this kind of price change to start reflecting in the project business from, let us say, in another five to six months. But in retail, it has already been implemented, and the impact will be visible from, like it is already visible from March. And it will be visible in Q1 more because it will be a full kind of a quarter where the price increase has remained effective.

Now, in respect to how well we have been able to cover our raises in price, you will find that in case of brass we have more or less been able to cover the kind of price increases with the kind of price increases that we have taken. Slight deviation is there. We have to absorb some kind of price increase in the brass.

Typically, if I see, the price increase has been 30% over the last one year. And if I assume that it constitutes something like 60% of my brass constitutes 60% of my cost. So, the effective impact on my COGS would be in the region of 18%. And I have taken a price increase of 16%. So, that is still a kind of 1% or 2% which is left as a gap between the pricing and the kind of price increase, cost increase which has happened in the case of brass.

But that we intend to calibrate by way of discount controls, as we are expecting that now that the demand has started recovering, we will see better discounts management going forward. So, that couple of percentage points that we are still lagging behind in the case of price increase should be made up by way of better discount management.

In case of sanitaryware, the clay etcetera. has increased, but the bulk of the price impact comes in on account of gas. Like most of the players in the Morbi have been severely impacted because of the rise in the kind of prices which have happened in the prices of gas. And also in the month, in the coming quarter, we expect that even though Morbi plants have started opening up. Typically, the first quarter is in the case of sanitaryware a little slow in the case of Morbi because one, especially this will be too more so in the current quarter because even though while they have started opening up, most of the labour would have gone back home at the time when the plants were closed. And it will be a gradual process by which the labour would come in, and the plant plants will start opening up again.

Also, that we find that during Q1, it is a monsoon period. And during that period also you will find that the production in Morbi in case of sanitaryware remains slow. So, it will only be at take some time beyond Q1 when you can expect that the Morbi would be becoming fully operational in case of sanitaryware. So, that is an opportunity for us because players who are not having their own kind of manufacturing facility and are sourcing mostly from Morbi will find it go a little tough unless and until they have built up stocks heavily earlier. So, we anticipate that the current situation would be playing well for us going forward in Q1 and Q2.

Praveen Sahay: Thank you so much for the elaborative answer. The last question from my side is related to the brand, because we did a lot of investment in Senator and Polipluz in terms of distribution and product last year. So, if you can give me some color on how much of the revenue in FY26 you had generated from these brands and what is our target, is there any revision in the target for the revenue for FY '27?

Deepak Chaudhary: Okay, in case of Senator and Polipluz, in case of Senator we generated revenue of in the region of INR 10.5 crore in the full year FY26. In Polipluz, we generated something like INR 8.5 crore. Total these combined generated total revenue of INR 19 crore approximately. And for FY27, we are projecting that Senator should be able to generate roughly INR 40-45 crore and the Polipluz would be in the range of INR 30 to INR 35 crore. Total, we expect that these two brands taken together should give us roughly INR 70 to INR 80 crore.

Praveen Sahay: And with the breakeven?

Deepak Chaudhary: In the current quarter, there was a small loss if we take into account the kind of publicity expenses that we have been putting in. Going forward in the FY27 also, we will have a lot of publicity being carved out for this particular segment, Senator. If I exclude publicity expenses, then we will be making a small profit, but if I take in the publicity expenses also, then it will be a little maybe not in the current year, but next year when we will start making profits after taking into account all the publicity costs as well.

Pravin Sahay: Thank you so much and all the best.

Moderator: The next question is from the line of Utkarsh Nopany from Anand Rathi.

Utkarsh Nopany: My first question is regarding the revenue growth guidance for FY27. So, earlier you have mentioned that we are expecting sanitaryware volume to grow at 7% to 8% rate and faucetware at 10% to 12% rate for FY27. And given the price hike which we have implemented in the last two-three-month period, is it fair to understand that we are targeting sanitaryware revenue to grow at a healthy teen rate and faucetware revenue to grow at more than a 20% rate for FY27?

Vikas Kothari: Thank you for asking the question. So, as you have seen the last year was stressed in terms of different activities, market conditions, geopolitical and all, within those constrained situations also, we have delivered INR 2,050 crore in terms of the overall revenue.

Going forward based on how the market demand is doing, we have seen that quarter 3 and quarter 4 have built the confidence in terms of continuity of the upward trend. So, basis that we have we have estimated in terms of the revenue growth which is going to be there for financial year FY27.

So, with the demand trend continuing to grow upward, we expect the overall growth of around 18% to 20% next year. In this, if I have to categorize by segment, in sanitaryware segment, we expect 12% growth driven by favourable volume impact of 7% and price impact of 5% to 6% because like, Deepak has explained it is a combination of both project and retail. Retail will be driven by the price increase, whereas in case of projects pre-orders will be at the old rate and the new orders will be at the increase rates. And similarly in case of faucetware, we expect a growth of 18% which is going to be driven by favourable volume impact of 10% to 12% and price impact of 8%.

So, overall if we see if we see how the things are moving today and how we have capitalized different adverse scenarios into opportunities, we expect that if such trend continues, the overall growth will be between 18% to 20%.

Utkarsh Nopany: Second thing, on the margin side, you have initially mentioned that the trade discount, which was going on, is still continuing. So, just wanted to understand, we are seeing pretty good demand recovery in the retail segment, and the supply side has also got impacted because of the gas supply disruption. So, why we are we still continuing with the trade discounts?

Vikas Kothari: So just to give you an understanding in terms of the margins; - if you see for the whole year, keeping aside this recent scenario of gas and all, the margins were stressed, the reason being the trade discounts which were offered to counter the subdued demand. Also they kept on increasing. So, from Q3 onwards, as we have seen; discounts are not something that can be immediately controlled, it is a gradual journey. So like we mentioned, discount management will be controlled this year. We have already started taking steps from Q1 onwards, and this will further strengthen in the coming quarters.

So, as far as margin decline is concerned, the two factors which have largely impacted the gross margin are the rise in the input cost, mainly the brass prices which have gone up by 29% which has now been sufficiently taken care of through the price rise to offset the impact of increased cost. And secondly, the elevated trade discounts. So, these trade discounts are again can be corrected it in the coming quarters.

So, if you have seen the margins in Q4, they have shown an uplift from 10.2% in Quarter 3 to 15.2%, and the growth which we are witnessing right now in terms of the demand aspect, - we see that if this this trend continues, we will be able to sustain the EBITDA margins at around 14% to 15%.

Utkarsh Nopany: Okay, and one question was regarding the capacity utilization. So, if you can give some sense of what was the capacity utilization of our sanitaryware plant in March and April. And do you see any disruption in our sanitaryware operation, say in the June quarter period, and what kind of sanitaryware inventory were we carrying at the end of March '26 and what is the status of our greenfield sanitaryware plant?

Vikas Kothari: So, regarding the capacity utilization, we have rightly stated, in case of sanitaryware in March we were operating at 70% of our total capacity, and in case of faucetware we were operating at 106% of our total capacity.

So, ideally speaking, in case of sanitaryware in the month of March, we had an advantage in terms of the inventory levels. So, adequate inventory levels played a critical role in ensuring uninterrupted market supplies and meeting customer demand during this period.

And what has happened is in March we have taken a decision to close one kiln, which was temporarily shut down to manage the operational efficiency because in March the visibility was very poor in terms of gas supplies prices and all. So, we have taken this as an opportunity and since we were having the inventories built up, that has proved favourable in terms of meeting out the customer demand. And in the month of April also, we have taken the decision to remain closed with one kiln. We will be soon getting second kiln operational, and we hope that in terms of the demand and what is there and there are certain products which we have taken internalized from Morbi. So, I think this capacity which is running at 70%-75% will further improve in the coming months.

Moderator: The next question is from the line of Varun Julasaria from 360 ONE Capital.

Varun Julasaria: For this quarter, how was the growth driven by price hikes and how much was driven by volume for Q4?

Vikas Kothari: So, largely if you see the success in terms of the growth which is there in this quarter is largely driven by volume. So, largely it is driven by volume growth of 12% and with an improved product mix of 3% to 4%. However, there was some adverse price impact of 3% because of discounts and all that we discussed. So, largely it is a volume-driven growth for the quarter.

Varun Julasaria: And in faucetware, how much capacity are we increasing? We planned for 6 million, right?

Vikas Kothari: No. So just to give you an update in terms of how faucetware is progressing. So, with the brownfield expansion that we have taken earlier, we have increased our capacity from 3 lakh pieces per month to 4 lakh pieces. And last year was basically a milestone for us where we have operated to reach out to 4 lakh. And in the month of March, we have completed 4,30,000 pieces per month.

And with the demand trend going upward, we are further increasing this capacity from 4.30 lakh per unit to 5 lakh per unit by debottlenecking and by putting some efforts within the brownfield setup that we have built earlier with a minimal capex of around INR 4 crore to INR 5 crore.

Varun Julasaria: Okay, understood. And our exposure to Morbi, like we also have a fair bit of exposure on outsourcing, so how much are we exposed to Morbi and say other regions comparatively for our sanitaryware and faucetware requirements?

Deepak Chaudhary: That outsourcing percentage we always keep on disclosing. I will just tell you the figures right now also, what is the kind of proportion of outsourcing versus in-house. In case of sanitaryware, you will find that the outsourcing proportion in the Q4 was to the extent of 60%, and in case of faucetware it was to the tune of 46%. 60% for sanitaryware and 46% for faucetware.

Now, in the current scenario, as I was mentioning that in the Q4, because of the kind of gas prices impact which has happened and also the availability of gas which has become restricted in the month of March onwards, - we expect that sourcing from Morbi in Q1 of the current financial year would be a little sketchy. And that is because we have adequate inventories that we will be able to manage a large portion of Q1 and also some portion of Q2.

And that is why what we have also done during this period, we have also undertaken a drive for internalizing the kind of products which were currently outsourcing from Morbi. So, those are expected to be available for sale from Q2 onwards, by which time we have adequate inventories within the Company to take care of any demand which is there for these products.

Varun Julasaria: But sir, is large part of this outsourcing is from Morbi only, or do we have other suppliers in the North and other regions?

Deepak Chaudhary: In sanitaryware, it is a multiple source, but it is mostly from Morbi, the multiple suppliers mostly from Morbi.

Varun Julasaria: Okay, thank you so much.

Moderator: The next question is from the line of Bhavin Rupani from Investec India.

Bhavin Rupani: The first question is on inventory, - you mentioned that you have inventory of 1 or 2 quarters. But if you look at our balance sheet, it shows somewhere around 70 days. So, I am assuming that some portion of that could be attributed to raw material costs as well. So, can you tell us, stripping out, what is the finished goods inventory that we have?

Deepak Chaudhary: The finished goods inventory as of March 2026 was INR 303 crore as compared to December, which was INR 365 crore. The December 2025 was INR 365 crore, and we ended March with INR 303 crore. And at the end of April also we are in the same region, INR 300 crore roughly, we are maintaining currently.

Bhavin Rupani: So that is somewhere around one quarter, right, sir?

Deepak Chaudhary: So, it does not function like that. Because we are also manufacturing. So manufacturing is also continuing right now. So, we have certain inventory, which is of manufacturing, and certain inventory which is for outsourcing materials. So, as I mentioned earlier, the kind of outsourcing material that we have within the kind of entire kitty is adequate for taking kind of the forecast that we have for the next 2 to 3 months.

So, 3 months further, we do not anticipate any challenge. And by that time, as the internalization drive would start giving us the kind of SKUs which were there from Morbi. And also, it is not that Morbi is entirely closed. They will have problems and will not be able to give the kind of materials which were given earlier, but they are still able to supply some amount of material which will be coming in from Morbi. So, we are comfortable with the overall situation and we are comfortable in respect of availabilities.

Bhavin Rupani: All right. And sir, what I understand is our tiles business is also completely outsourced. So, do we see any impact on tiles going ahead in Q1 and Q2?

Deepak Chaudhary: Tiles will be impacted, because in the month of March, also later part of March, most of it is dependent upon outsourcing. We are able to do some amount of sales because some inventory was there with the suppliers. But it is essentially totally driven by outsourcing. And if the plants do not open up and we are not able to get that procuring material from outside, the tiles portion, we expect that during Q1 will be impacted.

Moderator: The next question is from the line of Pranav from Equirus Securities.

Pranav Mehta: I just wanted to understand if you can throw some light on the strategy for both Senator and Polipluz for the next, let us say, two to three years? How do you want to scale up this business and how premiumization trend will be a key driver for this?

Deepak Chaudhary: See, as we have been mentioning in the earlier calls also that Polipluz will be the primary driver for the entry segment. This will be mostly the kind of brand which will be for the purpose of rural segment and the areas which are more Tier 4 in nature. So, we are already, as I mentioned in my call also earlier also, set up something like 100 distributors right now with 1,000-plus dealers, and we intend to take it up to 200 distributors and 2,000 dealers in the next financial year.

For Senator, the idea would be that it will be more of a premium and luxury brand, and that is why the concentration is more on opening brand stores, flagship brand stores across the country. We have already opened something like 40 stores in the current year, and we intend to take it up to 60 in the next financial year.

Also, apart from the retail presence, we are wanting to take a strong presence in the project segment also and we intend to introduce a separate series project range for the Senator brand. That will be already in the process and should be there by, you can say, another couple of months. So, apart from the retail, we will also be driving strongly in the project segment in the Senator portfolio.

Pranav Mehta: Sure. And after the price hikes, are we at a level to which, let us say, the other brands are, or are we still slightly below them?

Deepak Chaudhary: Typically, the pricing of Cera has been, on an MRP level been higher than what other brands have been. So, in the current situation, we have taken a price increase in line with our own cost structure, and the kind of price increases that have happened. The other branded players have also taken similar price increases. You will find that the price increase more or less is in line with what others have taken. It will be slightly, you can say, more for some brands, slightly less for some brands, but it is more or less because this is something which has affected each and every player. You will find that most of them have taken price increases in the line of, you can say, 16% to 18% in the case of faucets and 10% to 12% in the case of sanitaryware for most players.

Pranav Mehta: And sir, we are in the same line, right?

Deepak Chaudhary: Yes, we are on the same lines.

Pranav Mehta: Thank you.

Moderator: The next question is from the line of Aasim from Dam Capital Advisors.

Aasim Bharde: Two questions from my side. One on this FY27 revenue growth expectation. So, you said sanitaryware will grow 12%, faucets 18%. Then I cannot understand how your overall revenue growth will be 18% or 20%. So, what explains the balance?

Vikas Kothari: Yes, regarding this part, we have given the broad understanding with respect to our major segments, that is sanitary and faucetware. There are other segments also within the pipeline, so we have tiles and CC. So, our understanding is that once this Morbi situation, which has now started opening from May onwards, improves, tiles and construction chemicals, they are going to contribute around INR 250 crore, a growth of 20-plus percent. And with respect to the Senator and Polipluz, our newly introduced brands, they will be contributing around INR 70 to INR 80 crore. So, overall if you see in terms of the overall revenue from all these, that will lead to 18% to 20% growth next year.

Aasim Bharde: Okay, understood. And the second bit on numbers. So, quarterly employee cost in Q4 is down Q-o-Q. Any reasons that you can attribute to this? And what should be the quarterly run rate ahead, and the capex number that you estimate for FY27?

Deepak Chaudhary: I did not get your first part. You are talking about the employee cost?

Aasim Bharde: Yes, the employee cost. INR 59 crore for Q4, I think is down about 1%-2% Q-o-Q. I just wanted to understand if there is anything you want to call out behind the decline.

Deepak Chaudhary: No, actually what had happened is that typically, if you see our expenditure which has been happening on a quarter-on-quarter basis, it has been in the region of INR 65 crore. So, Q1 was roughly INR 65 crore, Q2 was also INR 65 crore.

In Q3, once the wage code was announced, we had taken certain assumptions that based on the kind of liabilities which will be coming up, there would be an additional expense of something like INR 5 crore. That is why you will find that there was an expense of INR 70 crore in Q3. But in the current quarter, once we have got a better understanding of the wage code and related laws and how it is going to be implemented, there is an exceptional item of INR 10 crore of write-back, wherein we had put in something like INR 18 crore in Q3 for gratuity and PL liability, wherein we believe, the liability would be only in the region of INR 7.5 to INR 8 crore, and so that there is a write-back of INR 10 crore coming in as an exceptional item. Similarly, in the wage expenses also, that during that period we had provided for certain expenses related to the wage code, which we are now anticipating will not be there.

So, that is why that expense of INR 65 crore, which was INR 70 crore in the Q3, has now come back to INR 60 crore in Q4. Going forward, we expect that the employee expenses should increase in the range of 10% on the basis of normal wage hikes and the incremental salary increases that are normally there.

Also, in the case of labor, there might be some long-term settlement which is now pending, which will impact the only the labor portion, the wage portion, not the salary cost. How much that impact will come would be depending upon the nature of negotiation which happens with the workers. And that impact should start coming in from that depending upon when that negotiation actually happens.

In respect of the capex program, typically our capex is in the range of, you can say, INR 28 to INR 30 crore. In this particular year, we are anticipating a total capex of something like INR 45 crore. This includes normal capex of roughly INR 25 crore which will typically do on a year-on-year basis, roughly INR 5 crore is there for the faucetware expansion, I am talking about within this INR 30 crore, there is INR 5 crore for faucetware expansion.

And also, another INR 15 crore has been budgeted for acquisition of some more office space which we are planning to acquire in the current financial year. That will be in the range of INR 15 crore. So, total capex taking everything together, the routine, the faucetware expansion of INR 5 crore, and this office space acquisition of something like INR 15 crore, would be in the region of INR 43.42 crore.

Aasim Bharde: Okay, thank you.

Moderator: The next question is from the line of Praveen Sahay from PL Capital.

Praveen Sahay: A small question from my side. You have INR 853 crore of cash. So, what is the usage, way forward? Have you decided that?

Vikas Kothari: So I think this is a question which is asked every time. So, the idea is that whatever the cash position on which we are sitting, we are equally respecting it in terms of distributions also. So, this time, we have given a healthy dividend, declared a healthy dividend payout, which is now INR 75 per share, almost 1,500% of the face value. So that is there.

Apart from that, in terms of the greenfield project, which we will evaluate, as we have seen that the traction is coming right now with respect to demand. So, the right time to start construction of the greenfield will be seen in the coming quarters. So there, the greenfield project was initially estimated at around INR 130 crore, of which land portion has already been purchased, that is at INR 27 crore. And considering the two years' inflation, so our understanding is when we are going to construct the first phase, if we conclude in terms of construction this year, then it will cost around INR 150 crore.

So, these are the current things which are in the pipeline. Apart from the capex, what we have shown as our routine or some incremental capacity expansion, what we are doing. Going forward, we will evaluate the scenarios in terms of how the market is doing, and accordingly we will take action in terms of future investments.

Praveen Sahay: So, INR 150 crore, apart from INR 27 crore on the land, which you had already incurred?

Management: Yes.

Praveen Sahay: Okay, thank you and all the best.

Moderator: The next question is from the line of Karan Bhatelia from Asian Market Securities.

Karan Bhatelia: I just wanted to understand what kind of launch expenses we have booked for Senator and Polipluz in the current year and what kind of number we can see for the next two-three years when we want to have an EBITDA of 20-25% on this portfolio?

Deepak Chaudhary: In the current year, the expenses in Senator were mostly focused on opening the brand stores. So, we have spent something like INR 4 crore in the current year because this expansion etc. has started from, let us say, after three months from the start of the year. So, we would spend something like INR 4 crore over here.

In the period going forward, now that store expansion has mostly happened, like we have opened 40 stores in the current period, we intend to go another 20 in the next year to take it to 60. But the now that we have bought in the space all the infrastructure in place, now we will also need to spend on the other activities wherein we will be spending on exhibitions, architects, consultants, catalogues, print media, and advertising activities. So, for the next year, we expect that INR 10 to INR 12 crore would be going in for the Senator publicity etc.

Karan Bhatelia: Sir, more so I was referring to the total expense which includes team building exercise, store opening and other overheads. So, we had losses this year. So, just wanted to get the broad math right?

Deepak Chaudhary: The salary expenses for Senator and Polipluz in the current year were in the region of INR 6.5 crore for Senator and INR 3.3 crore for Polipluz. Going forward, we expect INR 8.5 crore for Senator and INR 7 crore for Polipluz, 15.5 crore for both of them taken together.

In publicity, we expect to do something like INR 10 to INR 12 crore next year. So, salary expenses are not going to be constant. As of now, the total the structure has already been setup. And so that amount would now be remaining more or less constant at INR 15.5 to INR 16 crore. Publicity as for the next year is budgeted as 10-12, may increase again going forward in FY28.

Karan Bhatelia: Right. So, this year losses were what, to the tune of INR 15 - 16 crore?

Deepak Chaudhary: This year the total losses were in the region of INR 7 crore for Senator and for Polipluz it was in the region of INR 1.5 crore. The total losses were in the range of INR 8.5 crore.

Karan Bhatelia: Thank you.

Moderator: Ladies and gentlemen, in the interest of time, we will take that as the last question. I now hand the conference over to the management for closing comments.

Deepak Chaudhary: Thank you, everyone, for attending this call and for showing interest in Cera Sanitaryware Limited. Should you need any further clarification or would like to know more about the Company, please feel free to reach out to me or to CDR India. Thank you once again for taking the time to join the call.

Moderator: On behalf of CDR India and Cera Sanitaryware Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
