IT'S A STYLEWARE, NOT SANITARYWARE

# Cera Sanitary Limited

## Analyst Meet May 22, 2013

CERA

A warm welcome

to

all the invitees

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The management team is

here to share

Company's

Performance for FY 2012-13

and

future industry out look

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# Disclaimer

*Certain statements in this release concerning our future growth prospects are forward-looking statements within the meaning of applicable securities laws and regulations. These statements involve a number of risks and uncertainties, beyond the control of the Company, that could cause actual results to differ materially from those appearing 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, intense competition including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, political instability, managerial limitations and legal restrictions of acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry.* ***Cera Sanitaryware Ltd.*** *may, from time to time, make additional written and oral forward looking statements, including our reports to shareholders. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company, as a sequel to or in continuation of these statements. The Company also expects the media to have access to all or parts of this release and the management's commentaries and opinions thereon, based on which the media may wish to comment and/or report on the same. Such comments and/or reporting maybe made only after taking due clearance and approval from the Company's authorized personnel. The Company does not take any responsibility for any interpretations/views/commentaries/reports which may be published or expressed by any media agency, without the prior authorization of the Company's authorized personnel.*

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# Introduction

## About Cera Sanitaryware Ltd.

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# Leadership

1
- In premium Sanitary-ware space, 'CERA' is India's largest and 'Only' listed Company

2
- It is third largest company in the organized sector with over 23% market share

3
- Presence across Pan India with supportive service centers

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# Promoters

1

- **Mr. Vikram Somany - Chairman & Managing Director**
- Mr. Somany and his family owned investment companies hold promoters interest to the tune of 55.60%

2

- <u>**Key Management :-**</u>
- For all core business functions, the Company appointed professional CEO, COO, Technical Directors, CFO, and Strategic Advisor to look after important portfolio.

# Business Highlights

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## *Product Range*

1. Vitreous China Sanitary ware
2. Faucet ware – Chrome Plated Fittings and Taps
3. Life style Products range like Shower Panels, Bathroom Cubicles, Bath tubs, Whirlpools - Jacuzzi, Bath fittings.
4. Allied Products – PVC Cisterns & Seat Covers
5. Kitchen Sinks and Bathroom Mirror

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## Manufacturing Facilities

1

- Plant is located at Kadi, Dist. Mehsana

2

- CERA is the first sanitaryware company to use natural gas

3

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

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# Premium Sanitary ware

1

- 'Cera' continually strives to upgrade technology & process parameters to optimize on in-house production of quality premium sanitaryware

2

- 'Cera' also outsources its requirements of some of the premium sanitaryware, majorly from China

3

- This is to meet with customers' preferences and demand of premium and high value items.

4

- These items are marketed and serviced under brand `Cera'

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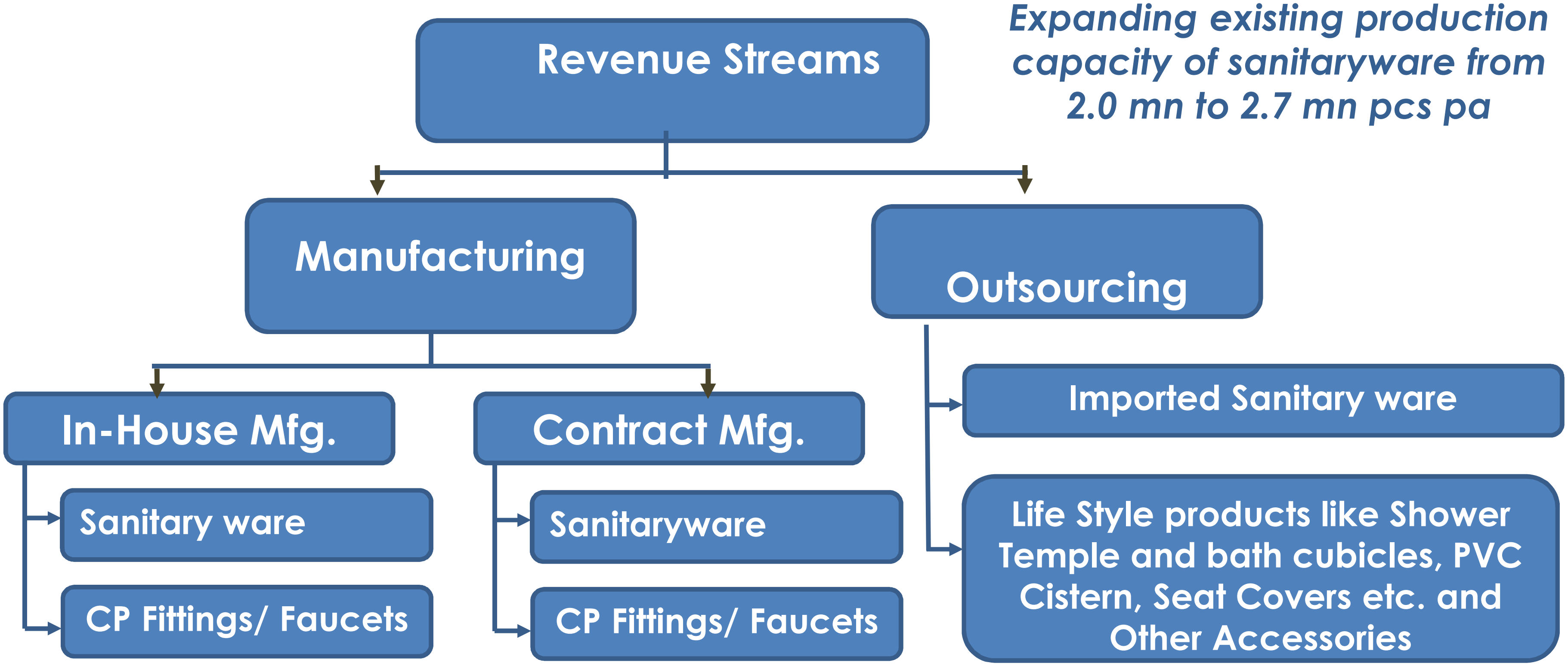
# Revenue Streams

*Expanding existing production capacity of sanitaryware from 2.0 mn to 2.7 mn pcs pa*



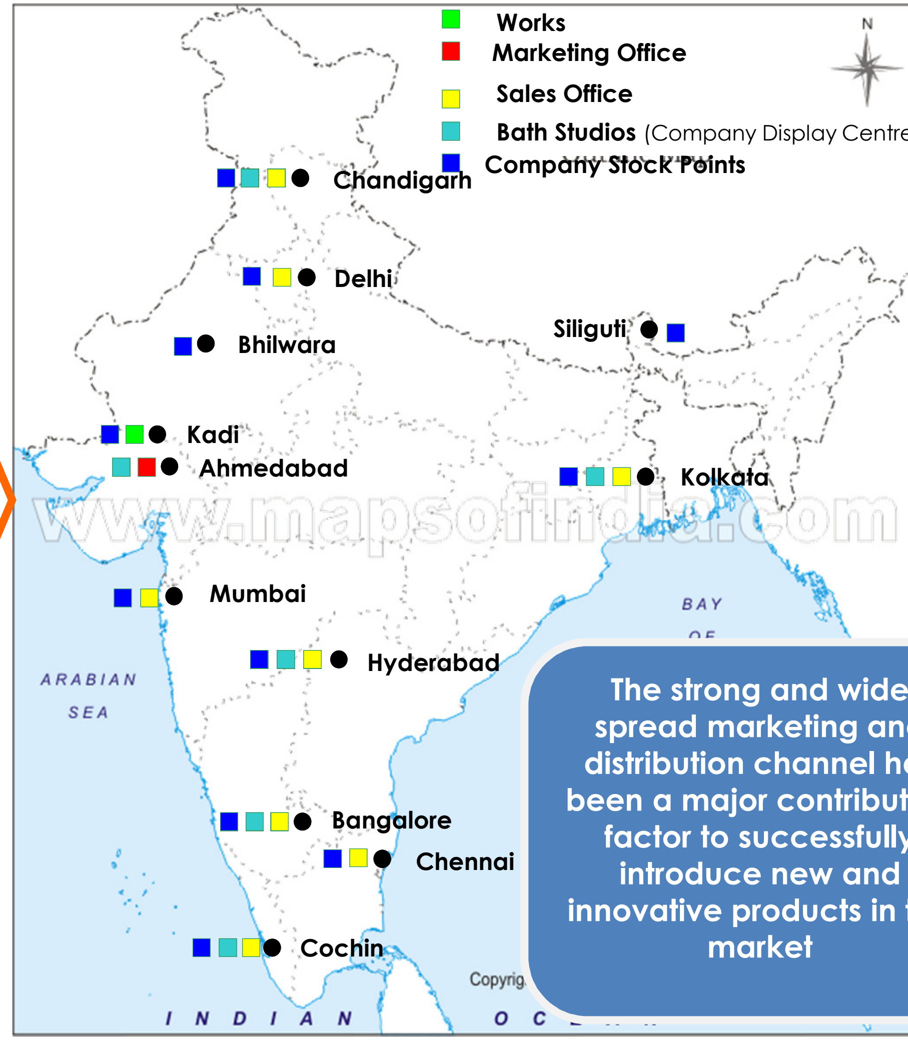

*Commissioned a state-of-art manufacturing plant for faucet ware. Initial capacity of 2,500 pcs per day ;scalable to 10000 Pcs. per day*

# Strong Marketing and Distribution Network

Cera enjoys a strong distribution network with **1000 Distributors / Dealers** (authorized stockiest) and **10000 retailers.**

To supplement the distribution network, the company has **12 major stock points** all over India. Cera also has **10 Zonal Sales, Service offices**, & **10 Bath studios** across the country.

A major marketing exercise of expanding dealer and retailer network is in progress. The company has also been sponsoring TV programs, arranging architect and plumber meets on regular intervals etc. to create its brand image in the market.




**The strong and wide spread marketing and distribution channel has been a major contributing factor to successfully introduce new and innovative products in the market**

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# Cera Growth Trajectory

**Capacity expansion from 0.3 mn pcs pa to 2.7 mn pcs pa by 2012-13**

**1979-80**

Incorporation as Madhusudan Ceramics a Unit of Madhusudan Industries limited consisting of Oil division and ceramic division with capacity of 300,000 pcs p.a.

**1995-96**

The company established its outsourcing division with the initial turnover of R 13.72 Mn. Manufacturing capacity increased to 1,250,000 pcs pa.

**2001-02**

Demerger of Madhusudan Industries and transfer of business of Ceramic division to form Cera Sanitaryware Ltd.

**2005-06**

Undertook expansion of Rs. 140 Mn. and started the concept of Bath Studios with the first studio at Ahmedabad.

**2006-07**

Undertook expansion of Rs. 127 Mn and increased capacity to 1,375,000 pcs pa.

**2007-08**

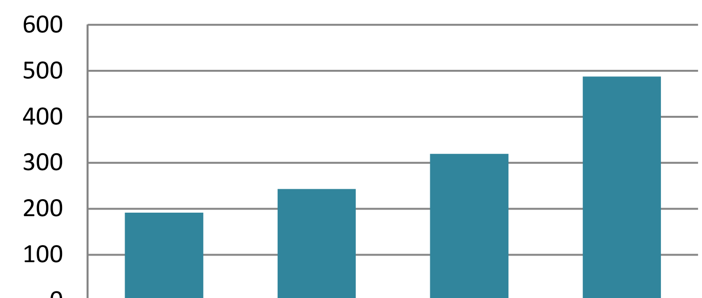
Installed Captive Power Plant (gas based) at Kadi and wind-turbine generator for r 312 mn and increased capacity to 2,000,000 pcs pa.

**2010-11**

Successfully commissioned manufacturing plant for Faucet ware with initial capacity of 2500 pcs per day . Scalable to 10000 pcs per day

*Over the decades, the Company has progressed from a sanitaryware manufacturer to a provider of Bathroom and Kitchen solutions by Capitalizing on a strong brand image*

## Net Sales (Rs. in crores)




| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|
| Series1 | 191.36 | 242.96 | 319.39 | 487.87 |

# Financial Highlights

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# Current Financials as on 31.03.2013 - Audited

| **Particulars** | **Amt**<br>**Rs. In Crores** |
|---|---|
| Total Income | 487.87 |
| Net Profit | 46.20 |
| Cash Profit | 58.22 |
| EPS | 36.51 |
| Cash EPS | 46.01 |

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# Historical Financials
# Amount Rs. In Crores

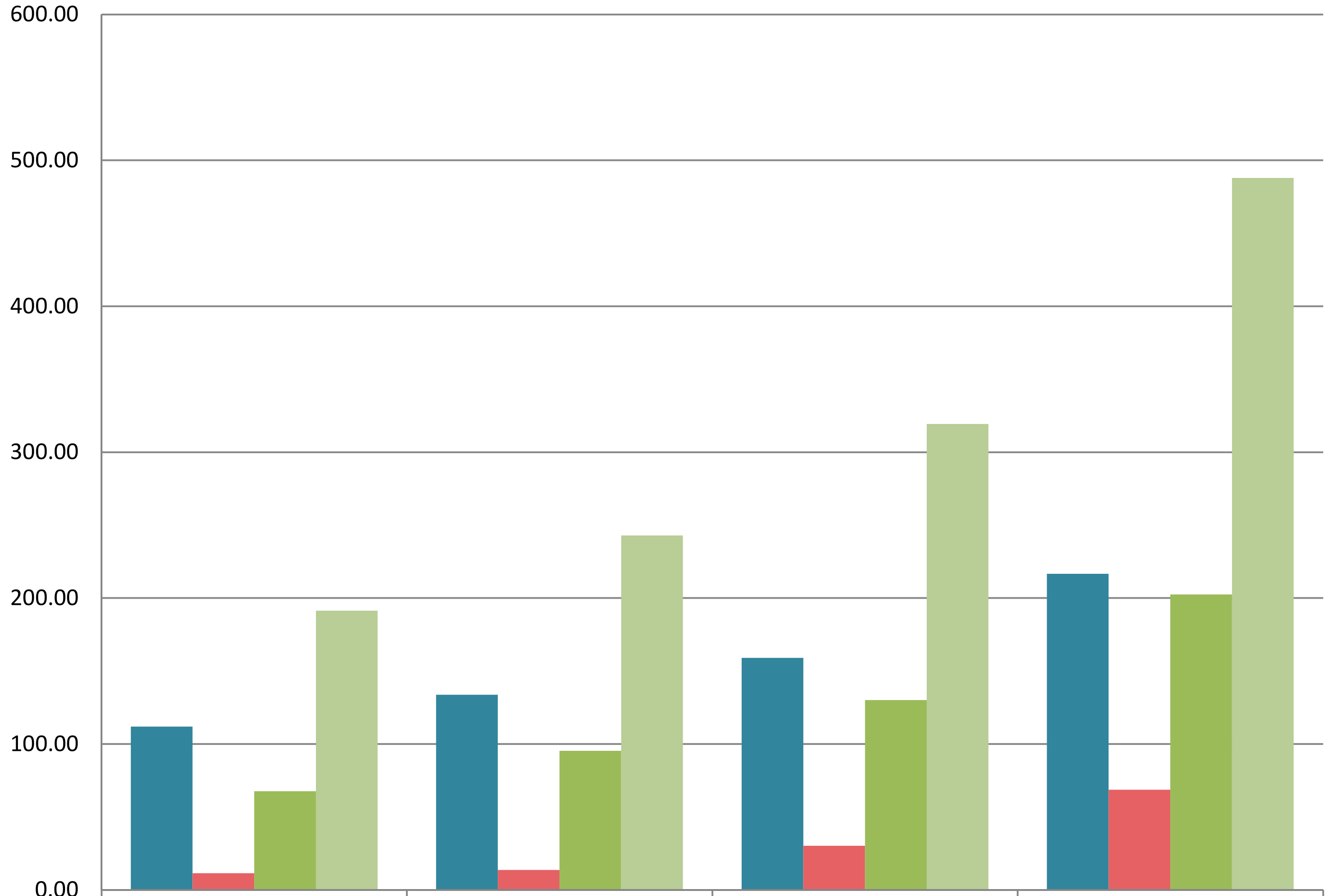
| Particulars | 2009-10 Rs. In Cr | 2010-11 Rs. In Cr | 2011-12 Rs. In Cr | 2012-13 Rs. In Cr |
|---|---|---|---|---|
| Share Capital | 3.14 | 6.33 | 6.33 | 6.33 |
| Net Worth | 88.51 | 111.56 | 139.18 | 179.50 |
| Gross Block | 100.94 | 119.22 | 143.35 | 179.62 |
| Net Sales | 191.36 | 242.95 | 319.39 | 487.87 |
| Total Income | 193.83 | 248.02 | 326.24 | 496.86 |
| EBIDTA | 38.53 | 50.77 | 60.20 | 84.31 |
| Post Tax Profit | 19.61 | 26.54 | 32.03 | 46.20 |
| Book Value (in ˆ) [For 2010-11 – After Bonus issue of Share at 1:1 in Sept.-2010] | 140.73 | 88.15 | 109.98 | 141.84 |
| EPS (in ˆ) | 31.43 | 21.02 | 25.31 | 36.51 |
| Adjusted EPS (inˆ) Post Bonus Issue | 15.72 | 21.02 | 25.31 | 36.51 |
| EBITDA (as a % of Total Income) | 20.13% | 20.47% | 18.45% | 16.97% |
| PAT % (as a % of Total Income) | 10.12% | 10.70% | 9.82% | 9.30% |
| RONW % (PAT/ NW) | 22.16% | 23.79% | 23.01% | 25.74% |

# Some Financial Important Ratios

Amount - Rs. Crore.

| Sr. No | Particulars | F Y 2010-11 | F Y 2011-12 | F Y 2012-13 |
|---|---|---|---|---|
| 1 | Gross Revenue | 242.95 | 319.39 | 487.87 |
| 2 | Book Value of Assets | 88.15 | 109.98 | 141.85 |
| 3 | Working Capital | 27.73 | 54.60 | 70.39 |
| 4 | Long Term Debt | 15.18 | 18.00 | 20.99 |
| 5 | Net worth / Share Holders' Fund | 111.56 | 139.18 | 179.50 |
| 6 | Asset T/O Ratio | 2.88 | 3.16 | 3.77 |
| 7 | Working Capital T/O | 8.76 | 5.85 | 6.93 |
| 8 | Equity to debt Ratio | 1: 0.14 | 1: 0.13 | 1:0.12 |
| | | | | |

# Turnover in terms of value (Rs. In Cr.)




| | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 |
|---|---|---|---|---|
| Sanitary Ware | 112.04 | 133.72 | 159.03 | 216.71 |
| Faucet ware & C.P.Fitting | 11.56 | 13.77 | 30.29 | 68.68 |
| Wellness, Tiles & accessories | 67.77 | 95.47 | 130.06 | 202.47 |
| Total Revenue | 191.37 | 242.96 | 319.38 | 487.86 |

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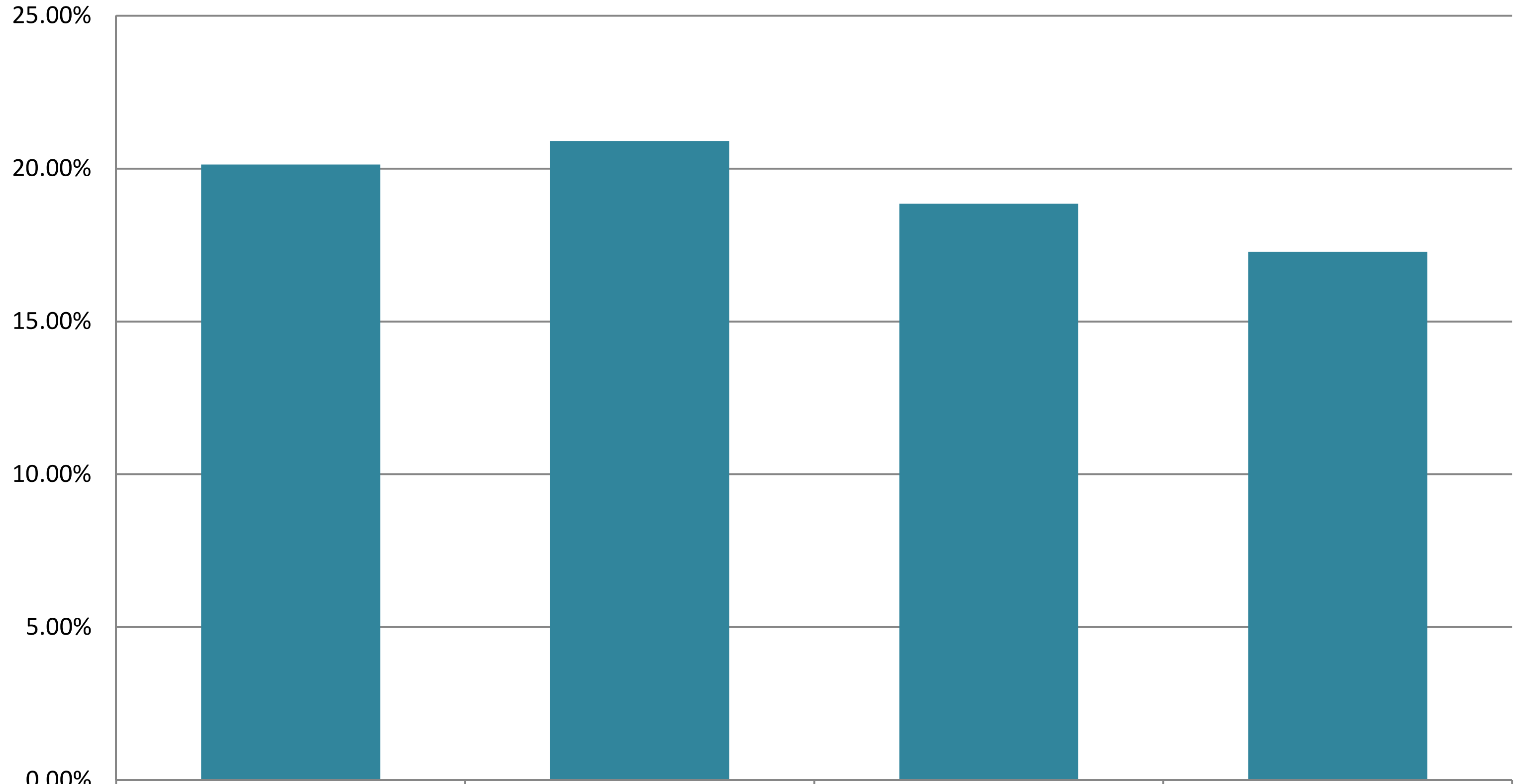
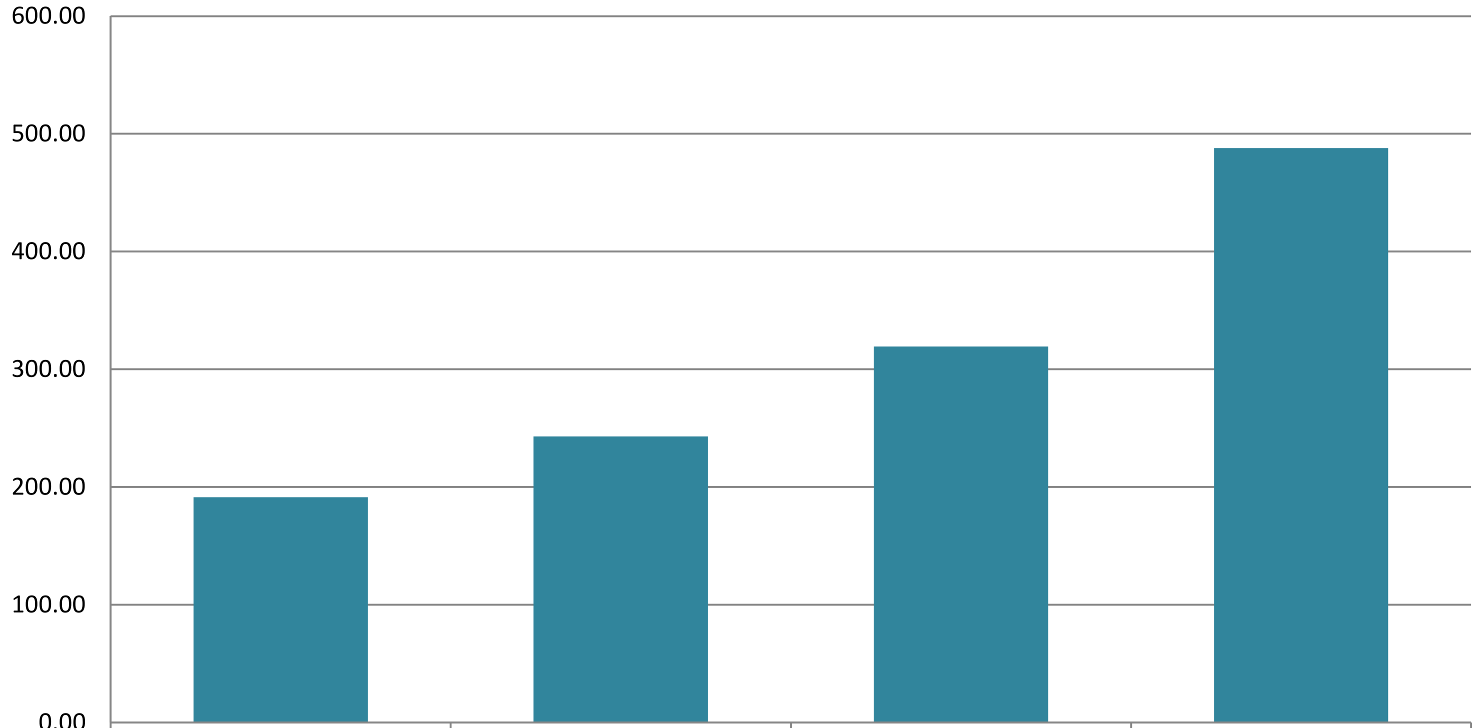
## EBDITA Margin (in %)



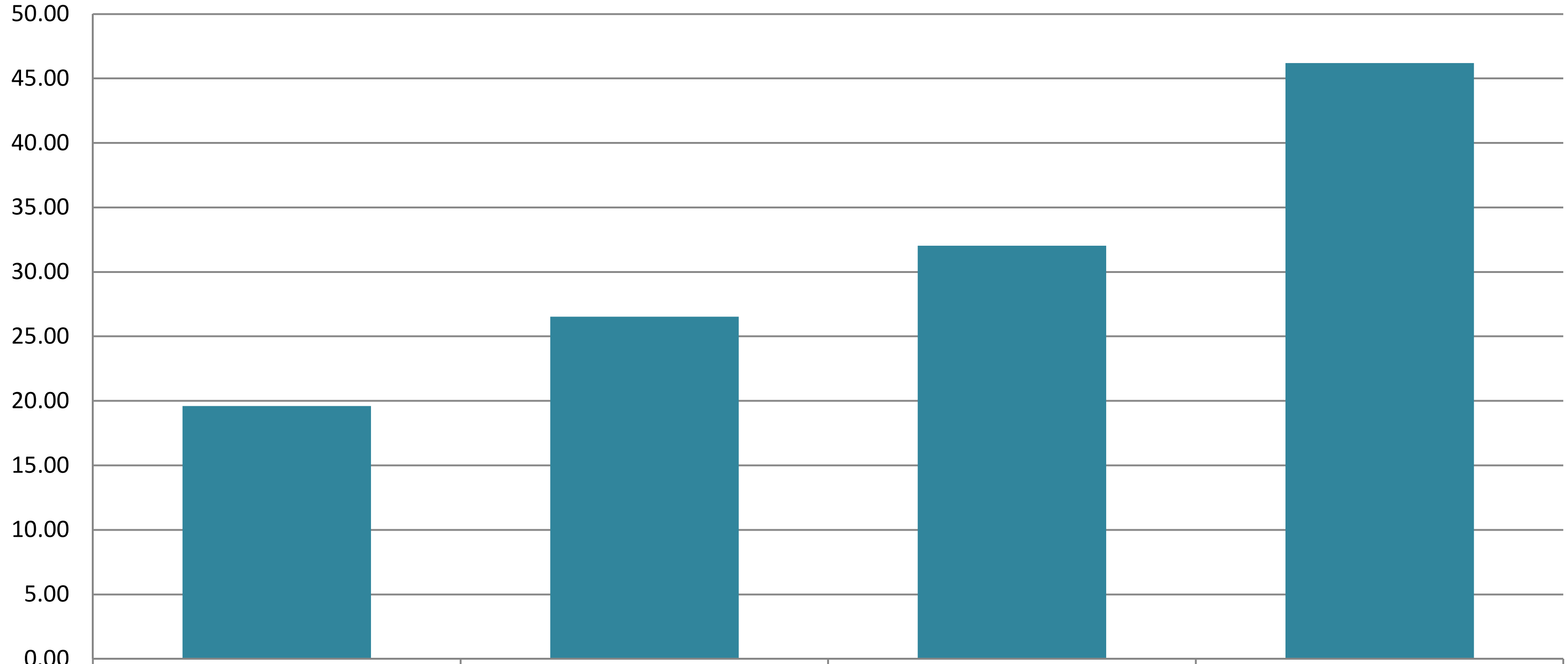

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|
| EBDITA Margin (in %) | 20.13% | 20.90% | 18.85% | 17.28% |

# Total Income (Rs. in Crores)




| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|
| Total income (Rs in crores) | 191.36 | 242.96 | 319.39 | 487.87 |

# Profit after tax (Rs. in crores)




| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|
| Series1 | 19.61 | 26.54 | 32.04 | 46.20 |

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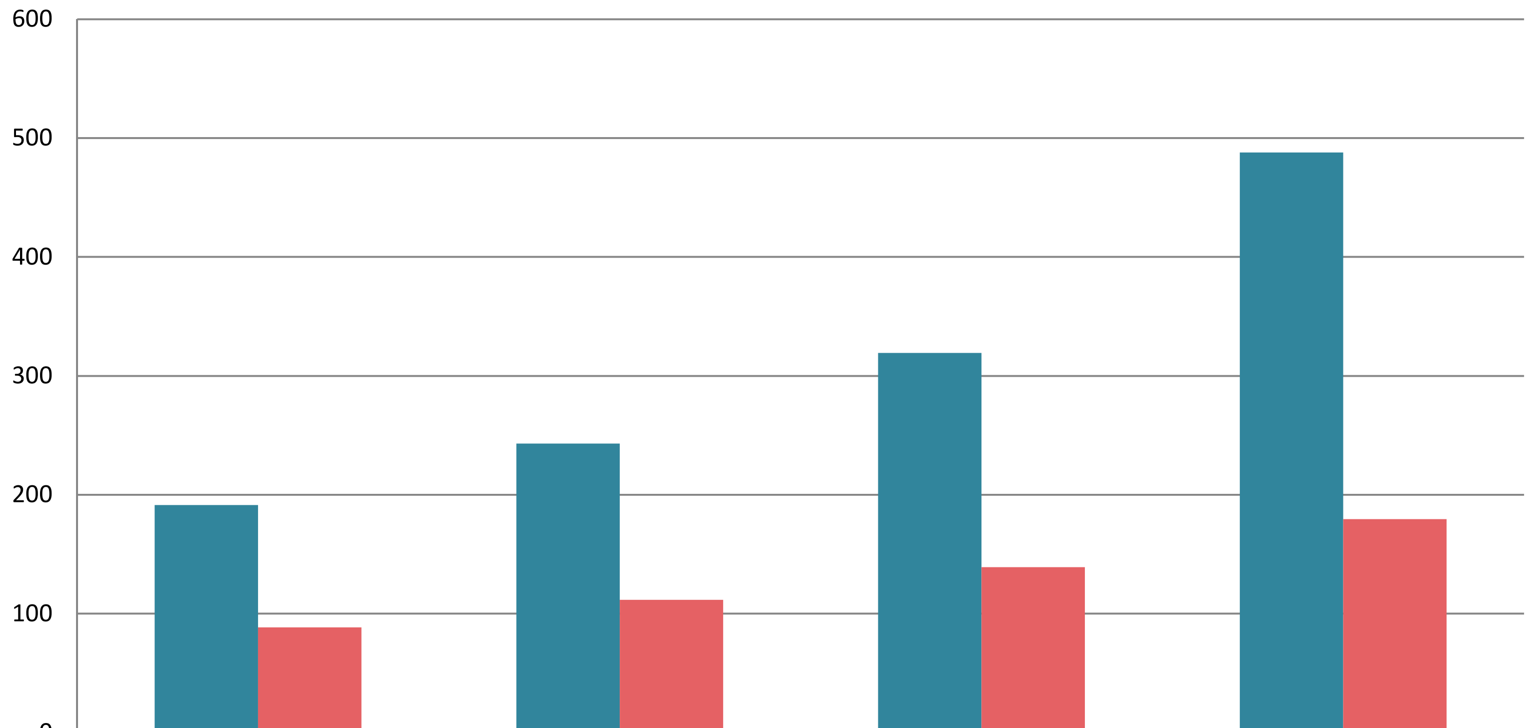
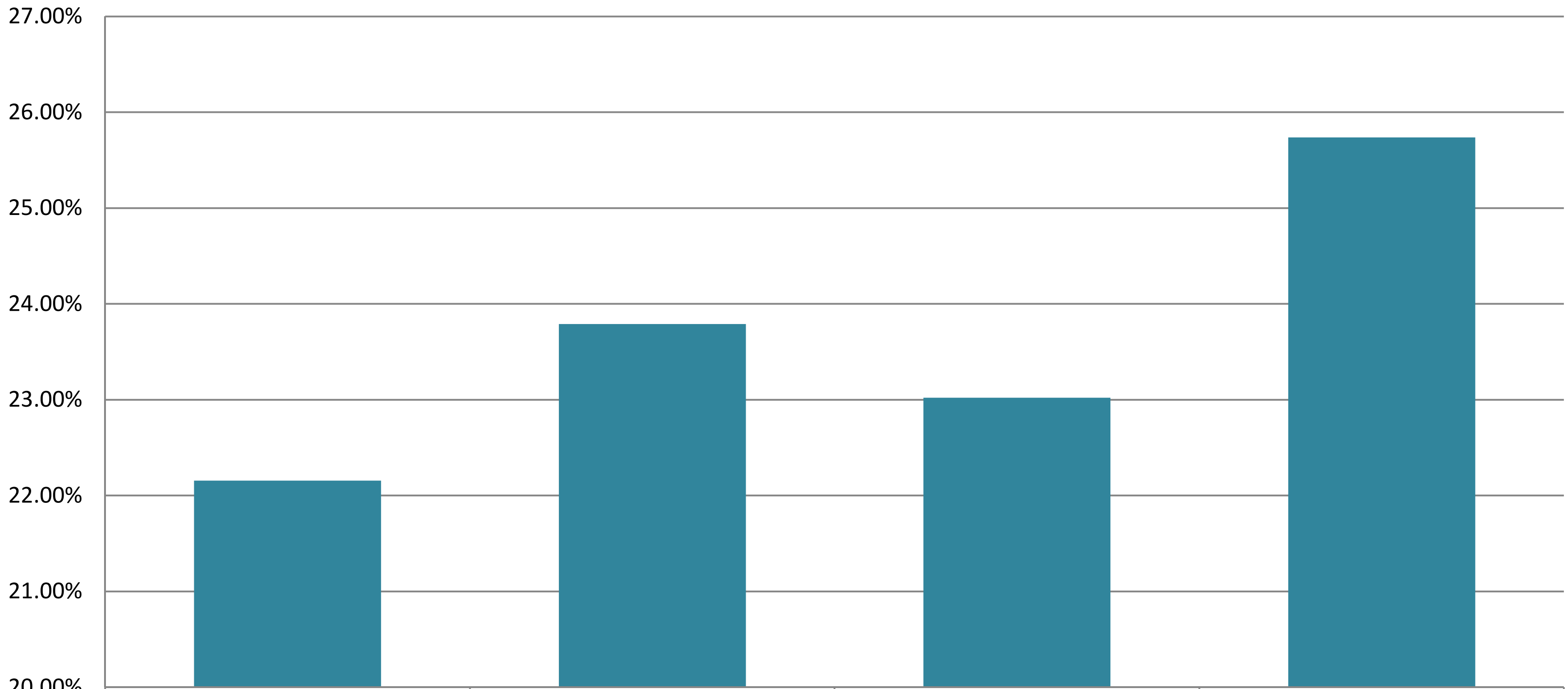
# Capital and Turnover [Rs. In Cr.]




| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|
| Turnover | 191.36 | 242.96 | 319.39 | 487.87 |
| Share Holder's Fund | 88.51 | 111.56 | 139.18 | 179.50 |

# Return on share holders fund (in %)




| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|
| Series1 | 22.16% | 23.79% | 23.02% | 25.74% |

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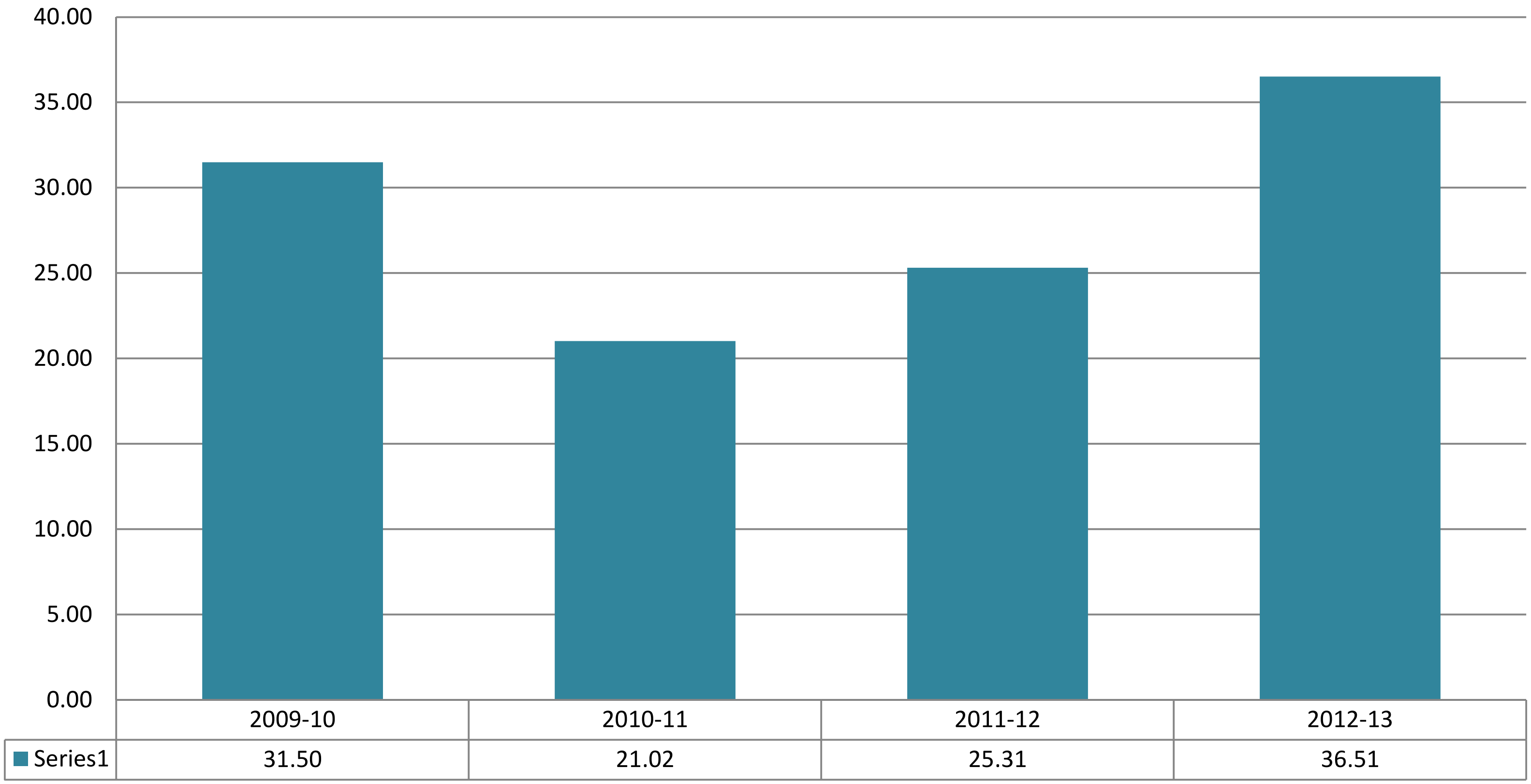
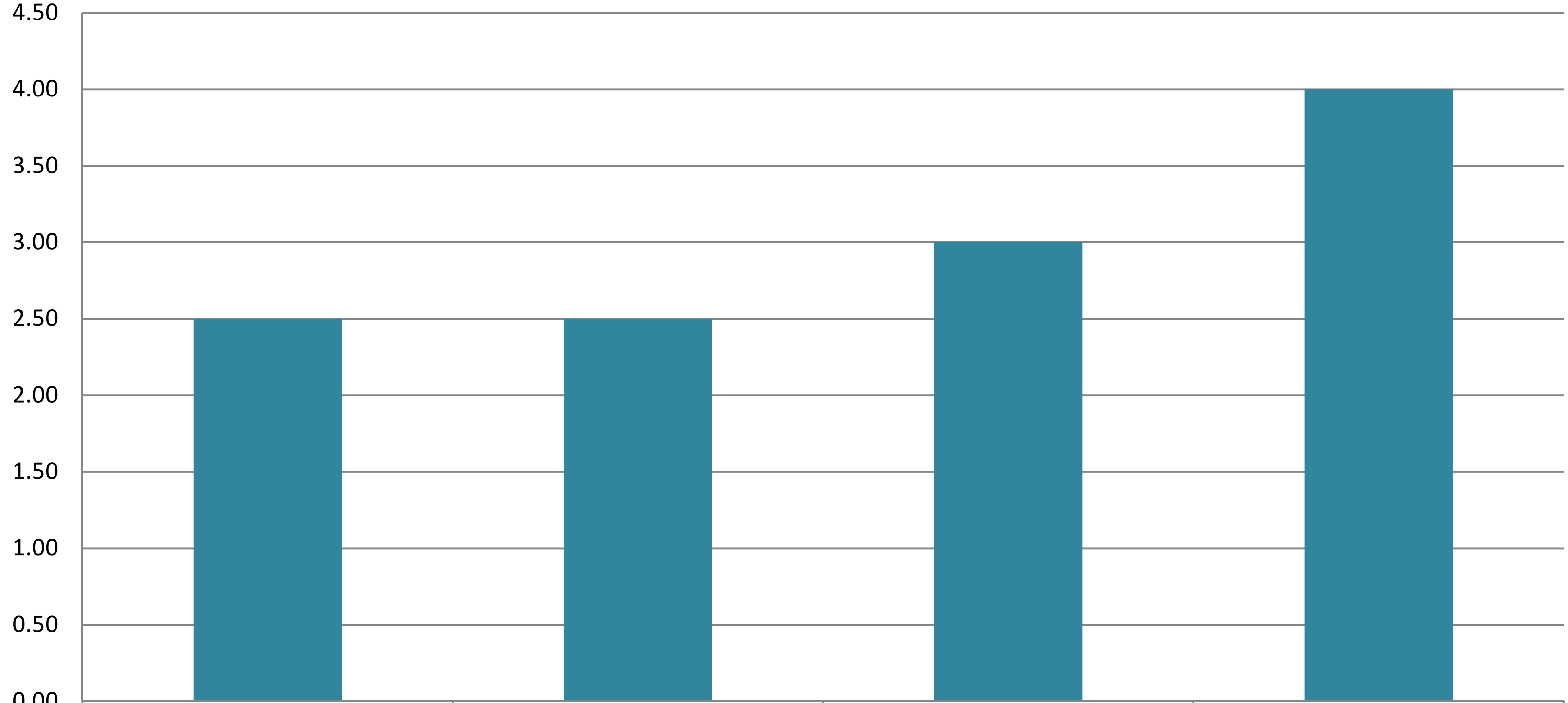
# Earnings Per Share




**EPS for the year 2010-11 and thereafter is on Increased Equity – Post Bonus 1:1**

# Dividend Per Share




| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|
| Series1 | 2.50 | 2.50 | 3.00 | 4.00 |

**Dividend for the year 2012-13 as declared is recommended by BOD and is subject to approval of Share Holders in the ensuing AGM**

# Performance for Q IV 2012-13 – Highlights Amount Rs. In Crores

| Particulars | Q4 31.03.2013 | Q4 31.03.2012 | % Chg | Year Ended 31.03.2013 | Year Ended 31.03.2013 | % Chg |
|---|---|---|---|---|---|---|
| Total Revenue (excluding other income) | 157.95 | 128.01 | 23.39% | 487.87 | 319.39 | 52.75% |
| Operating Profit [EBDITA] | 20.71 | 20.54 | | 75.35 | 53.36 | |
| Operating profit (Absolute EBDITA) | 24.49 | 22.54 | 8.65% | 84.32 | 60.21 | 40.04% |
| PBT | 19.60 | 17.96 | 9.13% | 67.81 | 48.50 | 39.81% |
| PAT | 13.93 | 12.00 | 16.08% | 46.20 | 32.04 | 44.19% |
| OPM<br>- EBDITA | 13.13% | 16.05 % | | 15.44% | 16.71% | |
| -Absolute | 15.50 % | 17.61% | | 17.28% | 18.85% | |

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Business Scenario

# Product Positioning

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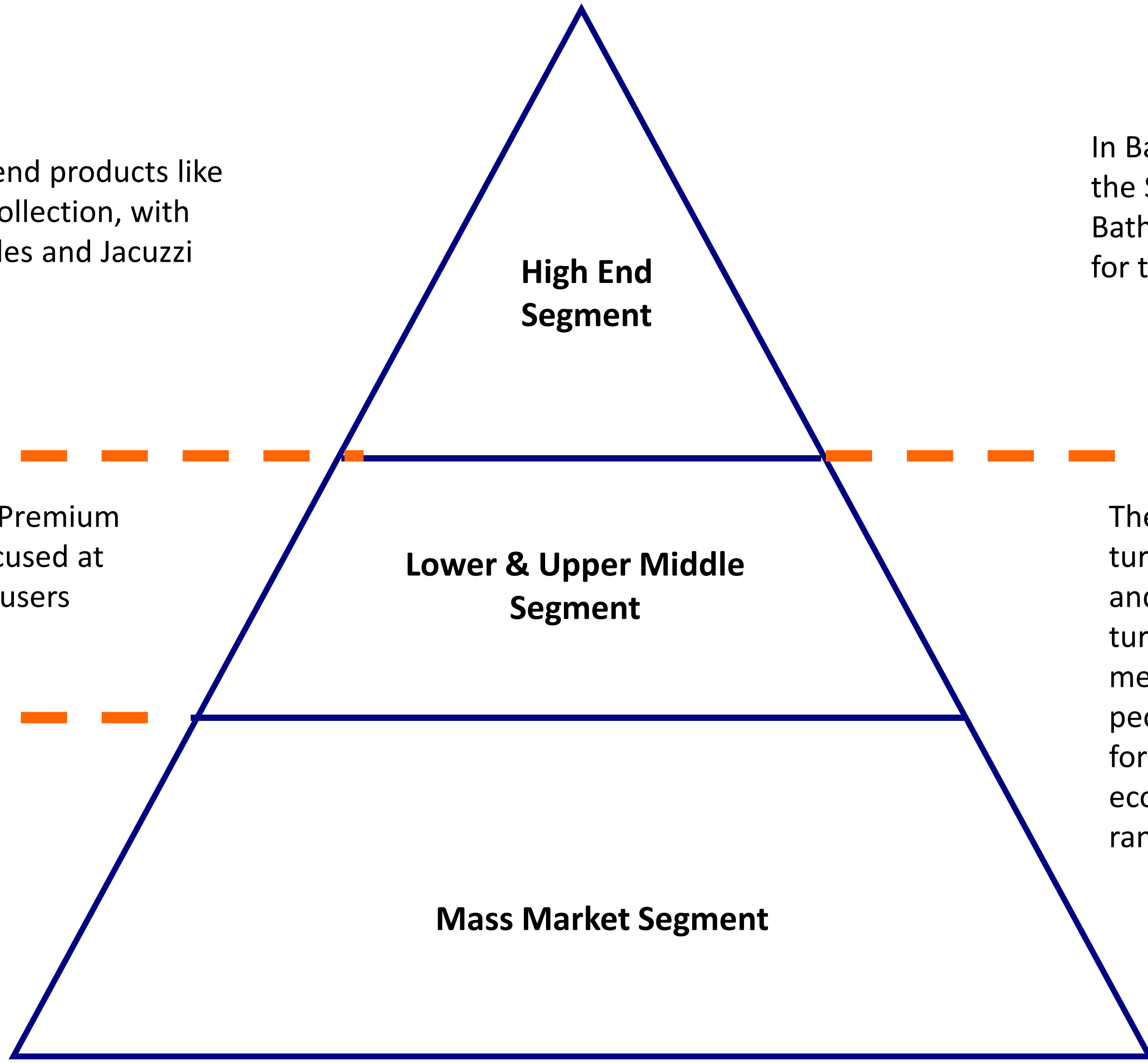
# Product Mix

Sanitaryware

Cera has top end products like the Senator Collection, with Shower Temples and Jacuzzi features

Cera has the Premium Collection focused at middle - end users

The Regular collection includes Indian EWCs as well as European EWCs contributing to lower price range.




Bath Fittings

In Bath Fittings, the Single Lever Bath fittings are for the elite.

The Quarter turn and the and the half turn fittings meant for people looking for more economical range.

***Cera has a product mix that caters to all Segments of Market***

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- Winner Sanitaryware category Snow White has been awarded Product of the year
- Survey amongst 30000 people by Nielsen

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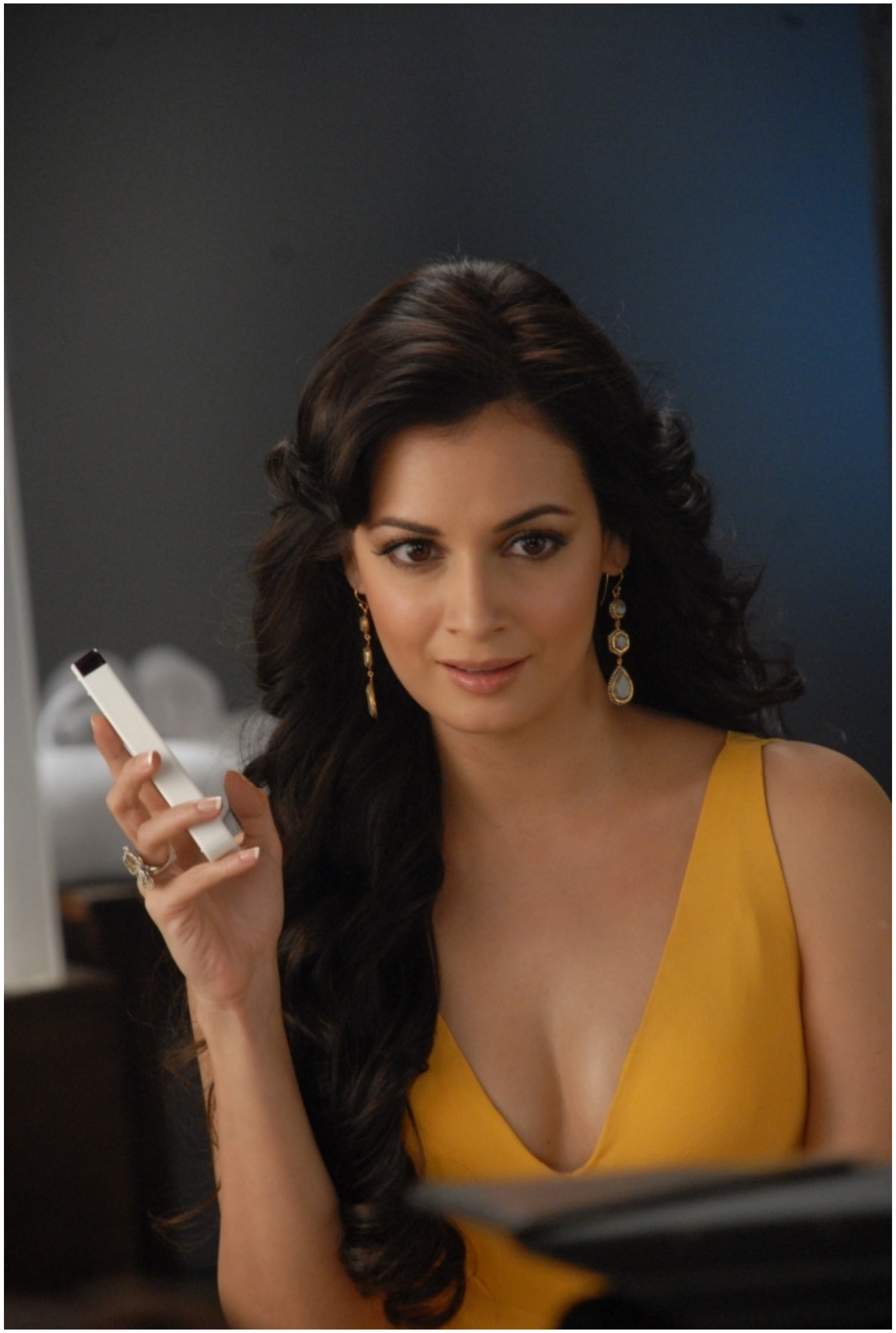
**Dia  Mirza at the scintillating Cera TVC Shoot**

Dia Mirza the CERA's brand ambassador shoots TV commercial. The TV commercial featuring Dia Mirza the former Miss Asia Pacific features the Cera premium products, and positions the Brand as "a premium range of products, that reflects your style", is already on air in major TV channels.



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Cera won Product of the Year in the "Sanitaryware and Fittings" category **2012** for the **Second consecutive year.**

The successive winning of POY for the second year in a row is a fine example of credibility that the CERA holds with the consumers.

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Cera won Product of the Year in the "Sanitaryware and Fittings" category **2013** for the **Third consecutive year.**

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VOTED PRODUCT OF THE YEAR®

Consumer Survey of Product Innovation

*Sanitaryware & Bathroom Fittings*

*Cera Single Lever Faucet*

*2013*

<u>Cera won Product of the Year in the "Sanitaryware and Fittings" category **2013** for the **Third consecutive year.**</u>

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# THANK YOU!