

Cera Sanitaryware Limited

Corporate Presentation

September 2019

CERA

Style. Innovation. Leadership



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CERA





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CERA



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Premier Sanitaryware Company in India

CERA

Rich Legacy of
~39 years

#1
Market Leader in India for
Sanitaryware

Largest
Sanitaryware facility in
India

ZERO
Debt Company

15%
Revenue CAGR
(6 year)

15%
EBITDA CAGR
(6 year)

17%
PAT CAGR
(6 year)

2,473
Employees with a
Teeth-to-tail ratio of
0.97

Cash and Cash
Equivalents* of
Rs.181 cr

260%
Rate of Dividend - FY19

Rated AA
(CARE)*
For Long Term Debt

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

Business Moats

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

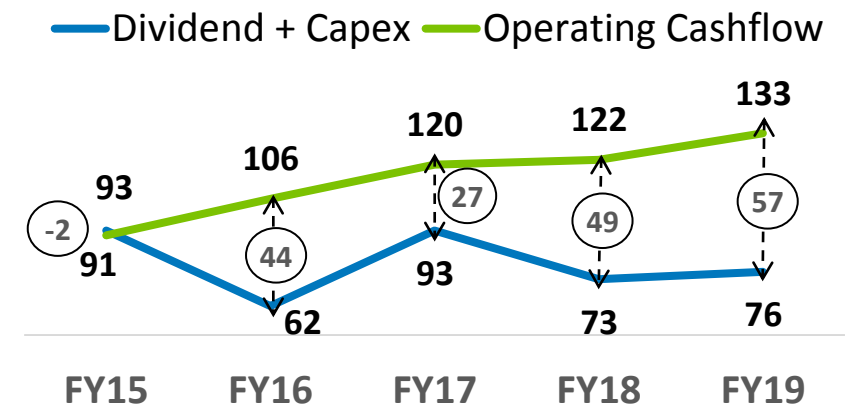
- Cash and Cash Equivalents of Rs.181 crore; primarily liquid investments
- No Contingent Liabilities for Joint Ventures

Sharp Focus on Efficient Capital Management

- Industry leading RoCE - 26%
- Fixed Asset turnover of ~4.4x (*As on 31 March 2019*)
- 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

Promoters



Mr. Vikram Somany
Founder and CMD

- 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
Vice Chairperson

- B.Sc. (Economics), LLB
- Actively associated with CERA for over 7 years
- Involved in Design Innovation, Product, R&D, Channel Outreach and Sales
- Equal focus on profitability , product development

Leadership Team

CERA



Mr. Atul Sanghvi
CEO & Executive Director

- MBA in Marketing; experience of 34 years
- Part of CERA leadership for over 20 years
- In charge of all aspects of manufacturing, marketing and corporate affairs



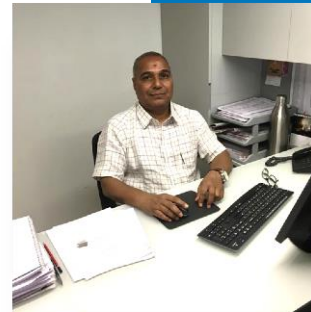
Mr. Rajesh B Shah
CFO / COO (Fin. & Comm.)

- B.Com & ACA; experience of 33 years
- 33 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 Investment Banking
- Managing Investor Relations & Strategic Planning initiatives



Mr. Narendra N. Patel
President & Company Secretary

- B. Com, LLB, FCS, ACIS (London); experience of 30 years
- 30 years with CERA
- Leads the secretarial, legal and compliance functions

Zero Attrition in the Senior Management Team over the last decade

Leadership Team

CERA



Mr. P. K. Shashidharan
Senior VP – Marketing

- M.A. (English); experience of 38 years
- 27 years with CERA
- Brand custodian of CERA
- Devising media, marketing and positioning strategies and their execution



Mr. Abbey Rodrigues
Senior VP – Sales

- B. Com, PGDMSM ; experience of 24 years
- 22 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
- 12 years with CERA
- A 42 year veteran in the faucets industry
- Responsible for production and development activities of faucets
- He has been a part of developing polymer plant



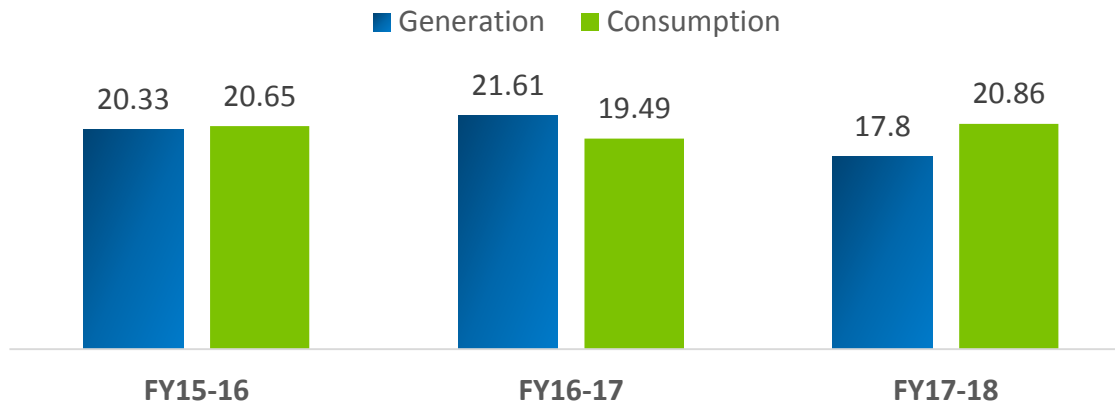
Mr. Ramachandra Padhi
Vice President Works - Sanitarywares

- Diploma in Ceramic Tech; experience of 34 years
- 17 years with CERA
- Kadi plant in charge for Sanitaryware

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

CERA

Key Institutional Clients



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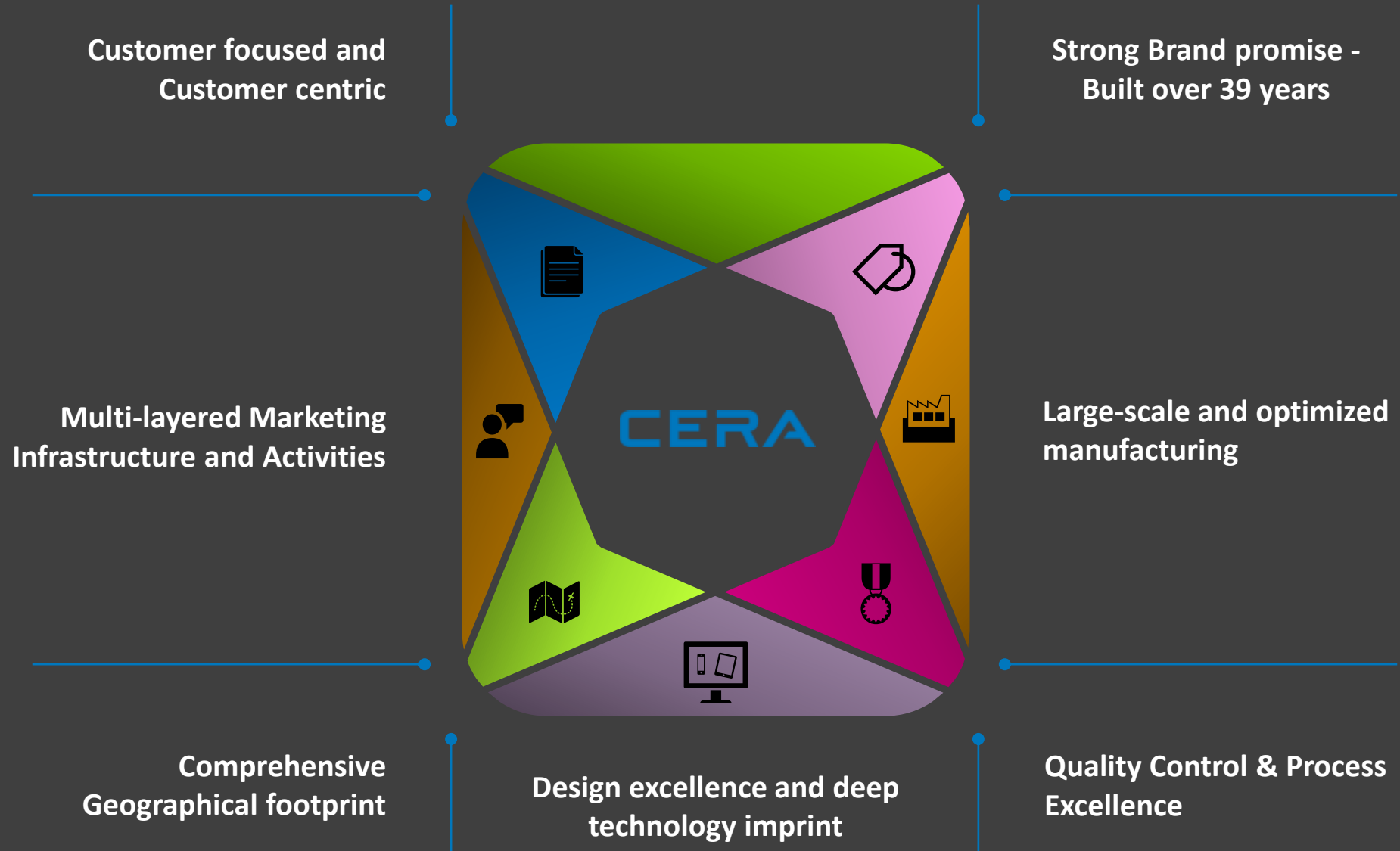


Key Government and PSU's Patrons



Key Differentiators

CERA



Strong Brand Promise

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

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



CERA



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

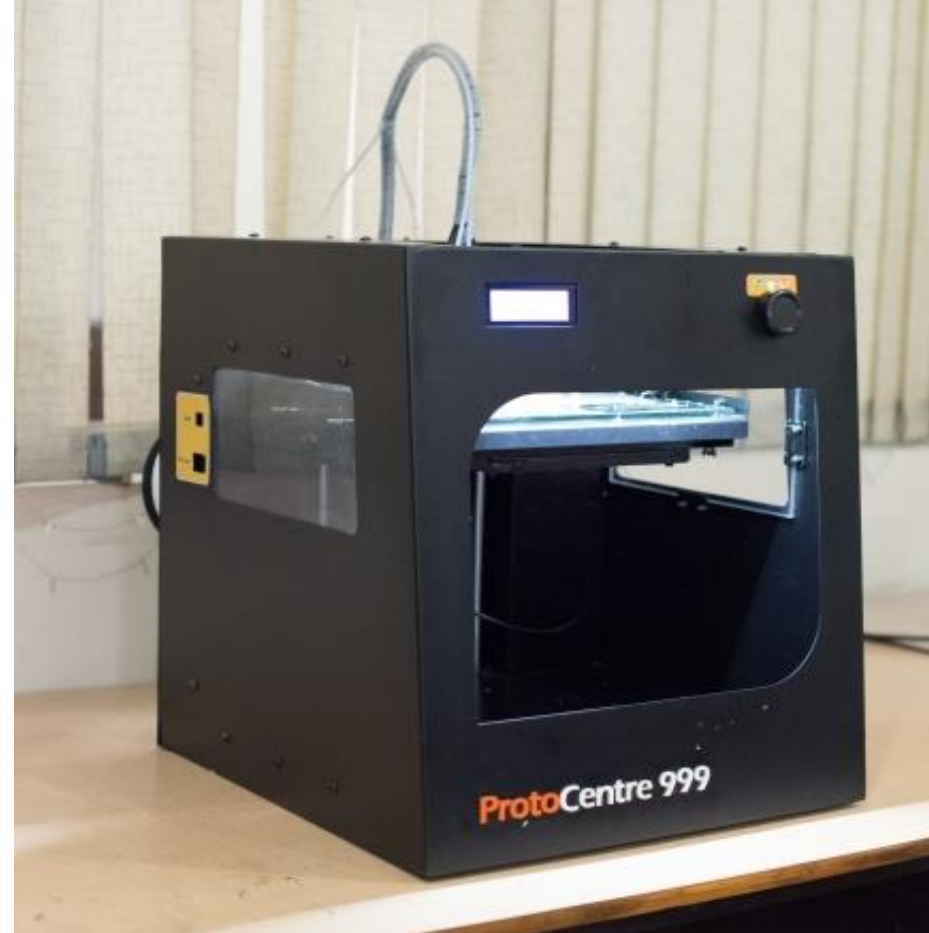
Design Excellence and deep technology imprint

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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

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

136 CERA Style Galleries
14,000 + Trade Partners

Gearing up with increase in sales and trade	
Network as on March 2019	
	Total*
Dealer	2,841
Retailer	11,306
Total	14,147

After sales team strength - March 2019	
	250

**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

- **9 CSS:** Ahmedabad/Bangalore/Chennai/Mumbai
- Kolkata/Chennai/Thiruvananthapuram/Cochin/Chandigarh
- 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



Customer Focused and Customer Centric

CERA

After Sales Servicing Team – On Company's Books

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

New CRM module

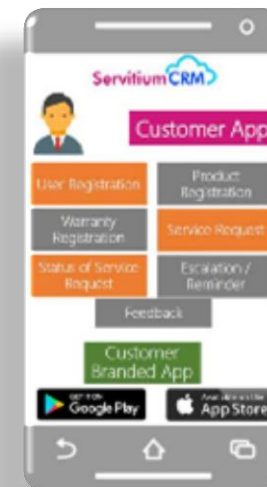
Mobile app for customers to register complaints

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

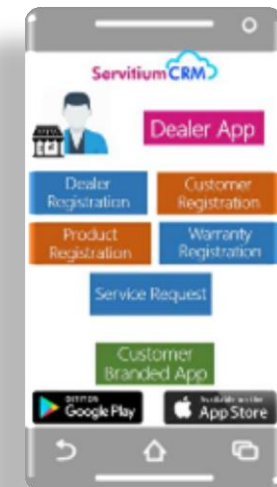
Complaints closed within 1 to 2 working days



Nationwide
Toll free
number
1800 258 5500



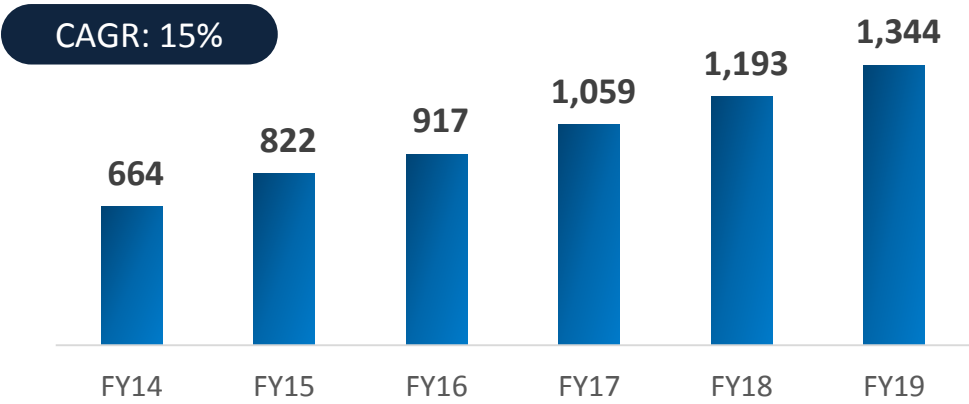
Customer App



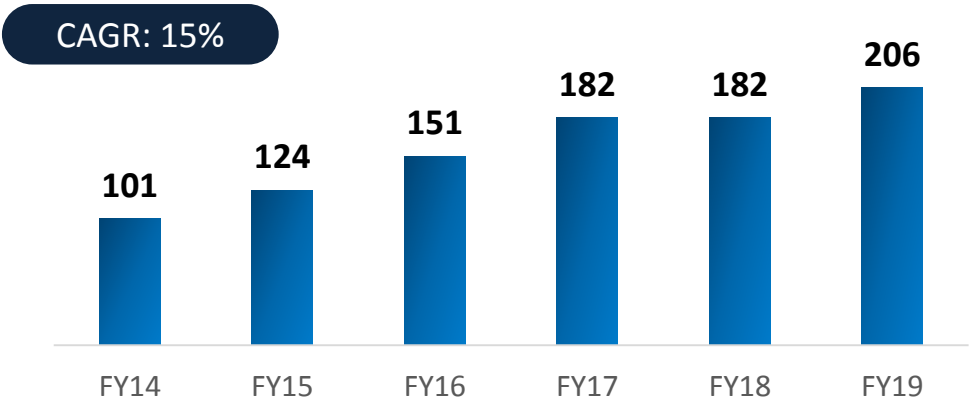
Dealer App

Financial Overview

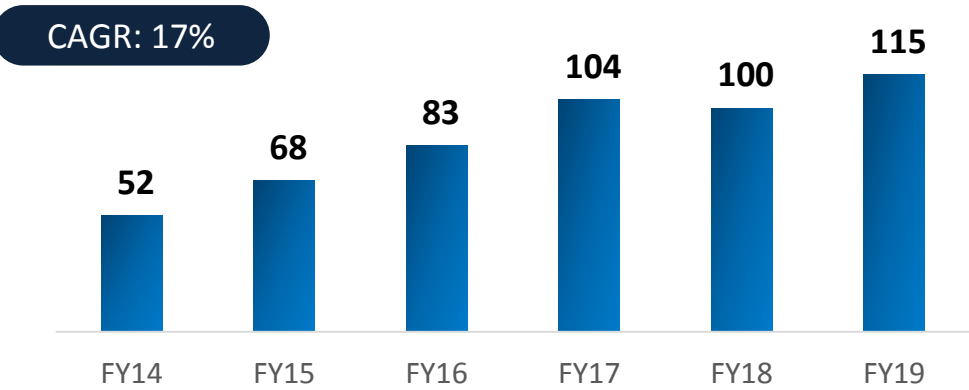
Revenue



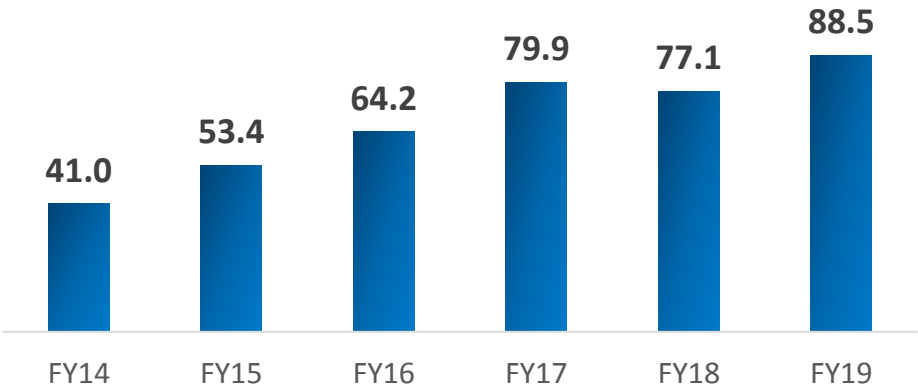
EBITDA (Rs. in crore)



PAT (Rs. in crore)

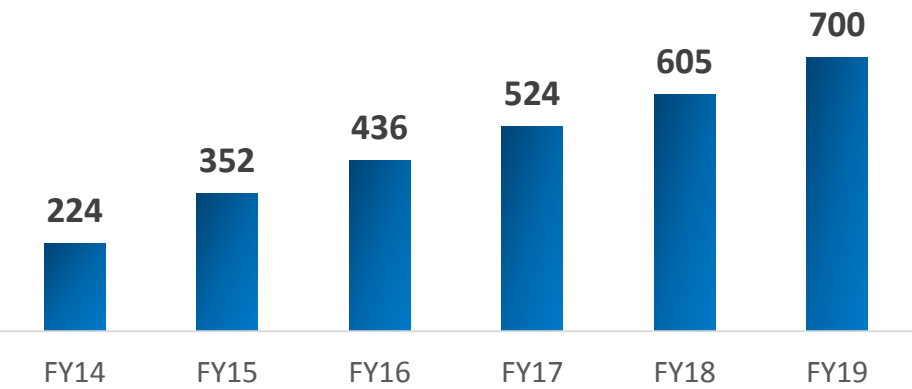


EPS (In Rs.)

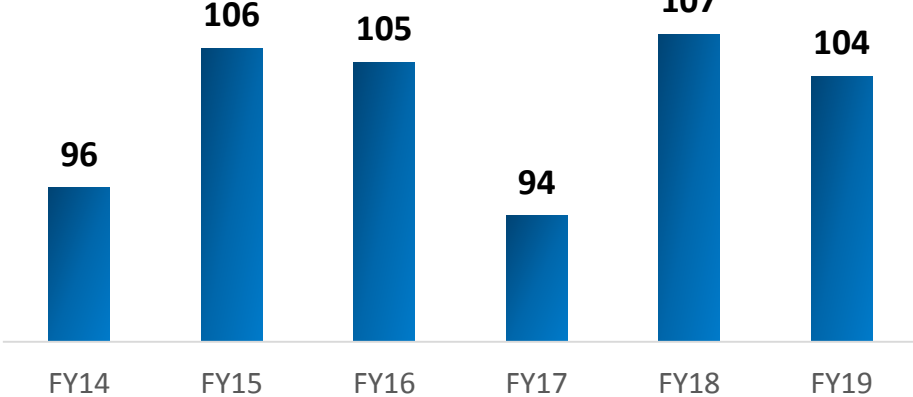


Financial Overview

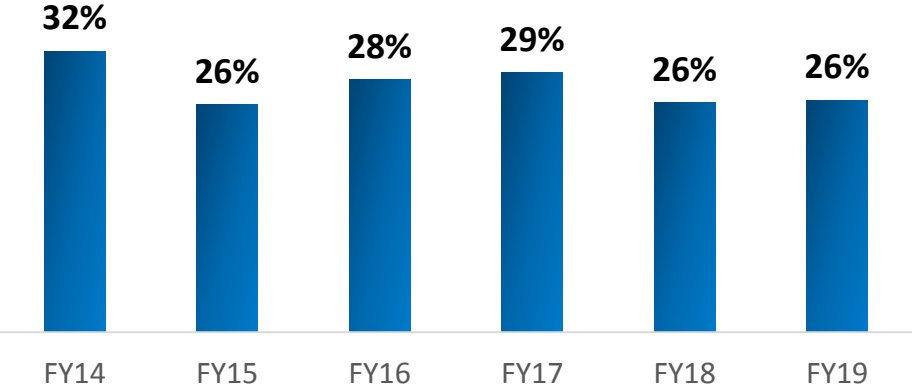
Networth (in crore)



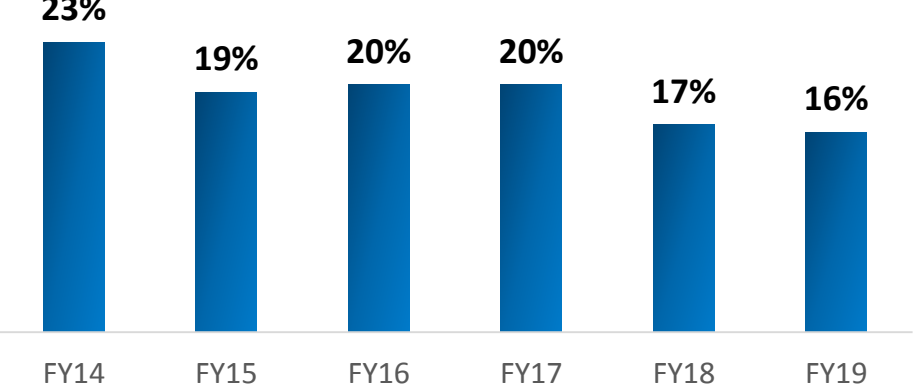
Working Capital Days (Net)



ROCE (%)



ROE (%)



Abridged P&L – Standalone – Period ending 30 June 2019

CERA

Particulars (Rs. crore)	Q1 FY19	Q1 FY20	Y-o-Y Shift	FY18	FY19	Y-o-Y Shift
Revenue from Operations	281	267	(5%)	1,182	1,344	14%
Other Income	2	3	51%	11	16	39%
Total Income From Operations (Net)	283	270	(4%)	1,204	1,359	13%
Total Expenditure:						
Raw Material expenses (costs of material consumed)	129	123	(4%)	563	646	15%
Employee benefits expense	39	40	3%	140	156	12%
Other expenses	78	69	(11%)	308	351	14%
EBITDA (includes Other Income)	37	38*	2%	182	206	13%
EBITDA margin (%)	13.3%	14.3%	100 bps	15.4%	15.4%	-
Finance Costs	1	1	94%	5	3	-38%
Depreciation and Amortization	5	8*	54%	22	23	2%
PBT	32	29	(7%)	154	180	17%
Tax expense	11	10	(8%)	54	65	20%
PAT	21	19*	(7%)	100	115	15%
PAT margin (%)	7.3%	7.1%	(20 bps)	8.5%	8.6%	10 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:

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