CSL/2026-27/113
12th August, 2026

| To,<br>**BSE Limited**<br>Corporate Relationship Department<br>1st Floor, New Trading Ring<br>Rotunda Building, P J Towers<br>Dalal Street, Fort, Mumbai – 400001.<br>Scrip Code :532443<br>Scrip ID: CERA | To,<br>**National Stock Exchange of India Limited**<br>Exchange Plaza<br>Bandra Kurla Complex<br>Bandra (East)<br>Mumbai – 400051.<br><br>Scrip Code: CERA |
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Dear Sir / Madam,

**Sub: Transcript of the Conference Call held on 8th August, 2026**
**Ref: Regulation 30 of the SEBI (LODR) Regulations, 2015**

With reference to our letter CSL/2026-27/94 dated 27th July, 2026, intimating you about the Q1 FY2027 Earnings Conference Call held on 8th August, 2026, please find attached the transcript of the aforesaid conference call.

The same will be available on the website of the company, i.e. www.cera-india.com

Thanking You.
For Cera Sanitaryware Limited.

HEMAL
JANARDAN
SADIWALA

Digitally signed by HEMAL JANARDAN SADIWALA
DN: c=IN, postalCode=380008, st=GUJARAT, street=6 ,JAYKISHAN SOCIETY ,AHMEDABAD,MANINAGAR(EAST) ,380008, l=AHMEDABAD, o=Personal, serialNumber=f2fe036f7fce318ced974ed8837dfa1e1c2da169e5861098ce6b05679d5c9f6e, pseudonym=3e08b32c6abb4cc08076e6168c7ca9f5, 2.5.4.20=b0cae7526e125b34f2ec95dab56881936f60053eb469049f9b5143725d99a76a, email=HEMAL.111@GMAIL.COM, cn=HEMAL JANARDAN SADIWALA
Date: 2026.08.12 15:59:50 +05'30'

Hemal Sadiwala
Company Secretary
Encl: As above

# Cera Sanitaryware Limited

## Q1 FY27 Earnings Conference Call

August 08, 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 telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Devrishi Singh from CDR India.

**Devrishi Singh:** Good morning, everyone, and thank you for joining us on the earnings conference call for Cera Sanitaryware Limited for Q1 FY27 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.

**Deepak Chaudhary:** Thank you, Devrishi. Good morning, everyone, and a warm welcome to all of you for joining us on Cera Sanitaryware Limited's Q1 FY27 earnings conference call. I will begin by sharing a brief overview of the operational and strategic developments during the quarter, following which our CFO, Mr. Vikas Kothari, will take you through the financial performance in greater detail.

Cera has made a strong start to FY27, with revenues growing by 19.5% year-on-year during the quarter. Both our Sanitaryware and Faucetware business developed a robust performance, contributing 47% and 40% of our revenues, respectively.

The quarter witnessed strong momentum across our core businesses, with growth being predominantly volume-driven. We continue to see healthy traction in the project segment, while the retail business carried forward the gradual improvement witnessed over the last couple of quarters. Importantly, the growth during the quarter was broad-based, with both our retail and project businesses continuing to perform well. This reinforces our confidence in improving demand environment and the underlying growth opportunities across our key product categories.

The demand environment continued to evolve positively during the quarter, supported by improving consumer sentiment in retail and sustained momentum in the project segment. Backed by our strong market positioning across the mass and mid-premium segments, diversified product portfolio and extensive distribution network, we believe Cera remains well-positioned to capitalize on the significant growth opportunities within our core businesses.

While the industry continued to witness elevated input cost pressures during the quarter, Cera remained relatively better placed than several industry participants, supported by its established sourcing arrangements and strong in-house manufacturing capabilities.

Following the pricing revisions undertaken during March and May 2026, cumulative price increases now stand at approximately 12% in Sanitaryware and 16% in Faucetware. We are pleased to note that these pricing actions have been well-absorbed by the market. Alongside these pricing initiatives, we continue to focus on operational efficiencies to mitigate cost pressures. This will enable us to protect margins while ensuring that we remain competitive in the marketplace.

On the brand front, we recently launched a new integrated campaign, 'Your Moment of Cera', featuring Kriti Sanon as our new brand ambassador. Her aspirational image and wide appeal across demographics make her a natural fit for the Cera brand. We believe that the campaign marks an exciting new chapter in our brand journey as we continue to strengthen Cera's premium positioning and deepen our connect with consumers. The campaign has been rolled out across television, digital, and other media platforms and we are confident it will further strengthen consumer engagement, enhance brand visibility, and reinforce Cera's leadership position.

One of the key developments during the quarter has been the extension of our 'Dealer Management System' (DMS) to the retailer loyalty program, marking another important milestone in Cera's digital transformation journey. The platform will strengthen our engagement with the channel partners by providing better visibility into secondary sales, inventory movement, and channel engagement. It will also enable a simpler and more transparent loyalty program while providing richer market insights for faster and better decision-making. We believe that the extension of DMS to the retailer loyalty program will become an important enabler of improved execution, stronger channel relationships and enhanced operational efficiency. We remain committed to adopting digital capabilities that strengthen our competitive positioning and support our long-term growth ambitions.

While the 'Cera' brand will continue to remain the principal driver on our growth, we will continue to invest in strengthening our newer brands, recognizing that building enduring consumer brands required sustained and consistent effort over several years before they establish a meaningful presence in their respective segments. This is particularly true in the premium category, where consumer trust and brand preference are built progressively over a considerable period of time. Therefore, our focus at this stage remains on strengthening the underlying fundamentals of our newer brands with a long-term perspective, rather than evaluating the performance over shorter-term horizons. We remain confident that the investments we are making today will create meaningful long-term value as these brands progressively scale over the coming years.

From an industry perspective, the challenges across the operating landscape are creating a differentiated environment with larger, more established players being able to leverage their scale and set up to deliver more efficient operations. Backed by established sourcing arrangements, strong manufacturing capabilities and efficient supply chain, Cera has been better placed to manage many disruptions across the landscape while continuing to service its customers seamlessly.

For the last few weeks and months, we have progressively reduced our dependence on the Morbi cluster by internalizing several key SKUs. This has further strengthened our ability to ensure consistent product availability and cater to consumer demand effectively. These industry developments have also created opportunities for us to strengthen customer relationships and expand our presence across markets.

Our ability to ensure consistent product availability and reliable execution has enabled us to respond effectively to challenging market conditions. And we remain focused on capitalizing on these opportunities while maintaining a disciplined approach to growth.

Building on the launch of our new brand campaign, we are entering into the next phase of our brand-building journey. During FY27, we plan to invest approximately INR 85 crore towards brand-building and marketing initiatives. These initiatives will span television, digital, social media and on-ground activations to further strengthen consumer engagement and enhance brand visibility. Our focus will remain on deepening consumer connect and reinforcing Cera's position across key markets.

Overall, we have made a strong start to FY27 and believe that the Company is well-positioned to build on this momentum. Supported by improving demand conditions, a strong balance sheet, continued investments in strengthening digital and channel capabilities, we remain confident of sustaining our growth momentum and maintaining our FY27 revenue growth guidance of 18% to 20%. Our focus will continue to remain on disciplined execution, strengthening our market leadership, and creating sustainable long-term value for all our stakeholders.

With this, I would now like to hand over the call to Mr. Vikas Kothari to take you through the financial performance of the quarter.

**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 ending June 30, 2026.

Revenue from operations for the quarter stood at INR 486 crore as compared to INR 407 crore in Q1 FY25.

Before I proceed further, I would like to highlight a change in the presentation of our financial statements. Turnover discounts, which were earlier reported as an expense, are now presented as a deduction from revenue from operations. Accordingly, the reported revenue for the current quarter has been reduced by 2.5%, and the revenue for the corresponding quarter of the previous year has been reduced by 3%. The previous quarter's revenues have been restated to be comparable in line with the current quarter's disclosure. It is important to note that this change has been driven by the evolution of certain dealer incentive schemes. For the current scheme structure, presenting the eligible incentives as a reduction from revenue better reflects the substance of these arrangements. Accordingly, as per the requirements of Ind AS, we have realigned the presentation. This reduces the turnover but does not have any impact on absolute profitability or cash flows of the Company.

EBITDA excluding other income for the quarter stood at INR 49.2 crore as compared to INR 53.1 crore in the corresponding quarter of the previous year. EBITDA margins stood at 10.1% in Q1 FY27 as compared to 13.1 in Q1 FY26. The moderation in EBITDA margins during the quarter was primarily due to certain one-time and transitional factors that are not expected to recur beyond Q2.

These included a one-time provision towards the long-term settlement of the Company's workers pertaining to the previous period, September '25 to March '26. Lower absorption of fixed costs due to reduced production amid temporary gas supply uncertainty. Additionally, while input costs increased significantly, price hikes have so far been reflected mainly in the retail business, with project contracts expected to transition to revised pricing post Q2, supporting the margin recovery in the subsequent quarters.

Gas cost during the quarter remained elevated, with the weighted average cost at INR 48.43 per cubic meter in Q1 FY27 as compared to INR 33.17 per cubic meter in Q1 FY26. During the quarter, gas consumption was sourced 69% from GAIL and 31% from Sabarmati. Overall, gas cost accounts for approximately 3.3% of the revenue during the quarter. Input costs, particularly brass, continued to remain elevated during the quarter.

In response to these sustained cost pressures, we implemented calibrated price revisions across our sanitaryware and Faucetware portfolio over the last two quarters. These pricing actions have helped offset a part of the increase in the input cost while enabling us to maintain our competitive positioning.

While the retail segment reflected these pricing actions, the project business remained relatively insulated due to the nature of pre-booked orders. Going forward, we remain focused on protecting margins while maintaining our competitive positioning.

The revenue mix for the quarter was broadly as follows: Sanitaryware accounted for 47%, Faucetware 40%, tiles 11%, and wellness 2% of the total revenue. On a Y-o-Y basis, sanitaryware revenue grew by 14%, Faucetware by 25%, tiles by 22%, and Wellness declined by 7%. Our core categories, Sanitaryware and Faucetware together accounted for 87% of the total revenues.

Capacity utilization during the quarter stood at 61% for sanitaryware and 96% for Faucetware.

From a product mix perspective, 44% of the sales were from the premium segment, 37% from mid segment, and 19% from entry-level products.

Geographically, Tier 3 and Tier 1 cities accounted for 38% each, followed by Tier 2 at 24% of sales.

Profit after tax stood at INR 45 crore as compared to INR 47 crore in the corresponding quarter of the previous year. Earnings per share for the quarter stood at INR 35.15 as compared to INR 36.08 in Q1 FY26.

On the working capital front, we delivered a significant improvement during the quarter through continuous focus on inventory management and overall working capital discipline. Inventory days decreased from 80 days to 68 days. Receivables reduced from 38 days to 30 days, while payables increased from 43 days to 48 days. Consequently, our net working capital cycle improved from 75 days to 50 days on a Y-o-Y basis. This is another lever we are pushing to drive greater overall efficiency in a challenging landscape.

As of June 30, 2026, our Cash and Cash Equivalents stood at INR 943 crore.

For FY27, we have planned a capital expenditure outlay of approximately INR 43 crore. The investments will primarily be directed towards our Faucetware brownfield capacity expansion, manufacturing efficiencies, digital initiatives, and strengthening our operational infrastructure. Alongside these investments, we also have a comprehensive brand building and promotional program planned during the year to further strengthen consumer engagement and support our long-term growth ambitions. We will continue to follow a disciplined capital allocation approach while investing in initiatives that strengthen both our manufacturing capabilities and our brands.

Overall, our financial positions remain strong, supported by a healthy balance sheet, prudent financial management, and efficient working capital practices. Backed by improving demand conditions and our strong market position, we remain confident of executing our long-term growth strategy while continuing to create sustainable value for all our shareholders.

With this, I would request 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:** My first question is on the growth of 19.5%, and especially in the major two segments, which are 14% and 25%. Can you give some colour on the volume growth as well? Because I understand there is a 12% and 16% price hike, and there is a mix of institution and retail which would be different. How has the volume growth been for these two major segments in the first quarter?

**Vikas Kothari:** Regarding the growth part, especially when we talk about the last few quarters, the growth that we are seeing is volume-driven, which is continuing month on month. If I have to give a breakup of the total growth, in case of Sanitaryware, we saw 14% growth, which was largely driven by volume, with volume contributing around 10%, and price contributing around 2%. Since we took the price increase in May, effectively, the impact of the price increase will be reflected in the coming quarters. So in Q1, the impact of price was 2%, and the mix had a favourable impact of 2%. This constituted the overall growth of 14% in case of Sanitaryware.

In case of Faucetware, we have shown a substantial growth of 25%, which again was volume-led. 18% was on account of volume, 4% was the impact of price, and there was a favorable mix of 3%.

This way, I think the overall growth of 14% and 25% was constituted, and we are seeing a similar pattern in the coming months also.

**Praveen Sahay:** Good to hear that. Second question related to this is, if you can give some color on Senator and Polipluz, because those numbers are also included in these 10% and 18% of volume growth. Can you give some color on that as well? Is that due to the product mix change because Senator contribution is rising?

**Vikas Kothari:** Just to give you an overall understanding with respect to Senator and Polipluz. Our overall approach will remain unchanged as far as Senator and Polipluz are concerned, since these are new initiatives. Right now, in terms of the numbers for volume growth or mix, it is difficult to give those numbers.

But the overall projections, which we have given during the year, will remain unchanged. Right now, these businesses are still in the build-up phase, and therefore, we believe it is more appropriate to evaluate their progress over a longer horizon, rather than updating on a quarter-on-quarter basis.

**Praveen Sahay:** Right, sir. Last question, related to the accounting change. Basically, whatever discount was in the expenses, now you are booking it in the sales, and ultimately, that is actually improving your margin profile. So the guidance of 13.5% to 14%, adjusting for these changes, what would be the margin guidance?

**Deepak Chaudhary:** The impact in absolute terms would not be there, because once you are taking an expense and reducing it from the revenues, your EBITDA remains the same in absolute terms. There would be a very slight impact on the EBITDA margin percentage because your turnover is reducing and the profits are remaining the same.

Assuming that the reduction would be in the range of 2.5% to 3%. Earlier, if you were talking about 13.5% to 14% on INR 100, now you will be talking about 13.5% to 14% on INR 97. That small change will be there, but apart from that, we remain with the guidance that we have given, 13.5% to 14%. You can adjust it for the slight change.

**Praveen Sahay:** So, in the percentage terms, the guidance is intact. The absolute number will vary…

**Deepak Chaudhary:** Correct. That will be impacted. If I am talking about 14% on INR 100 earlier, now I will be talking about 14% on INR 97, let us say. 14% divided by INR 97 comes to something like 14.4%.

**Praveen Sahay:** Got it, thank you. Thanks a lot.

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

**Varun Julasaria:** I just wanted to understand, - how much was the one-time settlement in the staff costs that you booked, and what is the nature of the settlement?

**Deepak Chaudhary:** What happens is, for the Company's own workers, there is a wage agreement which is negotiated with the unions every four years. Like for the staff, you will find that the merit increase keeps on happening on a yearly basis. That typically averages in the range of 10% to 11%. For the workers, you will find that the increase does not happen in the same manner as the staff.

Typically, every 4 years, a settlement is entered into with the union, and that prevails for a period of 4 years. Let us say we have an increase of something like 15% to 20% every 4 years. That happens once at the end of the fourth year, or the beginning of the first year, once the 4 years have ended. Suppose we have a 20% increase; it will remain constant for the next 4 years.

Effectively, for the next 4 years, the wage for the staff would remain at, if it was earlier INR 100, it will remain at INR 120. There will be no further increases apart from another 2% to 3% kind of increase, which happens on a regular basis, inflationary kind of a thing.

As of now, you can expect something like 15% to 20% kind of an impact on the basic wages. On an overall basis, you will find a 15% to 20% increase. The impact on a year-on-year basis would be 5%, but as of now, it will be an increase of 20% over the wage which was being paid to the workers earlier. The negotiations are still going on. It has more or less been settled in May, and the kind of increase that we are envisaging would be in the range of INR 1 crore per month.

So, INR 6.3 crore was the effect which has come in for the previous period because the last wage agreement had ended in the month of September '25. Since we are giving the effect on a retrospective basis, it will be INR 6.3 crore from the period of September '25 to March '26, which has been given effect in the current quarter.

So, INR 6.3 crore was for the previous period, and INR 3 crore was for the current period. For the current year, we anticipate that the wage cost would be going up by something like INR 12 crore for the full year, for this particular period. Because INR 6.3 crore has been accounted for the previous period, the total impact in the profit and loss for the year would be INR 18.3 crore.

**Varun Julasaria:** I mean, just to understand, this quarterly run rate would now be similar to 1Q, excluding the INR 6 crore, which was a one-time settlement, right?

**Deepak Chaudhary:** You are talking about the margins?

**Varun Julasaria:** No, I am saying for the staff cost, this would be around INR 72 crore kind of a quarterly run rate…

**Deepak Chaudhary:** Correct. If you are talking about the staff cost, if you exclude INR 6.3 crore, you can expect the same to be replicated for the remaining 3 quarters.

Apart from the fact that in certain quarters there would be incentive coming in for the staff. On an overall basis, if you take the previous year, increase it by mostly 8% to 10% kind of a thing, 10%, because staff is increased by a certain percentage, wage is not increased by the same percentage.

Effectively, it will be in the range of 8% to 9% for the whole year. And add INR 18.3 crore onto that. That will give you the whole year projection kind of a thing. We believe it will be coming in the range of INR 300 crore for the current year.

**Varun Julasaria:** Okay, understood.

**Moderator:** The next question is from the line of Shubhi Gupta from Trinetra Asset Managers.

**Shubhi Gupta:** My first question is that we are internalizing some SKUs that we were outsourcing, as you mentioned. If you could just talk a bit more about that. My second question is how many, I think our target for flagship stores this year is about 60, if I am not wrong. If you could just update me on the progress on that as well?

**Deepak Chaudhary:** You are right. We have been talking about internalizing certain SKUs. Typically, in the case of Sanitaryware, as well as in the case of Faucets, we manufacture most of the complex SKUs in-house, and the simpler ones are outsourced. In case of Sanitaryware, recently there have been some issues in the context of Morbi not operating up to its full efficiency.

In the case of availability in case of Morbi, we were initially, in Q1, facing some challenges, and it was anticipated that the challenges may happen from Q2 onwards also. But on an overall basis, we have been quite comfortable in respect of the kind of SKUs that we have, and the volumes that we have been able to get from Morbi, from our outsourcing partners. As of now, we are quite comfortable in respect of availability, both in the context of Q2 as well as for the entire year. We do not see too much of a challenge. But in anticipation that there could be challenges, we had already started the process of internalizing some of the higher selling SKUs from these outsourcing partners to make them internally within our manufacturing plant. We are already undertaking that exercise, and in case we have problems from the outsourcing arrangement, we are now well geared up to produce these SKUs in-house.

**Shubhi Gupta:** Sure, sir. The second question was about the flagship stores?

**Deepak Chaudhary:** Stores, as we have already given guidance, as you are talking in respect of Senator, we have given a guidance that we will be going up from 35 to something like 50 stores by the end of the current year. We are in line with that. We will continue to scale up these stores, and we should end up with something like 50 by the end of the current financial year.

**Shubhi Gupta:** Okay. Sir, this internalization, do we need some additional investment for this or no?

**Deepak Chaudhary:** A small amount of investment is required because the kind of casting lines which are required are different for different kind of SKUs. So, INR 2 crore to INR 3 crore of investment or small investments which are a part of the routine also. We do that on a regular basis also. That kind of investment is required, but we do not require massive investment in terms of setting up manufacturing capabilities or getting additional machinery. The current facility by itself with some change in the lines which are required for specific SKUs, is what needs to be done.

**Shubhi Gupta:** Okay, thank you.

**Moderator:** The next question is from the line of Ritesh Shah from Investec India.

**Ritesh Shah:** Two questions. First is with respect to the change in management, the KMP recently. Who is going to take over the responsibilities with respect to Senator and Polipluz? Could you just refresh us on both those initiatives with a short-term and longer-term view?

**Vikas Kothari:** Regarding the recent resignation of Mr. Baliga, just to update you, he is leaving due to personal reasons. His responsibilities were limited to Senator and Polipluz, the new initiatives which we started one and a half years back. We have now identified our existing national head under the succession plan to lead these businesses going forward.

However, Mr. Baliga will continue to support the Company till September 30 to ensure a smooth transition. So overall, we do not see any major challenges as far as his exit is concerned, since both the businesses have dedicated operating teams, established business processes, and a strong second line of management. So as such, we do not expect this transition to have any impact on our execution. We will continue to progress in the same way as we were doing earlier, and it will now be led by the existing national head.

**Ritesh Shah:** Sir, on the targets?

**Vikas Kothari:** On the targets also, like I told you, the targets remain intact, which we have given initially for Senator and Polipluz. However, on a quarter-on-quarter basis, it is difficult to give the numbers because these are still young initiatives and we are moving in the right direction, and we see that the targets which we have given are achievable.

**Ritesh Shah:** Sure. Sir, my second question is, you did indicate about taking certain SKUs in-house given the issues that were involved because of external reasons. How should we look at this with a longer-term time frame? Like is this something which is a change in strategy wherein we are looking to increase the insourcing part and reduce outsourcing? How should we look at it?

**Deepak Chaudhary:** That is a continuous process. On a continuous basis, we keep on trying to see because the SKU profile also keeps on changing on a regular basis. And now if you see the recent past, you will find that this happens on a very frequent basis. Like earlier, if you had a certain set of SKUs, which used to have an extremely long-life cycle. Now you will find that the life cycle of the SKUs has also started coming down. So it is a continuous process.

If you talk about the kind of mix which is there, typically on a long-term basis, the idea is always that the plant should be manufacturing more complex pieces and the simpler pieces should be outsourced. Whenever the need arises and you have a situation like the current situation which had developed in the recent past in respect of the war situation, so it is always possible for us to internalize the outsourcing SKUs in-house, like we did in the current situation. To answer your question, on a long-term basis, more complex SKUs would be in-house, but whenever the need arises, we can make it a slight shift in the overall mix as required.

**Ritesh Shah:** Would it be possible to put a volume and a value number for outsourcing aspiration number for both Faucetware as well as Sanitaryware, please?

**Deepak Chaudhary:** See, that keeps on evolving. On a long-term basis, we have been kind of maintaining a 50-50 in-house and outsourcing kind of a ratio. In case of Sanitaryware, it has slightly skewed more towards outsourcing in the recent past. That is also because of the fact that apart from the items that we are manufacturing, Sanitaryware would always involve certain items which will always be outsourced because it also involves a lot of bought out parts like cistern, seat covers, and the flushing mechanism which will always continue to be outsourced. We do not want to enter into the manufacturing of those.

Same thing in the case of Faucetware also. There are certain SKUs which are made of polymer or ABS and which are chrome-plated later on. So these items also will continue to be outsourced. We do not intend to enter into the manufacturing of those SKUs. Apart from these SKUs, you will find that the mix will keep on changing on a dynamic basis. There are certain SKUs which will always be outsourced; apart from that, the mix will keep on changing. The idea would always be to have more complex SKU's in-house, and simpler ones outsourced.

**Ritesh Shah:** Thank you so much. All the very best.

**Moderator:** The next question is from the line of Rahul Majethia from Stratton Oakmont Capital.

**Rahul Majethia:** So, we have delivered great revenue growth, but it has not translated into operating leverage. So, is this margin dilution a result of the deliberate and aggressive pricing strategy to capture market share from the unorganized players, or is it just because of the raw material and fuel cost inflation? And what is the extent of our pricing power to pass these inflated costs on to the dealer network in the coming quarters?

**Deepak Chaudhary:** You will find that in the recent past, we have started showing our topline growth. In the current quarter, we grew by something like 19.5%. In spite of that, our margins kind of dropped by, you can say, 3%. We were something like 13.5% earlier. We were at 10.13% in the current quarter. This has been primarily because of a certain number of one-time impacts which have come in during this current quarter.

You can say it is a one-time and transitional kind of a thing which has happened in the current quarter. I will just run you through it. The main idea of what I will be communicating right now would be that over the year, the full year for financial year

'27, we expect that the margin that we were predicting earlier, 13.5% to 14%, we will be meeting those margins on a full year basis.

The impact on the margins that we see in Q1, 10% is something only because of certain one-time factors which have happened during this quarter. I will just try to run you through those one-time factors which have impacted profit in the current quarter. First was the long-term settlement, which impacted revenues by INR 6.3 crore because it was in respect of the previous period from September '25 to March '26. This was one time and is not expected to recur in the future periods. If I see the impact of this, INR 6.3 crore, it had a 1.3% impact on my margins.

Apart from that, we operated with one single kiln during the month of May and June and also part of March. We are talking about Q1, April and May, we operated with a single kiln. It was only in the month of June that we started off with the second kiln. The fixed costs were being incurred as it is, but only one kiln was under operation. You can say our production was impacted to the extent of 30% to 35%. We produced only 65% to 70% of what we would have normally produced. This had an impact of something like INR 3.7 crore on account of under-absorption of fixed costs. This impacted our margins by something like 0.75%. This is again one time and is not expected to recur in the future period.

What we have also done during this period is that because the validity of projects typically is for one year, we tried to foreclose and deliver as much material as possible against the outstanding orders because the prices of brass and even gas were on the uncertain side, and we were anticipating that they may be going up further in the subsequent periods. We tried to foreclose many orders as possible, and that is why you will find that during this period, the proportion of projects to overall revenues has gone up from 39% in the previous quarter to 43% in the current quarter on a quarter-on-quarter basis. On account of this increased closure, we have had an impact of something like INR 4 crore in terms of profits. This is translating into something like 0.8% on our overall margins.

Apart from this, the price increase that we have taken, it has not reflected on the project side. Also, what has happened is that we took the price increase in the month of May. Even on the retail side, it takes some time for the price impact to take effect. What happens is, whenever a price hike is imminent, you will find that the dealers kind of rush in to put in orders, and these orders are dispatched whenever they are put in before a particular cutoff date. They are dispatched at the same old pricing. Because the price increase was taken in the month of May, we had a kind of backlog in orders, wherein even for the retail, we dispatched at the old prices and not at the new prices. You will find that from the month of July onwards; all these dispatches have now started happening for the retail portion at the revised prices only. So this kind of delayed price increase effect, you can say, will lead to improved margins in the future by 1.5%. If I see it on an overall basis, I will just summarize the various one-time factors which had impacted in the current quarter.

LTS had an impact of INR 6.3 crore or 1.3%. One kiln under absorption of fixed costs had an impact of INR 3.7 crore or 0.75% in terms of margins. Impact due to closure of old projects, increased closure of old projects, which took our project share also higher, was about INR 4 crore or 0.8%, and the delayed price increase effect was 1.5%.

If I add all of them, I will find that it is resulting in a kind of one-time impact of 4.35%. The current EBITDA was 10.1%. So effectively, if this one-time impact was not there, my EBITDA would have been in the range of 14.5%. We anticipate that there would still be some impact in Q2 also because projects, as I mentioned earlier also, they have a kind of validity of six months to one year. Once the projects with the old prices start getting closed and we start having new projects coming up, and dispatches for the new projects start happening, we will find that this change will start reflecting in the project segment also. Going forward, we anticipate that the one-time impact of all these factors will not be there.

Projects will start delivering the kind of margins that they are supposed to, from, let us say, post Q2. For the whole year, we are confident that the kind of margins that we talked about earlier, 13.5% to 14%. As mentioned earlier also, adjusted for the kind of reductions that we are doing in terms of turnover, we should be able to deliver for the full financial year.

**Rahul Majithia:** Right. My second question is more regarding the greenfield sanitaryware expansion plans. We have previously deferred our INR 130 crore to INR 150 crore greenfield expansion plan due to subdued demand expectations. Yet you have just posted nearly 20% topline growth. Does this Q1 volume performance trigger a revival of the greenfield capex execution? And if not, then how close are we to maxing out our current sanitaryware capacity utilization? Do we need to rely more on outsourced manufacturing to meet the higher demand?

**Vikas Kothari:** Regarding the greenfield part, we are seeing continuous improvements as far as demand is concerned, especially in Sanitaryware. As I mentioned in terms of the numbers, we have seen 14% growth. Prior to this quarter, the growth was roughly 10%. This is a positive sign in terms of reviewing the greenfield project which was kept on hold for a certain period.

However, Q1 was somewhat of a one-off, where the capacity utilization in Sanitaryware was 61%, because of all these geopolitical concerns, and we stopped one kiln, which started operating from June onwards. Both our plants are operating from June onwards, and the operational utilization is roughly 80% of the total capacity. Still, we have some capacities left. We will review the greenfield expansion also. So by the end of this year, if we expect that the demand will continue in a similar fashion, accordingly we will take the necessary decision. Once the decision with respect to the construction of this greenfield project is taken, the project will take around 18 months from the date of its start. We think that this positive trend will continue, and this will enable us to take a decision on starting the greenfield project.

**Moderator:** The next question is from line of Anu Parakh from Anand Rathi.

**Anu Parakh:** As you said that the impact of the project business will be coming from Q3 onwards, so can you guide on the EBITDA margin for H2 FY27 and FY 28?

**Deepak Chaudhary:** I did not get it. You are talking about the current financial year or next financial year.

**Anu Parakh:** Yes, for FY27?

**Deepak Chaudhary:** FY27, as I just mentioned, it is in the range of 13.5% to 14%. We are standing by that guidance for the current financial year. For the next financial year, we would want to hold that till the end of the year because as we keep on going further into the period, it becomes kind of speculative. As of now, we are confident that we will be able to deliver the kind of numbers we are talking about, both in terms of the topline being in the range of 18% to 20% and EBITDA margins in the range of 13.5% to 14%.

Beyond that, we would not want to go right now. We will talk about it maybe once we start ending the year, and then we will be able to have a better idea about how the demand is progressing and holding up. Then we will be able to guide better in respect of the next year.

**Anu Parakh:** Sir, for H2 FY27, I was asking?

**Deepak Chaudhary:** For the full year, we are still projecting 18% to 20% kind of growth for the revenue, and for the full year, EBITDA margins of 13.5% to 14%. On a quarter-on-quarter basis, it becomes extremely difficult because it is totally a factor of what one-time events keep on happening. For this particular quarter, if you had asked me in Q4, I would not have been able to project that we will be having margins which will be lower by this extent.

We had a few items which we knew would be coming up. The long-term wage settlement, etcetera, was there, which we had been telling you also, that some impact would be there on the margins in Q1. Same thing we are saying for Q2 also. There would be some impact coming in Q2 also because projects have not yet converted to the revised pricing. But for the whole year, we will be better able to guide. We should be ending with 13.5% to 14%, which we are saying right now.

**Anu Parakh:** Understood, sir. By what timeline do we expect to return to the historical average of 16% EBITDA margins?

**Deepak Chaudhary:** That is difficult to say because we can go on a year-on-year basis only. Once we are at the end of the year, again, looking at the way the demand situation is continuing, the kind of growth that we have been able to take, the kind of operational efficiency that we have been able to bring, and the kind of competitive intensity which is prevailing in the market, based on all these factors, we will be able to guide you better at the end of the year. But as of now, the visibility is there only for the current year and based on the various factors which are prevailing right now, we will stick with what we have given you for the current year.

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

**Varun Julasaria:** I just wanted to understand the gross margin trend, given that brass cost is still rising, and both copper and zinc are at an all-time high. How are we looking at the gross margin, and do we intend to take any further price hikes in the coming quarter?

**Deepak Chaudhary:** Gross margins have been impacted in the current quarter because of the fact that input prices have gone up, and we have taken a price increase, but that takes a little time to get reflected on the topline. On an immediate basis, it had an impact on the kind of gross margins we have had. Especially in the Faucetware segment, the gross margin had been severely impacted.

The brass prices are continuing to go up. Currently, we have reached, you can say, a range of INR 900. If it continues to rise, we may have to take a further price increase. The price increase that we had taken earlier would start coming in on the retail segment from July and on the project segment from the next quarter, let's say Q3 onwards.

If we take a further price increase, there would be some delay again in it actually reflecting on the topline. There would always be one quarter where the retail would take two to three months, where the retail takes a certain time to get impacted, and a longer period for projects to get impacted.

We continue to watch the increased raw material prices, and based on that, we will evaluate whether we need to take a further price increase in case of Faucetware or in the case of Sanitaryware.

**Varun Julasaria:** Can our gross margin expand from here? It has come down to 45% to 46%, which used to be 50% plus. Is there any scope for this coming quarter or maybe Q3 onwards that we can see an increase there, an expansion there?

**Deepak Chaudhary:** Again, the current quarter, 46%, as I mentioned, was an aberration. From the next quarter onwards or maybe from Q3, we will again start seeing a kind of uptrend. From Q3, if the brass prices continue to hold at the current levels and the gas prices also continue to hold at the current levels, we should be back at the levels of 51%, which we typically used to have. This is again, Q1, the 46% is kind of a one-off margin and mostly impacted because of Faucetware, where the brass prices have gone up exponentially, but the prices are taking a little time to get reflected.

**Varun Julasaria:** Okay. On the Faucetware expansion, given that we have reached 96% utilization, is there any plan to prepone the expansion that we planned in 4Q, given the current demand......

**Deepak Chaudhary:** Before 4Q, it is not possible because we have already undertaken the expansion. We should be expecting that increased capacity to come into effect from the fourth quarter. Before that, in Q2 and Q3, it is not possible. But we do not anticipate any challenges in respect of material availability because both the in-house and the outsourcing have been functioning on a normal basis in the case of Faucetware.

We have a lot of scope for taking procurement from outside also. As well as in-house, we have been functioning at 96%. We can go beyond 100% also. It is possible to go beyond 100%. So we do not anticipate any availability challenges in respect of material for Faucetware till the time this expanded capacity comes into effect.

**Varun Julasaria:** Okay. This brass cost, last quarter, what was the average? Is it like INR 900 versus last quarter?

**Deepak Chaudhary:** The prices have been going up on a continuous basis. I will just give you the kind of trend which has been there on a month-on-month basis. Like December, it used to be in the range of INR 665. January, it went up to INR 747, February INR 758, March was in the same range, April it was INR 800, May it was INR 860, you can say, and June it has gone up to INR 880.

**Varun Julasaria:** Okay.

**Deepak Chaudhary:** Currently in July, you can say it is in the range of INR 900.

**Varun Julasaria:** Okay. It is continuously going up; we may need another price hike. That is what I want to understand.

**Deepak Chaudhary:** Yes, we are evaluating that situation. If it continues to go beyond INR 900, as of now, we have taken a price increase which is protecting us up to this current range. If it keeps on rising beyond the current range, let's say it goes up to INR 950, INR 1,000 kind of a number, then we may have to again think of a further price rise.

**Varun Julasaria:** Okay. Thank you so much.

**Moderator:** The next follow-up question is from the line of Rahul from Stratton Oakmont Capital.

**Rahul Majethia:** I just have one last question regarding our discretionary advertising and promotion spend. Especially related to the Kriti Sanon National Brand Campaign, are there any more ideas on the table, or do we have any plans to expand our discretionary A&P spend? If yes, then in what direction?

**Deepak Chaudhary:** As of now, the budget is, as I mentioned earlier in my opening remarks, INR 85 crore. This includes the kind of spend that we will be doing for TV, digital, social, everything. As we go forward, if we feel that the need is there, even for the current quarter, that option is always available. It is not that this is cast in stone that it will be at INR 85 crore only. As of now, the budget is INR 85 crore. If we feel that we need to increase the budget, that can always be done as we go forward.

**Rahul Majethia:** Thanks. That will be all.

**Moderator:** Ladies and gentlemen, we will take that as the last question. I will 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 Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

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