Cera Sanitaryware

Performance highlights

Y/E March (₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)
Total operating income	111	91	23.1	73	52.0
Operating profit	18	16	18.1	12	57.5
OPM (%)	*16.5*	*17.2*	*(70)bp*	*16.0*	*58bp*
Adj. PAT	11	9	19.7	8	44.2

Source: Company, Angel Research

Cera Sanitaryware (CSL) reported a strong set of numbers for 2QFY2013. Its top-line soared by 23.1% sequentially to ₹111cr and was 18.5% higher than our expectations of ₹94cr. The company's EBITDA came in at ₹18.4cr, 18.1% higher sequentially, attributable mainly to the growth in top-line. The EBITDA margin came in at 16.5%, in-line with our estimate, but was sequentially lower by 70bp. The net profit rose by 19.7% sequentially to ₹11cr from ₹9.2cr in the prior period.

Expanded capacity and high brand visibility to aid revenue growth

CSL has already expanded its capacity of sanitaryware unit from 2.0mn pieces per annum (p.a.) to 2.7mn pieces p.a. and is planning to expand further to 3mn pieces p.a. by January 2013. The expansion will enable CSL to en-cash the opportunity from the growing demand. The growth in demand is on the back of a) changing lifestyle of people, b) increasing awareness for improving sanitation coverage and c) revival in construction activities. Moreover, continuous marketing activities which have created high visibility for the brand (marketing cost has grown at 36% CAGR over FY2008-12), are expected to continue supporting revenue growth going forward.

Outlook and valuation

We expect CSL's constant development on the marketing front coupled with capacity expansion to help post a revenue growth of 28.6% CAGR over FY2012-14E to ₹528cr. The EBITDA and net profit are expected to grow at a CAGR of 20.1% and 16.4% to ₹77cr and ₹43cr respectively in FY2014E. At the current market price of ₹361, CSL is trading at a PE of 10.9x and EV/Sales of 1.0x on FY2014E. **We recommend Accumulate on the stock with a target price of ₹411, based on a target PE of 12x and implied EV/Sales of 1.1x for FY2014E.**

Key financials (Standalone)

Y/E March (₹ cr)	FY2011	FY2012	FY2013E	FY2014E
Net sales	**243**	**319**	**427**	**528**
% chg	*27.0*	*31.5*	*33.8*	*23.6*
Adj. net profit	**27**	**32**	**38**	**43**
% chg	*38.4*	*16.7*	*20.0*	*12.8*
OPM (%)	**18.8**	**16.7**	**15.7**	**14.6**
EPS (₹)	21.7	25.3	30.4	34.3
P/E (x)	17.3	14.8	12.3	10.9
P/BV (x)	4.2	3.4	2.7	2.2
RoE (%)	27.4	25.5	24.6	22.5
RoCE (%)	25.6	23.2	23.8	22.0
EV/Sales (x)	1.9	1.5	1.2	1.0
EV/EBITDA (x)	10.1	9.0	7.6	6.9

Source: Company, Angel Research

ACCUMULATE

CMP	₹375
Target Price	₹411
Investment Period	12 Months

Stock Info	
Sector	Ceramic products
Market Cap (₹ cr)	458
Net debt	(2)
Beta	0.5
52 Week High / Low	380 / 158
Avg. Daily Volume	5,406
Face Value (₹)	5
BSE Sensex	18,631
Nifty	5,652
Reuters Code	CERA.BO
Bloomberg Code	CRS.IN

Shareholding Pattern (%)	
Promoters	55.0
MF / Banks / Indian FIs	4.7
FII / NRIs / OCBs	3.6
Indian Public / Others	36.7

Abs.(%)	3m	1yr	3yr
Sensex	5.7	12.7	9.4
CSL	24.8	81.0	417.0

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Exhibit 1: 2QFY2013 performance (Standalone)

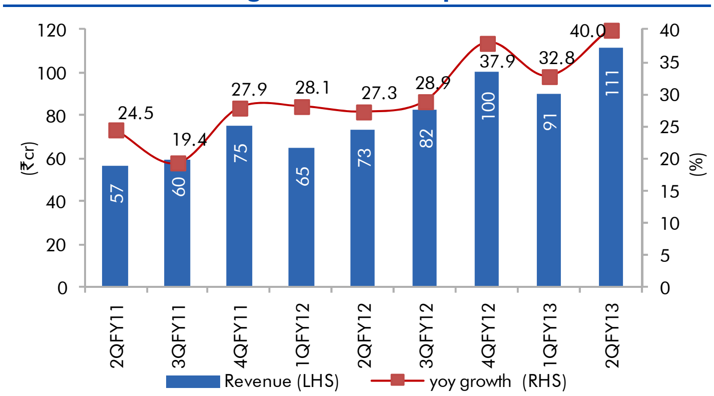
Y/E March (₹ cr)	2QFY13	1QFY13	% chg (qoq)	2QFY12	% chg (yoy)	FY2012	FY2011	% chg
Total operating income	*111*	*91*	*23.1*	*73*	*52.0*	*319*	*243*	*31.5*
Net raw material	47	34	*38.5*	28	*68.6*	119	86	*38.0*
(% of Sales)	*42.2*	*37.5*		*38.0*		*37.3*	*35.6*	
Employee cost	14	13	*4.3*	10	*35.7*	43	28	*55.7*
(% of Sales)	*12.4*	*14.7*		*13.9*		*13.5*	*11.4*	
Other Expenses	32	28	*16.0*	24	*36.6*	104	83	*24.7*
(% of Sales)	*28.9*	*30.6*		*32.1*		*32.5*	*34.2*	
Total expenditure	93	75	*24.1*	62	*50.9*	266	197	*34.9*
Operating profit	*18*	*16*	*18.1*	*12*	*57.5*	*53*	*46*	*16.7*
OPM (%)	*16.5*	*17.2*	*(70)bp*	*16.0*	*58bp*	*16.7*	*18.8*	*(211)bp*
Interest	2	*1*	*31.7*	*1*	*99.6*	*4*	*3*	*47.4*
Depreciation	2	2	*(7.4)*	2	*6.7*	8	*7*	*18.1*
Other income	2	2	*5.2*	2	*-28.8*	*7*	*5*	*35.1*
PBT	16	14	*19.4*	11	*45.2*	48	42	*16.8*
(% of Sales)	*14.8*	*15.2*		*15.5*		*15.2*	*17.1*	
Tax	5	5	*18.8*	4	*47.2*	16	15	*9.9*
(% of PBT)	*32.9*	*33.1*		*32.5*		*34.0*	*36.1*	
Reported PAT	11	9	*19.7*	8	*44.2*	32	27	*20.6*
PATM (%)	*9.9*	*10.2*		*10.4*		*10.0*	*10.9*	

Source: Company, Angel Research

Expanded capacity and high brand visibility to aid revenue growth

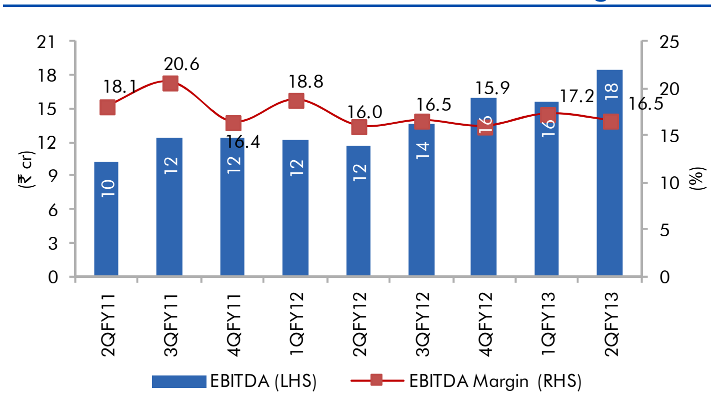
CSL reported a strong set of numbers for 2QFY2013. Its top-line soared by 23.1% sequentially to ₹111cr and was 18.5% higher than our expectations of ₹94cr. The company's EBITDA came in at ₹18.4cr, 18.1% higher sequentially, attributable mainly to the growth in top-line. The EBITDA margin came in at 16.5%, in-line with our estimate, but was sequentially lower by 70bp. The net raw material cost as a percentage of sales rose by 470bps to 42.2% from 37.5% in the previous quarter but the impact was offset to some extent by a dip in employee (224bps) and other expenses (172bps). The net profit rose by 19.7% sequentially to ₹11cr from ₹9.2cr in the prior period.

Exhibit 2: Revenue growth on an up-trend



Source: Company, Angel Research

Exhibit 3: Raw material cost dents EBITDA margin



Source: Company, Angel Research

Investment arguments

Company's emphasized focus on marketing

CSL intends to widen its reach by opening more retail formats of 'Cera Style Galleries' which display the complete range of Cera products. These studios have been established in metro, mini metro as well as smaller towns thereby enabling architects and institutional buyers to get easy access to the new products as well as latest designs in the existing products.

CSL had a massive media campaign employing the celebrity endorsements approach to unveil its new re-designed logo. The former Miss Asia Pacific turned actress, 'Dia Mirza' is the brand ambassador of Cera for the next two years.

Expansion of product portfolio to complete the package

CSL in its latest analyst meet announced its entry into the tiles segment which is a logical extension of its product portfolio, thereby enabling customers to fulfill their entire bathroom products needs. As per the management, the company is to launch high-definition digital wall tiles with matching floor tiles, besides digital polished glazed vitrified tiles which would be completely outsourced. Being a complimentary product of CSL's product portfolio, it would be easy to penetrate the market through the existing distribution channels. CSL is aiming at a revenue of ₹20cr from the tiles segment in the first year of launch itself.

Increased contribution of sanitaryware in total domestic expenditure

Owing to the change in lifestyle of people, the role of sanitary products is no more restricted to basic necessity but has become a status statement; thus influencing individuals' spending budgets and improving the proportion expended on these amenities. Increase in disposable incomes of people has been a vital factor supporting the changing lifestyle of people.

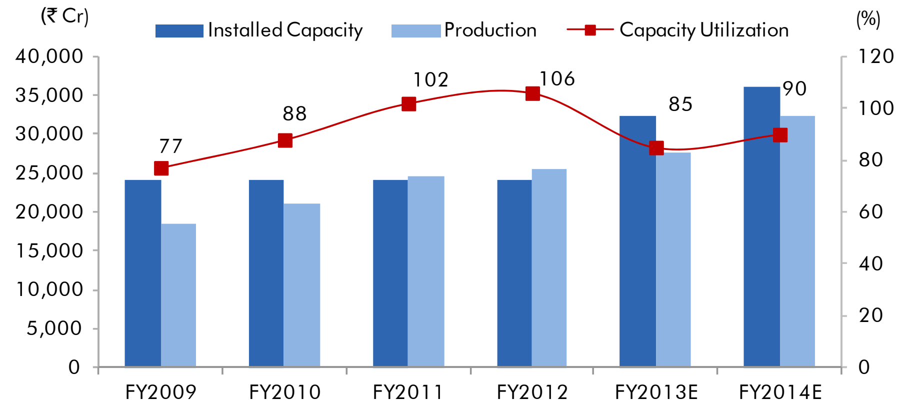
Also, requirement of personal space and privacy are gaining inevitable place, subsequently leading to nuclear families. This has led to augmented residential figures, thereby increasing demand for sanitary products. This trend is expected to continue providing sustainable demand visibility for sanitary products.

Lastly, with aesthetics gaining significant importance, the research and development of CSL to provide better designs and quality of products would contribute to the top-line growth of the company.

Capacity expansion of sanitaryware

CSL has already expanded its capacity of sanitaryware unit from 24,000MT (2.0mn pieces p.a.) to 32,400MT (2.7mn pieces p.a.). Moreover, the company is planning to further expand this capacity to 3mn pieces p.a at a cost of ₹100cr by January 2013. This development will enable the company to en-cash the opportunity arising out of increasing demand.

Exhibit 4: Capacity utilisation of sanitaryware unit



Source: Company, Angel Research

CSL started production at its faucetware unit at Kadi in September'10. It has setup this plant with an initial investment of ₹10cr, met by internal accruals, with a current capacity of 2,500 pieces per day. This capacity is planned to be doubled in the current year to 5,000 pieces per day at a cost of ₹40cr as said by the management.

Immense fresh demand on the back of construction sector growth

In India, the construction sector is growing at a robust pace because of rapid urbanization. For the domestic sanitaryware industry, ~93% of the demand is fresh demand, while the remaining is from replacement segment, arising out of renovations, improvement and refurnishing. In developed economies this ratio is 20% from fresh demand and 80% from replacement segment. With regards to the above facts, development in construction sector is bound to register humungous growth in demand for sanitaryware and eventually for CSL.

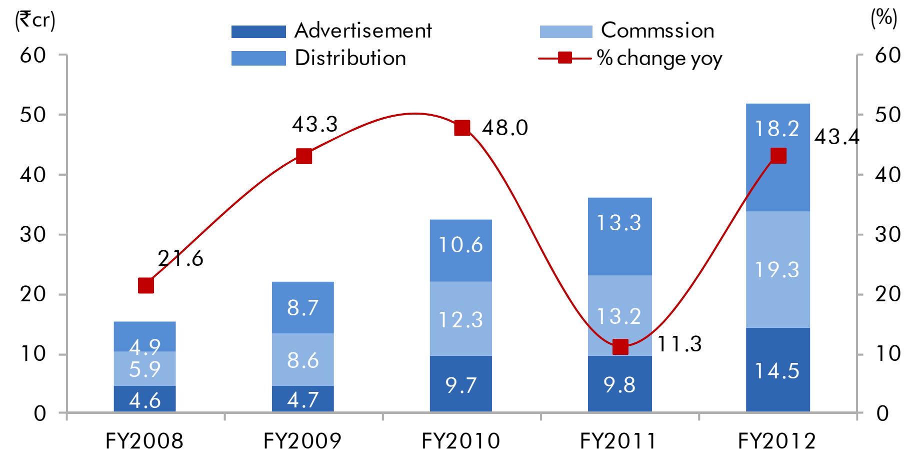
The replacement market in wellness products too is registering a growth of 15% in India as said by the management, which holds significance in the growth plans of the company.

Fresh residential construction activities in tier 2 and 3 cities provide CSL an opportunity to tap the potential market. Moreover the competitive pricing policy of the company also enables them to secure an assured place in consumer's choice.

Benefit from unmatched distribution network and high brand visibility

Owing to continuous marketing activities creating high visibility of the brand, the advertisement cost of CSL is consistently moving northwards. Marketing expenses constitute around 16% of the net sales and have grown at 36% CAGR over FY2008-12. CSL has a strong foothold in the north east and central India while it is eyeing southern states like Andhra Pradesh, Tamil Nadu and Karnataka to establish its footings. The efforts to strengthen the position in the south have been fructified with CSL achieving 45% growth in wellness products in the state of Kerala alone, as said by the management.

Exhibit 5: Marketing expenses moving northwards



Source: Company

Financials

Following are the key assumptions used to forecast the financials of the CSL:

Exhibit 6: Key Assumptions

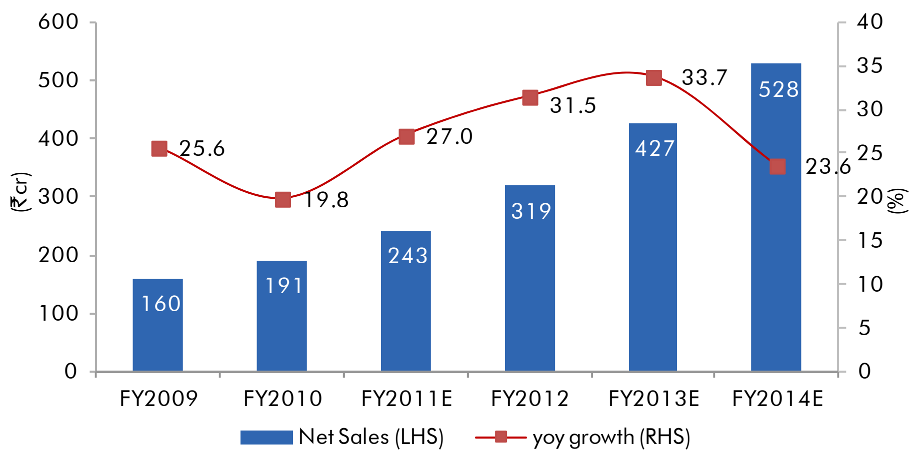
Particulars (%)	FY2013E	FY2014E
Finished Goods: Sanitaryware		
Installed capacity (MT)	32,400	36,000
Capacity utilisation	85.0	90.0
Sales quantity growth	17.0	10.0
Sales value growth	27.5	19.9
Sale Price/ unit growth	9.0	9.0
Faucetware		
Installed capacity (units)	900	900
Capacity utilisation	30.0	30.0
Sales value growth	50.0	25.0
Tiles		
Sales value (₹cr)	20.0	40.0
Raw Material		
Sanitaryware value growth	23.0	15.0
Traded Goods value growth	2.2	3.0
Sandstone/clay value growth	33.2	35.3
Brass Ignots value growth	20.0	13.0

Source: Company, Angel Research

Net sales expected to grow at a CAGR of 29% over FY2012-14E

With new developments in capacity and recent entry into the tiles segment, net sales of CSL are expected to grow at a CAGR of 28.6% over FY2012-14E to ₹528cr in FY2014E. Sanitaryware contributes ~98% which is to reduce to 91% in FY2014E owing to increased contribution from the tiles segment. Of the total sales, ~5% of the earnings are being contributed by exports, majorly to the Gulf and Africa.

Exhibit 7: Revenue growth momentum continues

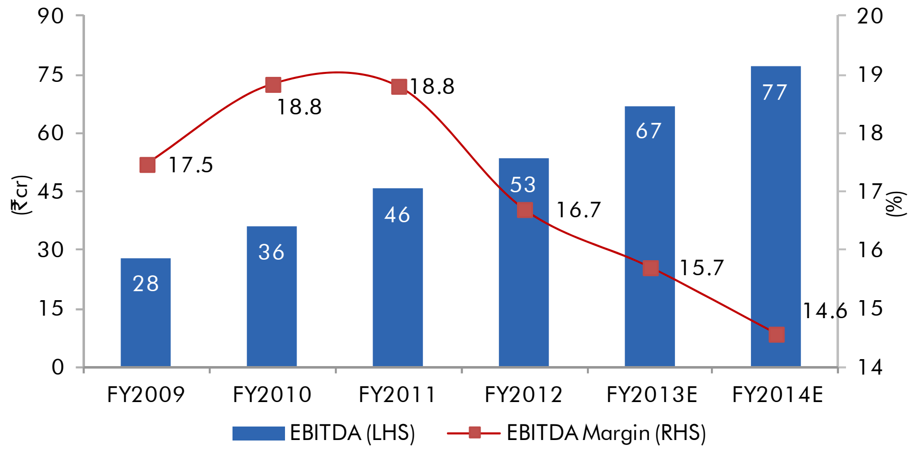


Source: Company, Angel Research

EBITDA to grow at 20% CAGR over FY2012-14E

The EBITDA of the company is expected to rise from ₹53cr in FY2012 to ₹77cr in FY2014E at a CAGR of 20.1%. Operating margins are expected to dip from 16.7% in FY2012 to 14.6% in FY2014E, mainly on account of rising raw material costs.

Exhibit 8: Rising raw material cost dents EBITDA margin

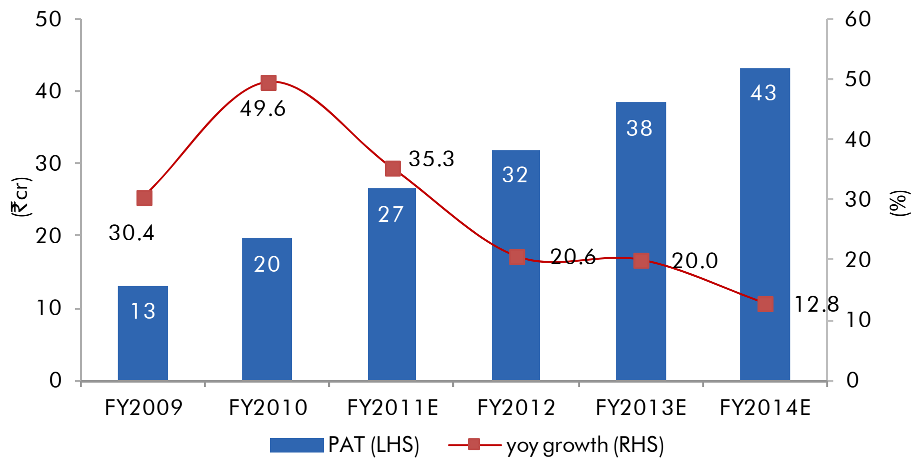


Source: Company, Angel Research

Net profit to grow at 16% CAGR over FY2012-14E

Despite strong growth in top-line of 29%, owing to lower margins on the operating front, the bottom-line is expected to grow at a CAGR of 20% over FY2012-14E to ₹43cr. Moreover, owing to capex plans and entry into new avenues, we expect the debt of the company to rise, still placing the debt equity ratio comfortably at 0.2x times in FY2014E, and interest cost at manageable level. Thus the resultant PAT margins are to dip from the current 10% to 8.2% in FY2014E.

Exhibit 9: Notable absolute PAT growth despite low margins



Source: Company, Angel Research

Competition

CSL, with a market share of 22%, competes with the market leader, Hindustan *Sanitaryware* & Industries (HSIL; ~41% market share) and the unlisted peer Roca Parryware (~26% market share). CSL looks attractive vis-à-vis its competitor HSIL with a RoE of 28% and EPS of ₹34 for FY2014E.

Exhibit 10: Peer comparison

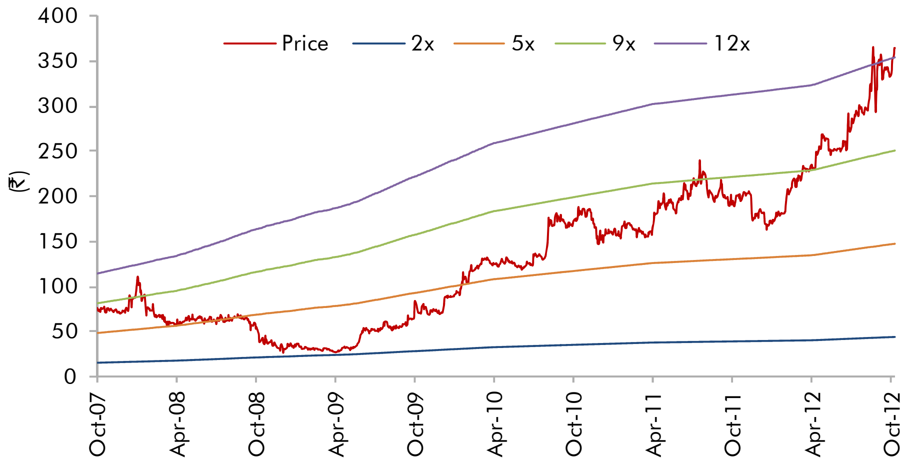
Company	Year	MCAP	Net Sales	OPM	PAT	EPS	ROE	PE	PBV	EV/Sales	EV/EBITDA
CSL	FY2013E	430	427	15.7	38.4	30.4	28.2	12.3	2.7	7.6	1.2
	FY2014E	430	528	14.6	43.4	34.3	24.3	10.9	2.2	6.9	1.0
HSIL*	FY2013E	840.0	1719	17.3	107	16.3	10.6	8.9	0.9	0.9	5.4
	FY2014E	840.0	2097	18.0	145	21.7	12.9	6.6	0.8	0.8	4.3

*Source: *Bloomberg, Angel Research*

Outlook and valuation

We expect CSL's revenue to post a CAGR of 28.6% over FY2012-14E to ₹528cr. EBITDA and net profit are expected to grow at a CAGR of 20.1% and 16.4% to ₹77cr and ₹43cr respectively in FY2014E. At the current market price of ₹375, CSL is trading at a PE of 10.9x and EV/Sales of 1.0x on FY2014E. Considering the expansion and development plans being undertaken by the company, CSL's returns are expected to rise further and valuations are likely to become more attractive on a forward basis. **We recommend Accumulate on the stock with a target price of ₹411, based on a target PE of 12x and implied EV/Sales of 1.1x for FY2014E.**

Exhibit 11: One-year forward PE band



Source: Company, Angel Research

Concerns

- Risk from un-organized players: The main risk associated in the sanitaryware segment is from the unorganized and local players. The unorganized sanitaryware manufacturers enjoy the benefit of nil excise duty and sales tax and hence their products are ~70% cheaper than the organized sector products. Increase in excise duties from 8% to current 12% will make products from organized players more expensive.
- Advent of foreign brands in India is also becoming a threat since increased purchasing power may lead to shift in consumer preferences to bigger brands.
- Changes in government policy related to housing construction, imports etc are bound to impact the industry.
- Further slowdown in the housing segment will impact fresh demand for sanitaryware.

The company

(CSL, a Gujarat based company, is the third largest sanitaryware company in the organized sector with about 22% market share in India. Apart from sanitaryware and faucets, CSL also deals in the wellness range, consisting high-end and luxury bath tubs, steam cubicles, shower partitions and shower panels. Of the total sales volume, ~55% of its products are being produced in-house while the remaining 45% are outsourced from other parties, including those from China and Oman. The company has also expanded its brand presence to other related categories like showers, faucets, PVC cistern – seat cover, etc. It entered the tiles segment recently which will be completely outsourced.

CSL is the only company to use natural gas for its production. Some of CSL's innovations in the past have become benchmark for the industry—like water-saving twin-flush coupled WCs, 4-litre flush WCs, one-piece WCs, etc. CSL has wind farms in Gujarat for captive electricity generation with installed capacity of 4.97MW.

Cera has been voted the Product of the Year for the second consecutive year in the Sanitaryware & Fittings Category, 2012 in a nationwide consumer survey among 30,000 people conducted by Nielsen.

Sanitaryware industry

The Indian sanitaryware Industry, estimated at around ₹1500-1800cr, contributes to ~8% of the world's sanitary production. In India, the organized market dominates the high-end products segment but a majority share is still captured by the unorganized segment in the low-end products segment. The industry has a sustained growth rate of 12-14% p.a. due to increasing housing demand, purchasing power and consciousness towards hygiene. India is emerging as the second largest sanitaryware market in the world and is expected to witness robust growth owing to following:

Low penetration in Indian sanitation coverage

Considering India's dense population, its sanitation coverage is only ~40%, which is considered to be one of the lowest in the world, thus increasing risk of health hazards and epidemics. According to a recent report by UNICEF, 638 million people in India lack proper sanitation facilities. The government of India is keenly focusing on improving the level of sanitation in the country by introducing housing policies, sanitation policies, public toilets schemes, 100% FDI in real estate, etc which are being termed as some of the major factors contributing for the growth of sanitaryware market in India. With increasing awareness towards improving public health, the sanitaryware segment is to enjoy high attention.

Change in lifestyle and awareness in population

Witnessing a paradigm shift in the change in middle and upper class lifestyles in small but significant ways, rising per capita income, increasing awareness about health and fitness and changing consumer mindsets will drive the demand for premium sanitaryware products. The concept of making a clean and hygienic toilet is growing rapidly in those rural areas where a toilet did not even exist until a few years ago.

Wide exports horizon

Indian sanitaryware products are very competitive because of their low production cost, and hence exports from India are also increasing every day. Seven foreign brands like H&R Johnson, Roca and Kohler to name a few; have established their operations in India.

Profit and Loss (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Gross sales	171	200	256	336	449	555
Less: Excise duty	11	9	13	16	22	27
Net Sales	160	191	243	319	427	528
Other operating income	-	-	-	-	-	-
Total operating income	**160**	**191**	**243**	**319**	**427**	**528**
% chg	*25.6*	*19.8*	*27.0*	*31.5*	*33.8*	*23.6*
Net Raw Materials	59	67	86	119	171	215
% chg	*26.1*	*12.8*	*29.6*	*38.0*	*43.0*	*26.4*
Other Mfg costs	14	19	27	16	24	31
% chg	*(14.1)*	*27.1*	*94.3*	*27.8*	*55.0*	*28.6*
Personnel	22	23	28	43	60	74
% chg	*14.8*	*3.9*	*21.1*	*55.7*	*38.7*	*23.6*
Other	36	47	56	88	106	130
% chg	*46.8*	*29.4*	*19.4*	*57.0*	*20.1*	*23.6*
Total Expenditure	132	155	197	266	360	451
EBITDA	**28**	**36**	**46**	**53**	**67**	**77**
% chg	*31.2*	*29.2*	*26.8*	*16.7*	*25.9*	*14.6*
(% of Net Sales)	*17.5*	*18.8*	*18.8*	*16.7*	*15.7*	*14.6*
Depreciation & Amortisation	6	6	7	8	10	13
EBIT	**22**	**30**	**39**	**46**	**58**	**64**
% chg	*34.5*	*36.3*	*30.8*	*16.5*	*26.0*	*11.9*
(% of Net Sales)	*13.8*	*15.7*	*16.1*	*14.3*	*13.5*	*12.2*
Interest & other Charges	4	3	3	4	7	8
Other Income	2	2	5	7	6	8
(% of Net Sales)	*1.2*	*1.3*	*2.1*	*2.1*	*1.5*	*1.5*
Recurring PBT	**18**	**27**	**36**	**42**	**51**	**57**
% chg	*36.8*	*52.2*	*32.9*	*14.2*	*22.4*	*11.5*
PBT (reported)	**20**	**30**	**42**	**48**	**57**	**65**
Tax	7	10	15	16	19	21
(% of PBT)	*34.2*	*34.4*	*36.1*	*34*	*33.0*	*33.0*
PAT (reported)	**13**	**20**	**27**	**32**	**38**	**43**
Extraordinary Expense/(Inc.)	(1)	(0)	(1)	-	-	-
ADJ. PAT	**14**	**20**	**27**	**32**	**38**	**43**
% chg	*41.1*	*39.5*	*38.4*	*16.7*	*20.0*	*12.8*
(% of Net Sales)	*8.9*	*10.4*	*11.3*	*10.0*	*9.0*	*8.2*
Basic EPS (₹)	**11**	**16**	**22**	**25**	**30**	**34**
Fully Diluted EPS (₹)	**11**	**16**	**22**	**25**	**30**	**34**
% chg	*4*	*3*	*3*	*4*	*20.0*	*12.8*

Balance Sheet (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
SOURCES OF FUNDS						
Equity Share Capital	3	3	6	6	6	6
Reserves & Surplus	68	85	105	133	167	206
Shareholders Funds	**71**	**89**	**112**	**139**	**173**	**212**
Minority Interest	-	-	-	-	-	-
Total Loans	36	27	32	41	62	72
Other long term liabilities	-	-	5	6	9	11
Long Term Provisions	-	-	14	17	9	11
Net Deferred tax liability	14	13	14	14	14	14
Total Liabilities	**120**	**129**	**176**	**216**	**266**	**319**
APPLICATION OF FUNDS						
Gross Block	99	99	113	133	193	253
Less: Acc. Depreciation	24	30	35	42	52	65
Net Block	**74**	**69**	**78**	**90**	**141**	**188**
Capital Work-in-Progress	0	2	6	11	5	8
Lease adjustment	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Investments	-	-	8	1	1	1
Long Term Loans and advances	-	-	15	15	30	37
Current Assets	89	120	132	177	204	224
Cash	22	34	36	31	25	15
Loans & Advances	10	17	6	8	11	13
Other			90	138	168	196
Current liabilities	44	62	62	78	114	139
Net Current Assets	**45**	**58**	**69**	**99**	**90**	**85**
Mis. Exp. not written off	0	0	-	-	-	-
Total Assets	**120**	**129**	**176**	**216**	**266**	**319**

Cash Flow Statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Profit Before Tax	20	30	42	48	57	65
Depreciation	6	6	7	8	10	13
Other Income	(1)	(0)	(8)	3	3	(5)
Change in Working Capital	(2)	(2)	(5)	(7)	(6)	(8)
Direct taxes paid	(7)	(10)	(15)	(16)	(19)	(21)
Cash Flow from Operations	**16**	**23**	**20**	**36**	**45**	**43**
(Incr)/ Decr in Fixed Assets	(5)	(0)	(14)	(20)	(54)	(63)
(Incr)/Decr In Investments	-	-	8	6	(15)	(7)
Other Income	2	2	5	7	6	8
Cash Flow from Investing	**(3)**	**2**	**(1)**	**(6)**	**(62)**	**(62)**
Issue of Equity/Preference	0	0	3	-	-	-
Incr/(Decr) in Debt	(4)	(8)	5	12	16	13
Dividend Paid (Incl. Tax)	(1)	(2)	(4)	(4)	(4)	(4)
Others	3	(3)	(17)	(42)	-	-
Cash Flow from Financing	**(2)**	**(13)**	**(16)**	**(34)**	**12**	**9**
Incr/(Decr) In Cash	11	12	2	(5)	(6)	(10)
Opening cash balance	**11**	**22**	**34**	**36**	**31**	**25**
Closing cash balance	**22**	**34**	**36**	**31**	**25**	**15**

Key Ratios (Standalone)

Y/E March	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Valuation Ratio (x)						
P/E (on FDEPS)	33.3	23.9	17.3	14.8	12.3	10.9
P/CEPS	23.5	18.3	13.9	11.9	9.8	8.5
P/BV	6.7	5.3	4.2	3.4	2.7	2.2
Dividend yield (%)	0.3	0.4	0.8	0.9	0.9	0.9
EV/Net sales	3.1	2.4	1.9	1.5	1.2	1.0
EV/EBITDA	17.5	12.9	10.1	9.0	7.6	6.9
EV / Total Assets	4.0	3.6	2.6	2.2	1.9	1.7
Per Share Data (₹)						
EPS (Basic)	11.2	15.7	21.7	25.3	30.4	34.3
EPS (fully diluted)	11.2	15.7	21.7	25.3	30.4	34.3
Cash EPS	15.9	20.5	26.1	31.4	38.0	44.2
DPS	1.0	1.2	2.5	3.0	3.0	3.0
Book Value	55.8	69.9	88.2	110.0	136.8	167.6
DuPont Analysis						
EBIT margin	13.8	15.7	16.1	14.3	13.5	12.2
Tax retention ratio	0.7	0.7	0.6	0.7	0.7	0.7
Asset turnover (x)	1.6	2.1	1.9	1.8	1.8	1.8
ROIC (Post-tax)	14.7	21.2	19.8	17.4	16.4	14.6
Cost of Debt (Post Tax)	7.4	6.1	5.4	6.4	7.0	7.0
Leverage (x)	0.2	(0.1)	(0.1)	0.1	0.2	0.3
Operating ROE	16.1	20.0	18.3	18.1	18.4	16.6
Returns (%)						
ROCE (Pre-tax)	19.1	24.0	25.6	23.2	23.8	22.0
Angel ROIC (Pre-tax)	22.3	31.3	35.7	30.5	28.2	24.3
ROE	22.0	24.9	27.4	25.5	24.6	22.5
Turnover ratios (x)						
Asset TO (Gross Block)	1.6	1.9	2.1	2.4	2.2	2.1
Inventory / Net sales (days)	61	60	65	105	105	79
Receivables (days)	64	61	54	52	52	52
Payables (days)	113	124	115	108	116	113
WC cycle (ex-cash) (days)	54	46	50	77	55	48
Solvency ratios (x)						
Net debt to equity	0.2	(0.1)	(0.1)	0.1	0.2	0.3
Net debt to EBITDA	0.5	(0.2)	(0.3)	0.2	0.5	0.7
Int. Coverage (EBIT/ Int.)	5.5	11.8	14.4	11.4	8.8	8.5

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DISCLAIMER

Disclosure of Interest Statement	**Cera Sanitaryware Ltd**
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	Yes
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors.

Ratings (Returns):	*Buy (> 15%)*	*Accumulate (5% to 15%)*	*Neutral (-5 to 5%)*
	Reduce (-5% to 15%)	Sell (< -15%)	