CERA

CSL/2025-26/251
9th February, 2026

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

Dear Sir/Madam,

Sub: Transcript of the Conference Call held on 5th February, 2026
Ref: Regulation 30 of the SEBI (LODR) Regulations, 2015

With reference to our letter CSL/2025-26/230 dated 28th January, 2026, intimating you about the Q3 FY2026 Earnings Conference Call held on 5th February, 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

We hope you will take the same on your records.

Thanking you,
For Cera Sanitaryware Limited,

HEMAL
JANARDAN
SADIWALA

Digitally signed by HEMAL JANARDAN SADIWALA
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Hemal Sadiwala
Company Secretary
Encl: As Above

Cera Sanitaryware Limited
Q3 FY '26 Earnings Conference Call
February 05, 2026

Moderator: Ladies and gentlemen, good morning, and welcome to the Q3 FY '26 Earnings Conference Call of Cera Sanitaryware Limited. As a reminder, all participant lines will remain 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 the conference call, please signal the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded, and the duration of the call is 45 minutes.

I will now hand the conference over to Mr. Mayank Vaswani from CDR India for opening remarks. Thank you, and over to you, Mayank.

Mayank Vaswani: Thank you, Ryan. Good morning, everyone, and thank you for joining us on the earnings call for Cera Sanitaryware Limited for the Q3 FY '26 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 at 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 like to turn the call over to the management for their opening remarks. Over to you, Deepakji.

Deepak Chaudhary: Thank you, Mayank. Good morning, everyone. On behalf of the management team of Cera Sanitaryware Limited, I would like to warmly welcome you to our Q3 FY '26 earnings conference call. I will begin by sharing a brief update on our operational and strategic progress, following which our CFO, Mr. Vikas Kothari, will take you through the financial highlights for the quarter.

During the quarter, the company delivered a healthy top line growth of 11.1%. This follows the sequential recovery witnessed in the previous quarter where revenues grew in the range of 5% to 6%, indicating a steady strengthening trend. The improvement reflects a gradual revival in the market conditions as well as the company's improved market traction.

The current momentum provides confidence that the recovery is structural in nature and that the expectation is that this growth trajectory will remain sustainable in the near term, supported by improving demand conditions and continued operational focus.

The real estate sector continues to witness a healthy residential up cycle along with increasing premiumization, driving demand for higher-value building and lifestyle products. In parallel, rural demand has shown a meaningful recovery. Encouragingly, we are seeing early signs of a modest improvement in underlying demand conditions across both Faucetware and Sanitaryware.

While near-term consumption trends remain uneven, we continue to see green shoots across categories and channels. And our strategic initiatives over the past 2 years are helping us to navigate the space with greater agility. As we have shared over the last few quarters, our focus has been on steadily strengthening the company's strategic foundation.

This includes sharper brand positioning, more clearly defined channel strategies and a disciplined approach to innovation. These efforts are improving our preparedness and execution capabilities, and we believe that they place us in a stronger position to capture growth as demand conditions gradually improve.

Importantly, our strong brand equity, execution reliability and long-standing relationships with developers continue to enable participation in larger and more complex projects, making this segment an important support pillar during the current demand cycle. On the strategic front, Senator and POLIPLUZ continue to remain key levers to build out the next phase of our brand architecture. During the quarter, our efforts remain centred on strengthening the organizational structure, manpower and supporting infrastructure across both the initiatives.

For Senator, the team structure is now largely in place and the rollout of flagship stores is progressing steadily. With 32 stores currently operational, the company is now adopting a more calibrated approach towards further expansion. This is aimed at sharpening per store performance metrics and ensuring that the operating fundamentals are firmly established as the format scales.

The brand continues to be positioned around a differentiated retail format supported by a dedicated channel strategy, a focused engagement model and an expanding product portfolio. While the balance sheet provides ample growth capital, the company remains committed to disciplined execution as it scales this initiative.

POLIPLUZ also continues to be in the investment and buildup phase. The team buildup is now largely complete, and we are focused on strengthening distribution, on-ground execution and market presence across select value-focused markets. At this stage, our priority remains on establishing the operating framework and execution capabilities rather than near-term scale. At present, POLIPLUZ is being distributed through 65 distributors and 750 dealers.

Over the past few years, we have continued to sharpen our brand segmentation and align product propositions and channel strategies with distinct customer segments. This portfolio-led approach enables us to address a wide range of price points and regional demand patterns while retaining flexibility to manage near-term volatility without diluting long-term brand positioning.

While near-term retail demand continues to remain uneven, the long-term fundamentals of this category remain intact. Structural factors such as improving housing quality, urban redevelopment, rising consumer aspiration and increasing formalization continue to support the long-term demand outlook for branded bathroom solutions.

We also expect border policy measures aimed at supporting consumption and housing activity to remain helpful for category sentiment over time. When combined with our established brands, extensive distribution network and execution capabilities, these strengths provide us with confidence in the near- to long-term opportunity.

As highlighted earlier, the rollout of our dealer management program remains an important ongoing initiative and is progressing steadily. Going forward, the system will help improve visibility into secondary sales and channel inventory over time, enabling more informed decision-making and tighter channel management.

The company's retailer loyalty program with over 28,000 enrolled retailers is planned to transition from the current manual invoice upload and verification process to a fully automated system once the dealer management system stabilizes.

Going forward, purchases made through BMS-enabled dealers are expected to be captured automatically with loyalty points credited without retailer intervention. This digital shift is intended to enhance efficiency, improve accuracy and deliver a faster, more seamless experience for the retailer ecosystem.

During the quarter, capacity utilization stood at 102% for Faucetware and 82% for Sanitaryware. We continue to focus on disciplined cost management and operational efficiency across the supply chain, operations and distribution, aimed at protecting margins and strengthening the resilience of the business amid input cost pressures and a mixed demand environment.

To summarize, while demand conditions may take some additional time to normalize, our focus continues to be on disciplined execution, strengthening our operating fundamentals and preparing the organization for the next phase of growth. With a strong balance sheet, a diversified portfolio and sustained investments across brands, channels and systems, we believe that we are well positioned to navigate the current environment and capture opportunities as demand conditions improve over time.

With this, I would like to hand over to Mr. Vikas Kothari, our CFO, who will present the operational and financial highlights for the quarter ended 31st of December 2025. Thank you, and over to you, Mr. Kothari.

Vikas Kothari: Thank you, Deepak, and a very good morning to everyone. I will now take you through a brief overview of the company's financial performance for the quarter and 9 months ended 31st December '25. Revenue from operations for the quarter stood at INR499 crore as compared to INR449 crore in Q3 FY '25. EBITDA without other income for the quarter was at INR51 crore as compared to INR59 crore in the corresponding quarter of the previous year.

EBITDA margins stood at 10.2% in Q3 FY '26 as compared to 13.2% in Q3 FY '25. This decline was primarily driven by an increase in trade discounts and elevated brass input costs impacting both manufacturing and procurement. Margins were also weighed down by higher publicity spend, which was a phasing impact and pre-operating expenses associated with POLIPLUZ and Senator brand launches.

Gas costs during the quarter increased with the weighted average cost at INR35.70 per cubic meter in Q3 FY '26 as compared to INR33.53 per cubic meter in Q3 FY '25. During the quarter, gas consumption was sourced 69% from GAIL and 31% from Sabarmati. Overall, gas cost as a percentage of revenue stood at 3.8%.

Prices remained unchanged during the period. At the same time, input costs, particularly brass, clay have moved meaningfully in the recent period. Given the sustained nature of these cost pressures, we have recently announced a calibrated price increase both in Faucetware as well as Sanitaryware. This approach is intended to balance margin protection with market competitiveness.

For the quarter under review, revenue contributions by segment was broadly as follows: Sanitaryware at 48%, Faucetware at 40%, Tiles at 10% and Wellness 2%. On a Y-o-Y basis, Sanitaryware revenue grew by 6.4%, Faucetware by 18.2%, Tiles by 5.7% and Wellness by 29.4%. Our core categories, Sanitaryware and Faucetware together accounted for 88% of the total revenues.

Capacity utilization during the quarter stood at 82% for Sanitaryware and 102% for Faucetware. From a product mix perspective, 44% of sales were from premium segment, 35% from mid-segment and 21% from entry-level products. Geographically, Tier 3 cities accounted for 41% of sales, followed by Tier 1 at 36% and Tier 2 at 23%. Profit after tax stood at INR24 crore as compared to previous year's quarter at INR46 crore.

During the quarter, we recorded a onetime impact under exceptional items following the implementation of the New Wage Code. The revised wage structure has resulted in an increase in long-term employee benefit liabilities. We have recognized an incremental impact of INR12.2 crore towards gratuity and INR6.26 crore towards leave salary liabilities under exceptional items in the statement of profit and loss.

Earnings per share for the quarter was at INR18.35 compared to INR35.56 in Q3 FY '25. On the working capital front, inventory days decreased from 85 days to 84 days. Receivables decreased from 34 days to 33 days, while payables remain stable at 38 days, leading to a Y-o-Y decrease in net working capital from 81 days to 79 days. As of 31st December '25, our cash and cash equivalents stood at INR757 crore.

Our capital expenditure plan for financial year '26 remains measured with an outlay of around INR13.2 crore by end of December '25. This was largely directed towards routine maintenance, along with selective investments to strengthen brand presence and retail initiatives. Capital allocation continues to be guided by disciplined return visibility and a strong focus on maintaining balance sheet strength.

Overall, our financial position remains healthy, supported by a strong balance sheet, disciplined cost management and prudent working capital practices. This provides us with the flexibility to navigate the current operating environment while continuing to invest selectively in strategic initiatives. We believe this balanced approach positions the company well to deliver sustainable performance and create long-term value as demand condition improves over time.

With this, I would now request the moderator to open the lines for Q&A. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use their handsets while asking a question.

Ladies and gentlemen, in the interest of time and fairness to others, we request you to restrict to two questions per participant and rejoin the question queue. One moment please, while we poll for questions. We take the first question from the line of Jaspreet Singh from Equentis PMS.

Jaspreet Singh: Yes hi, good morning, everyone. My question is related to the EBITDA margin drop. So, the 300-basis point drop in EBITDA margin and gross margin, just trying to confirm it is largely coming from faucets and largely because of the brass price increase. Can you confirm?

Vikas Kothari: So, as we have told in our brief review, so I will reiterate again. So, the drop in margins, EBITDA margins by 3%, this was primarily driven by the increase in the trade discounts. So, discounts largely increased on account of the participation, higher participation in our projects. If you see, our project spends have increased by 12%, if you compare the Y-o-Y comparison. Retail, in case of retail segment, discounts were broadly stable.

Additionally, the COGS increased mainly due to the increase in the input cost. So brass prices have increased by roughly 12%. And this elevated brass prices have impacted both in manufacturing as well as the external procurement costs. And apart from that, we have some higher spend in Q3 with respect to publicity, which was the phasing impact and some preoperative costs related to Senator.

So overall, if we see, to mitigate this impact of increased brass prices, we have recently announced the price increase both in case of Faucetware as well as Sanitaryware. I hope I have answered your question.

Jaspreet Singh: Yes, yes, you have beautifully explained. Thank you so much. So, just related to that, you know I have not seen 10% kind of EBITDA margin in the last decade also, I do not have data prior to that handy, I mean we have not seen 10% margin for Cera on an annual basis, maybe quarterly it happened. So, I am just surprised and confused and you know disappointed at the same time, that a quarter back or let us say we were guiding of 14% to 15% kind of a margin?

And what changed so much in 3 months or 4 months or 6 months that suddenly the trajectory shifted to 10% and even there we are now talking of calibration, calibrated price increases. So, what has so drastically changed in the world of building materials and Cera given it is a branded product, that we see a 10% EBITDA margin, multi-decade low and I do not know when it will go back to 15%. So, your views on that please?

Deepak Chaudhary: See, what is happening is we are looking at 1 quarter, and we are trying to extrapolate it that it is going to be there for the future also. So, we do not anticipate that this is going to be the trend going forward. Once we go into Q4, you will find that the top line even otherwise in Q4 is much larger, which leads to a better absorption in fixed cost. So, it has been due to some of the phasing impacts that some costs in Q3 has been higher.

For example, as Mr. Vikas mentioned, the publicity costs have been in a phased manner been higher in Q3. Like the total budget for the year remains the same. But for Q3, the expenditure has gone up. Same way for CSR activities also, the bulk of the expenditure has happened in Q3. So, it is higher during this particular quarter. Also, as we have embarked on that new ventures of Senator and POLIPLUZ. So, this is a kind of impact which has started happening from Q3.

And once the top line also starts coming in Senator and POLIPLUZ, we will find that it will be able to absorb and account for better margins. So, this is a one-off kind of a thing and not something which is expected to remain on a steady basis of the future. Going forward in Q4 by itself, you will find that we will be returning back to the margins of at least 13%, 14% that we had been having in the last few quarters. So, to summarize, I will say it is a one-off kind of a thing and is not expected to continue as a trend.

Moderator: Thank you. We take the next question from the line of Sunny, who is an Individual Investor. Please go ahead.

Sunny: Hello, sir. Am I audible?

Vikas Kothari: Yes, we can hear you.

Sunny: Yes. So, I just wanted to know, we were earlier one or a couple of years back projecting a 17% revenue growth over the next 2, 3 years. So what is it happening that even though the real estate sales from 2022 or '21 onwards were very good, that this -- our sales has been highly stagnant over the last 3 or 4 years, and we are unable to even grow our market share or our sales even though you are holding on to our margins, barring increase in brass prices or whatever? So, when do you expect this above 15% revenue growth in the future given that the real estate cycle had started some time back and the construction companies were doing well? So, if you can throw some light on that.

Vikas Kothari: Yes. So just to answer your question, like, you are right that for the last 2 years, there had been stagnancy in the growth. But if you have been listening to our calls, you will find that we have been projecting that H2, we expect the revival to happen. And in fact, Q3, we see that it has been growing by 11.1%. And Q2 also, we have grown by in the range of 5% to 6%.

So, the growth trajectory has already started happening, and we are confident that even Q4, we should be able to maintain this kind of growth. And we should be ending the year as we projected in the earlier con-call by roughly 7% to 8% on an overall full year basis. So now we find that the kind of stagnancy which had come in the retail market has started improving. And going forward, we expect it to be much better.

Moderator: Thank you. We take the next question from the line of Varun Julasaria from 360 ONE Capital. Please go ahead.

Varun Julasaria: Yes. Hi, sir. Thank you for the opportunity. I just wanted to know, sir, if this growth for the current quarter was due to pre-buying before the price hike? Or was there actual improvement in demand?

Deepak Chaudhary: So, there is an actual improvement in demand. If you look at our growth even in Q2, we have grown by 5% to 6%. In fact, the price increase has happened only yesterday. The announcement has been made only yesterday. So Q3, there was no talk about any price increase. It is only in Q4 yesterday that the price hike has been announced. So, there would be some traction in Q4 on account of this, but Q3 is purely on account of the improvement in the demand and the initiatives which has been taken by the company.

Varun Julasaria: And sir, how much was the price hike which we took? And how much was the increase in raw material cost that has come?

Deepak Chaudhary: The brass prices have fluctuated widely over the last, you can say, the entire year. In Q3, it has risen by something like 12%. In January, again, it has gone up significantly. If you look at the entire purchase of the 9 months of the financial year, from March -- April to December, you will find that the average price was something like INR640 for brass per kg, which has gone up to something like INR800 in January over the last few days. So, it is a sharp increase which has happened in -- particularly in January. And also, there was a 12% rise in the month of -- sorry, in the quarter of Q3.

Moderator: Thank you. We take the next question from the line of Arun Baid from ICICI Securities. Please go ahead.

Arun Baid: Hi, sir. Just a few point, data points. You mentioned that publicity cost was higher in Q3. Can you share that number? Also, the spend done on Senator and POLIPLUZ in the last 9 months and particularly in Q3. At the same time, what you announced is about 11% plus price increase in case of Faucetware and 4% plus in case of Sanitaryware. Is that sufficient to cover whatever increase has happened?

Deepak Chaudhary: I will just take your questions one by one. First, you asked was in respect of the publicity spend. How much it has happened in absolute numbers in the current quarter? In current quarter, the publicity spend was INR17.27 crore as opposed to INR13.87 crore in the corresponding quarter of the previous year. So, there is an increase of something like INR3.5 crore to INR4 crore in publicity spend. Second question was in respect of -- if you can repeat the question again?

Arun Baid: So, the spend we have -- the ad spend in for 9 months, if you can give, that will be helpful? And Senator and POLIPLUZ cost incurred in the first 9 months and also in Q3?

Deepak Chaudhary: In Q3, we spent something like INR6 crore in POLIPLUZ and Senator. This was including for salaries, which was in the region of INR3.6 crore and promotional traveling and other expenses in relation to Senator and POLIPLUZ, which accounted for the rest. The publicity spend for the entire year for 9 months has been something like INR35.58 crore for the entire 9 months of the current fiscal year.

Arun Baid: Versus how much last year, 9 months?

Deepak Chaudhary: 9 months last year was INR40.89 crore.

Arun Baid: And sir, one more question which I had with regards to this was that Senator and POLIPLUZ, there are no sales, right? We have not booked anything sales-wise?

Deepak Chaudhary: No. In Q3, the total sales up to the end of 9 months, the total sales was in the region of INR7 crore to INR8 crore for Senator and POLIPLUZ taken together. And we had earlier projected something like INR40 crore for the full year, but we would like to revise that we should be ending at more like INR20 crore for the current year because the stores have been taking some time to get ready. So, we expect to do something like, more like INR20 crore and not INR40 crore, INR45 crore, which were projected earlier in respect of these 2 brands.

Arun Baid: And sir, you do not mention the numbers spent on Senator and POLIPLUZ for 9 months, you mentioned for this quarter, INR6 crore?

Deepak Chaudhary: INR6 crore was for this quarter. For the whole year, it would be in the region of -- because most of the spending has started coming in Q3 only, the other promotional spending, etcetera. Before that, the team building spends were there. So, for the full year, it would be in the region of, you can say, INR8 crore to INR9 crore.

Arun Baid: And you had projected INR150 crore from this -- both these brands next year. That is in place, right?

Deepak Chaudhary: That should be in the region of, because we are projecting something like, you can say, INR8 crore to INR9 crore in the current quarter also. So next year, we should be able to do once the scale-up is complete, more in the region of, you can say, INR100 crore to INR120 crore.

Vikas Kothari: So, largely, once this Q4 will be ended, so we are -- we will be preparing our detailed budget exercise, taking into consideration market feedback and all. So, we will come out with the numbers as part of the next year achievements -- to-be-achievements for both these newly launched brands.

Arun Baid: And sir, regarding my question about that price increase which you have taken, is that sufficient to cover whatever cost increase you have seen till date?

Deepak Chaudhary: Yes, the price increase will be sufficient to cover the kind of increases which have happened till date. Obviously, if it keeps on increasing at the current trend, then again, we will have to revisit the position. But as of now, the kind of increases which have happened, the price increase will be able to adequately cover it.

Arun Baid: Sir, one more feedback we have from dealers is you were the last guys to announce a price hike. The leader in Faucetware had taken a price hike somewhere in January. Any reason why you are delaying it till 1st of March, that is the date you have given to dealers, right?

Deepak Chaudhary: See, it is a matter of what -- how we perceive the price rise and how our total cost dynamics are working. We find that the market leader has not taken a price rise since quite some time, whereas we had in September '24 taken a substantial price increase in Faucetware. So that price increase was kind of helping us to maintain our margins. Also, the fact that our operational capability in Faucetware has improved significantly.

And even with the cost increase in the brass, because of other operational parameters, the overall cost, we were able to manage quite well and the margins were being maintained. That is why the need for that price increase in between did not arise. But we cannot expect everything to be like a total aligned movement in case of prices from all the players. So, it is totally based on the kind of margin pressures which are being put within the company. And that was based on that, that we have taken in September '24, and we are taking it right now.

Arun Baid: So, sir, after this price increase, if I get it right, in FY '27, you will go back to -- assuming there are no more cost increases, you will go back to your margin rate of 15%, 16%, which you used to look at earlier. Is that correct?

Deepak Chaudhary: Correct. Correct. Correct.

Arun Baid: And…

Moderator: Arun, I would request you to please join back the queue for follow-up questions.

Arun Baid: Thank you.

Moderator: Thank you. We take the next question from the line of Nikhil Gandhi from Bajaj Life Insurance. Please go ahead.

Sujeet: Yes, this is Sujeet from Bajaj Life. Thank you for the opportunity. Just wanted to check with you, in the previous cycle during COVID years when the prices rose in Sanitaryware and Faucetware, did you benefit, players like you who are large, do they benefit typically in cycles like that in terms of market share gain from the smaller players?

Deepak Chaudhary: Sir, your question is not clear. Can you repeat it again?

Sujeet: Okay. So, do you benefit in a rising prices scenario? When raw material prices rise, the industry takes a price hike. Large players like you in Faucetware and Sanitaryware, do they benefit? In the previous cycle when this happened in COVID, did you gain market share?

Deepak Chaudhary: You will find that whenever there is an input cost rise, that is something which is affecting the industry as a whole and you will find that sooner or later that will be leading to a price increase by not only the larger players, but also by the smaller players also. So, on an overall basis, a price, cost increase led price increase is not something which is going to affect the market share of individual players.

You will find that over a period of time once everybody takes a price increase that market share stabilizes. It is not that on a rising cost scenario larger players are able to take in higher price increases and are able to garner higher market shares.

Sujeet: Okay. Secondly, in the con call today you have already explained that for projects you had to give higher discounts, right?

Deepak Chaudhary: Correct, yes.

Sujeet: So, can we say that currently the demand remains muted?

Deepak Chaudhary: No, the demand has started going up. If you see that we have grown by 6% and 11.2% over the last two quarters. The total share of projects within the business has remained constant at the same 38%-39% which has been not only there in Q2 and Q3, but also there in you can say previous year Q2, Q3 and Q4, as well as current year Q1.

We have been towards that number for quite some time now. Typically, our project share used to be 30%, but that was something like 2.5 to 3 years back and we have steadily risen from you can say mid of 2022-'23 to a number of 35% and now to 37%-38%, which is holding steady. So, it is not that in this particular quarter by itself the project numbers have gone up.

The numbers have been growing over the period of time where because of the fact that retail had been kind of sluggish. Now with the retail also picking up, you will find that this number would either remain constant or will start going down going forward.

Sujeet: So just to get this right, in periods when the overall demand is sluggish, because retail is still the higher portion close to 60% to 63%, correct? In those periods, what is your game plan to basically till the time the demand remains muted to kind of accelerate sales growth? When you do not have tailwind from the industry?

Deepak Chaudhary: See, whenever there is an outside pressure, what we typically try to do is that we try to improve our operations, look inwards, try to improve operations, try to improve our product line. That is what we have been doing over the last couple of years when the demand had been muted.

We have introduced a slew of products, we have introduced brands where we felt that there was a market growth and we were not present, and we have undertaken a lot of operational efficiencies to improve and maintain margins in spite of the kind of external pressures which are there. So, the idea is that periods when the retail is not doing well or the external pressures are there, try to be prudent inward, try to do more of, you know, operational efficiencies and product kind of expansion.

Sujeet: So, one last question is then do you actually get higher sales growth because of the product interventions and product introductions?

Deepak Chaudhary: Now we are anticipating that we are well-positioned because we have introduced a slew of products in the last couple of years, the market has already started showing signs of improvement. Both project has been doing quite decent in the recent past and retail also has started showing green shoots. So, we now anticipate that going forward we should be able to maintain this momentum of double-digit growth in Q4 as well as in the coming financial year.

Moderator: Thank you. Ladies and gentlemen, we request you to restrict to two questions per participant. We take the next question from the line of Bhavin Rupani from Investec. Please go ahead.

Bhavin Rupani: Yes. Hi, sir. Thanks for the opportunity. Sir, my first question is related to price hike. Sorry if I missed that. What is the price hike that we have taken yesterday for Sanitaryware and Faucetware?

Deepak Chaudhary: The kind of indication that we have given to the market is on an average it will be 4% for Sanitaryware and 11% for Faucetware.

Bhavin Rupani: Got it. Sir, a couple of data points. What is our outsourcing proportion for Sanitaryware and Faucetware?

Deepak Chaudhary: I will just give you the number for Q3.

Bhavin Rupani: Yes.

Deepak Chaudhary: In Sanitaryware, the outsourcing was 61%. And in Faucetware, the outsourcing was 47%.

Bhavin Rupani: Perfect. And one last question on capex. So, Faucetware, we are running at almost 102%. Any capex plans for the year?

Deepak Chaudhary: Like we had already taken the brownfield expansion where we have gone up from 3 lakhs to 4 lakhs, and we had undertaken civil facilities, which have been completed to take it from 4 lakhs to 6 lakhs. So, with these, whenever we feel that the demand is sustained and that we will be able to keep on having a kind of sustained production requirement we can go from 4 lakhs to 6 lakhs within a span of, you can say, 3 to 4 months because only balancing equipment needs to be done. Otherwise, the plant is ready.

Moderator: Thank you. We take the next question from the line of Mithun Aswath from Kivah Advisors. Please go ahead.

Mithun Aswath: Yes. Hi, sir. There was a plan to put up a new Sanitaryware facility.

Deepak Chaudhary: Can you speak a little louder?

Mithun Aswath: Yes, hi. There was a plan to put up a new Sanitaryware facility. I think the land was purchased for the same. Just wanted to know what is the status of that?

Deepak Chaudhary: You are right. The land is already purchased, but we have not commenced the construction activity for the plant. That we are going to take a view at the end of Q4, depending upon the market situation at that point of time, whether we need to start construction immediately or defer it even further.

Mithun Aswath: Sir, that definitely does not sound good as a prognosis, right? To wait for the market to grow and then you will put up the plant or you do not want to put up the plant ahead of demand actually picking up?

Deepak Chaudhary: So, it is a total kind of scenario in relation to the demand and the production capability. What has happened within the last couple of years, as I keep on mentioning again earlier also, that the facilities within the plant itself has undergone a lot of change. The kind of efficiency that we were able to achieve earlier, we are able to do much better than that.

So, we have been able to, without putting up a new greenfield project, create a plant within the plant, a new plant within the plant because our manufacturing capabilities and the production output that we are able to achieve within the plant has gone up significantly. Also, what has happened during this last, you can say, a couple of years is that the mix has changed.

Earlier, the idea was that most of the complex pieces used to be produced within the plant and the simpler ones, the low value-added products used to be purchased from outside. Now with the kind of muted demand, which was there in the last couple of years, this shift has also happened in the production, which is being done currently in the plant.

So, a few of the outsourced items, which were -- have now been taken in-house. And once we find that the demand is improving, we can take again these products to the outsourced partners for the -- increase the capacity within the plant, take the plant to full manufacturing capability.

So, we have a lot of scope in the next couple of years to be able to manage from the current plant by itself. So, it is not a function of trying to follow the demand. It is a function of being able to understand the exact production capability vis-a-vis the demand.

Moderator: Thank you. We take the next question from the line of Archana Gude from IDBI Capital. Please go ahead.

Archana Gude: Hi, sir. Thank you for the opportunity. Sir, you spoke about EBITDA margin getting back to 15%, 16% going forward. Can you help us understand what kind of net sales growth you are pencilling there?

Deepak Chaudhary: See, Essentially, as I mentioned, this was a one-off kind of a quarter wherein a large amount of phasing impact has happened, which has led to a reduction in the EBITDA margin. So typically, we have been maintaining margins in the region of 13% to 14%, which even otherwise will be normal, and we expect to be back to those margin levels in Q4 itself. And that should be -- that is something which is sustainable across going forward.

And coming back to that from 13, 14 to that range of, you can say, 15% to 17% because we have already started growing and we have started seeing the top line increasing, you will find that as these numbers sustain and the top line continues to grow, the -- and these one-off kind of things are not there. So, you will find that those margins of 16%, 17% should be looking very likely in the second half of next financial year. But we should be back to that 13%, 14% level in Q4 itself.

Archana Gude: Sure, sir. Sir, also, if you can talk about the micro markets, you spoke that there is some green shoots maybe, you know, going forward. So, any particular markets you would like to talk about where we are seeing that the demand is picking up barring the project sales?

Deepak Chaudhary: I think as I mentioned in earlier questions also that the company has been taking a lot of initiatives in respect of the product profile and also the kind of market where it is not too strong. So, we have been looking at in the last, you can say, 3, 4, 5 quarters as to which markets we are not really doing well and have been concentrating a lot on those markets.

And it is these markets which have now started showing results, wherein earlier, if you see the total distribution profile of Cera, most of the sales used to come in from South, wherein Kerala used to lead. Now the trend has been reversed. You will find that the UP is the leading in the entire zones. And the zone of Bihar, Jharkhand, which used to be extremely poor has also started showing a reversal.

So, it is the kind of small, small initiatives, which has started leading to kind of improvement in the overall kind of sales. And going forward, you will find that the initiatives which we have taken earlier will sustain the kind of growth that we have been able to achieve in the last two quarters.

Archana Gude: Sure, sir. That was helpful. Thank you so much and all the best for coming quarters.

Deepak Chaudhary: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we take that as the last question, and we conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

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