

Kajaria Ceramics

Estimate change 

TP change 

Rating change 

Bloomberg	KJC IN
Equity Shares (m)	159
M.Cap.(INRb)/(USDb)	189.2 / 2
52-Week Range (INR)	1322 / 761
1, 6, 12 Rel. Per (%)	22/5/49
12M Avg Val (INR M)	498
Free float (%)	52.3

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	48.3	53.5	60.3
EBITDA	8.6	9.6	10.9
Adj. PAT	5.3	6.2	7.2
Adj. EPS (INR)	33.2	38.9	45.4
EPS Gr. (%)	79.9	17.1	16.7
BV/Sh. (INR)	192	215	243

Ratios

RoE (%)	17.3	18.1	18.7
RoCE (%)	23.9	24.9	26.0
Payout (%)	45.9	41.1	39.6

Valuations

P/E (x)	35.8	30.6	26.2
P/BV (x)	6.2	5.5	4.9
EV/EBITDA (x)	21.3	18.7	16.2
Div. Yield (%)	1.2	1.3	1.5

Shareholding pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	47.7	47.7	47.5
DII	27.5	26.3	27.7
FII	10.2	11.7	15.8
Others	14.6	14.4	9.1

CMP: INR1,188

TP: INR1,362 (+15%)

Buy

Strong 4QFY26 performance likely to moderate

Tiles' volume/revenue/PAT up 11%/12%/266% YoY in 4Q

- Kajaria Ceramics (KJC) reported a healthy quarter, with an 11-12% YoY rise in tile volume and revenue owing to business unification efforts and reduced competition amid severe gas availability issues in Morbi.
- Overall, revenue/PAT grew 12%/266% YoY (4-7% beat on our estimates).
- Bathware and adhesives' revenue grew 5% and 92% YoY, respectively.
- While gross margin contracted 165bps YoY, EBITDA margin expanded 786bps YoY to 19.2% on cost optimization efforts and OpLev benefits.
- In FY26, revenue/EBITDA/PAT grew 4%/38%/65% YoY, with an EBITDA margin of 17.9% (up 440bp YoY).
- KJC's net cash level surged to INR7.9b, aided by tight working capital management.

Key highlights from the management commentary

- Production in 4QFY26 dipped 7% YoY, but sales volume grew 11% YoY, resulting in a high EBITDA margin of 19.2%.
- The demand uptick, which started in Jan'26, has continued until now. Business unification at KJC also helped it achieve healthy growth.
- Large players have gained market share amid severe gas availability issues faced by Morbi-based players. This situation may reverse when Morbi production revives in the coming quarters.
- KJC is confident in maintaining its EBITDA margin in the 18-19% range.
- Morbi players have taken price hikes of 35-40% over the last two months.
- Most of the plants in Morbi were shut in March due to gas unavailability. Some of them, including KJC, started operations from 16th Apr'26, and the remaining are scheduled from 1st May. Inventory levels are below normal at the factory as well as in the channel. KJC outsources 25-30% of tile volume from Morbi-based partners. Thus, sales volume may be slightly affected in 1Q, which is normally a low-volume quarter.
- KJC has announced a share buyback worth INR2.9b at INR1,380 per share.
- It plans to invest INR2.1b in capex at Srikalahasti, AP, by 10msm p.a. from 8.8msm GVT capacity currently, to be commissioned by Mar'27.

Valuation and view

- We raise our earnings estimates by 4% owing to better margin estimates. In line with reviving demand and a healthy 18-19% EBITDA margin guidance, we expect a CAGR of 11%/12%/12%/17% in tiles' volume/revenue/EBITDA/PAT over FY26-28 (FY19-26: 6%/7%/10%/13%).
- We also project ~19% RoE, ~26% RoCE (pre-tax), and ~35% RoIC in FY28 and more than INR5b annual FCF for the company.
- **The stock has risen ~30% from its lows in Mar'26. Expecting recovery in sales volume, high margins, and strong cash flows, we reiterate our BUY rating on KJC with a TP of INR1,362, based on 30x FY28E EPS.**
- **Strong comeback by Morbi players may intensify competition and dent the financials of KJC. This remains a key monitorable in the near term.**

Ashish Poddar - Research Analyst (Ashish.Poddar@MotilalOswal.com)

Krishna Zaveri - Research Analyst (Krishna.Zaveri@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Consolidated quarterly performance

(INR m)

	FY25				FY26				FY25	FY26	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q Est.	%
Net Sales	10,958	11,618	11,556	12,219	11,027	11,860	11,683	13,734	46,351	48,304	13,245	4
YoY Change (%)	3.0	3.6	0.3	1.1	0.6	2.1	1.1	12.4	3.6	4.2	8.4	
Total Expenditure	9,248	9,983	10,023	10,835	9,159	9,726	9,671	11,099	40,089	39,654	10,931	
EBITDA	1,710	1,635	1,533	1,384	1,869	2,135	2,012	2,635	6,262	8,650	2,314	14
Margins (%)	15.6	14.1	13.3	11.3	16.9	18.0	17.2	19.2	13.5	17.9	17.5	
Depreciation	419	404	397	434	436	419	415	423	1,654	1,694	420	
Interest	33	34	74	60	52	58	59	57	200	226	59	
Other Income	101	99	103	125	132	155	117	125	427	529	127	
PBT before EO expense	1,359	1,296	1,166	1,014	1,513	1,813	1,654	2,279	4,835	7,258	1,961	
Extra-Ord expense	0	0	0	0	0	0	-396	-44	0	-440	0	
PBT	1,359	1,296	1,166	1,014	1,513	1,813	1,258	2,235	4,835	6,818	1,961	14
Tax	358	350	307	344	396	472	386	674	1,360	1,928	520	
Rate (%)	26.3	27.0	26.4	33.9	26.2	26.0	30.7	30.2	28.1	28.3	26.5	
Minority Interest	-25	-13	-12	-7	-13	-10	16	-8	57	16	10	
Profit/(Loss) - Associates	-78	-91	-69	-238	-14	-1	-11	5	-475	-20	10	
Reported PAT	898	843	777	425	1,090	1,330	877	1,558	2,944	4,854	1,461	7
Adj PAT	898	843	777	425	1,090	1,330	1,274	1,601	2,944	5,294	1,461	10
YoY Change (%)	-16.5	-21.9	-25.4	-58.5	21.3	57.8	63.8	276.6	-30.3	79.9	243.6	
Margins (%)	8.2	7.3	6.7	3.5	9.9	11.2	10.9	11.7	6.4	11.0	11.0	

E: MOFSL Estimates

Quarterly operating metrics

Y/E March	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	% YoY	% QoQ
Segment Revenues (INR m)								
Own Manuf. (tiles)	5,688	5,855	5,439	5,797	5,635	6,358	(0.9)	(2.8)
Subsidiaries (tiles)	2,067	2,273	2,044	2,215	2,289	2,474	10.7	3.3
Outsourcing/Import (tiles)	2,651	2,755	2,381	2,502	2,375	3,294	(10.4)	(5.1)
Tiles - total revenue	10,407	10,884	9,864	10,515	10,299	12,126	(1.0)	(2.0)
Sanitaryware / Faucets	945	1,105	915	1,024	1,032	1,166	9.2	0.8
Plywood	81	47	16	6	-	-		
Adhesives	205	230	249	322	352	442	71.8	9.3
Total revenue	11,637	12,266	11,043	11,866	11,683	13,734	0.4	(1.5)
Tiles sales volume (msm)								
Own Manufacturing	15.4	15.8	14.8	15.7	15.4	17.0	-	(1.4)
Subs/JV's	5.9	6.5	5.7	6.3	7.0	7.3	18.9	10.8
Outsourcing/Imports	7.6	7.9	6.7	6.9	6.6	9.3	(13.7)	(5.2)
Total tile sales volume (msm)	28.9	30.1	27.2	28.9	29.0	33.5	0.2	0.3
Tiles NSR (INR /sq mtr)								
Own Manufacturing	368	371	369	370	365	374	(0.9)	(1.4)
Subs/JV's	352	352	356	352	328	341	(6.9)	(6.7)
Outsourcing/Imports	349	351	356	362	363	355	3.8	0.1
Blended NSR	360	361	363	364	356	362	(1.3)	(2.4)
Segment EBIT %								
Tiles	10.7	8.1	13.7	15.4	14.4	17.1		
Others (S/w, Faucets, Ply)	1.6	5.3	4.7	7.5	8.3	8.9		
Blended EBIT	9.8	7.8	13.0	14.5	13.7	16.1		
Unallocated income as % revenue	0.9	1.0	1.2	1.3	1.0	0.9		
Net WC Cycle (Days)	59	52	59	57	65	51		
Net cash (INR m)	2,980	4,240	5,150	5,930	4,720	7,930		



Key highlights from the management commentary

Key operational highlights: 4QFY26

- Revenue/PAT grew 12%/266% YoY, 4-7% beat on our estimates
- Tiles volume/revenue grew 11% YoY each, aided by business realignment efforts
- EBITDA grew 90% YoY with a margin improvement of 786bp YoY to 19.2% due to cost optimization efforts and operating leverage benefits
- In FY26, revenue/EBITDA/PAT grew 4%/38%/65% YoY with EBITDA margin up 440bp YoY at 17.9%
- KJC maintained strong cash flows and a tight working capital cycle.

Business development and outlook

- Production in 4QFY26 dipped 7% YoY, but sales volume grew 11% YoY, thus benefiting EBITDA margin to stand high at 19.2%.
- Demand uptick, which started in Jan'26, has continued till now.
- Going forward, management is confident of maintaining EBITDA margin in the 18-19% range.
- Morbi players have taken price hikes of 35-40% in the last two months.
- Most of the plants in Morbi were shut in March. Some of them, including KJC, started operations from 16th April, and the remaining are scheduled to begin from 1st May.
- Inventory levels are below normal at the factory as well as in the channel.
- KJC outsources 25-30% of tile volume from Morbi-based partners. Thus, sales volume may be slightly impacted in 1Q, which is normally a low-volume quarter.
- Gas price increased in Mar'26 by 16%+ in Morbi and 12-13% in South.
- Announced share buyback worth INR2.9b at INR1,380 per share.
- To invest INR2.1b in capex at Srikalahasti, Andhra Pradesh by 10msm p.a. from 8.8msm GVT capacity currently, to be commissioned by March'27.
- Promoters have decided not to take a salary in FY27 as well.

Story in charts

Exhibit 1: Consolidated quarterly revenue mix trend (%)

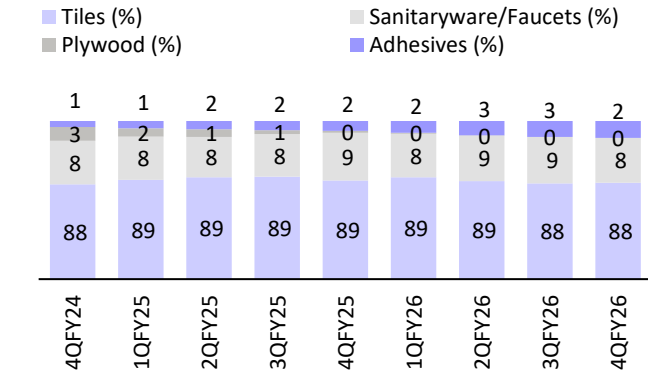


Exhibit 2: Tiles product-wise revenue mix trend (%)

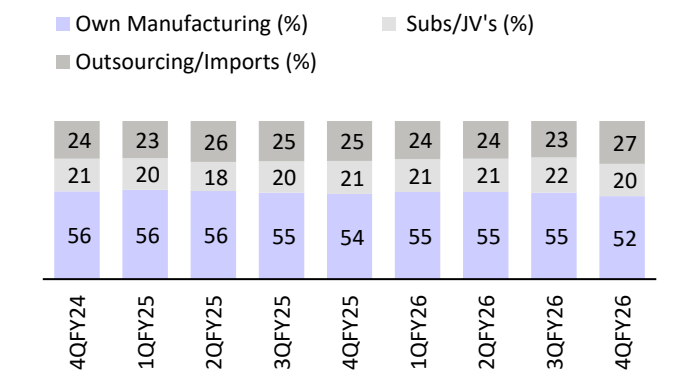


Exhibit 3: Tiles quarterly volume trend (msm)

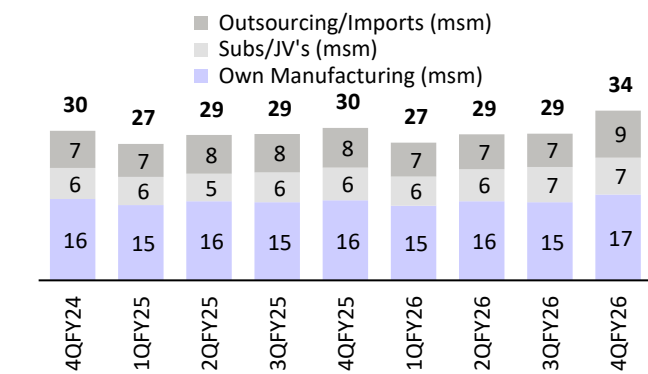


Exhibit 4: Tiles NSR gradually improving (INR sq metres)

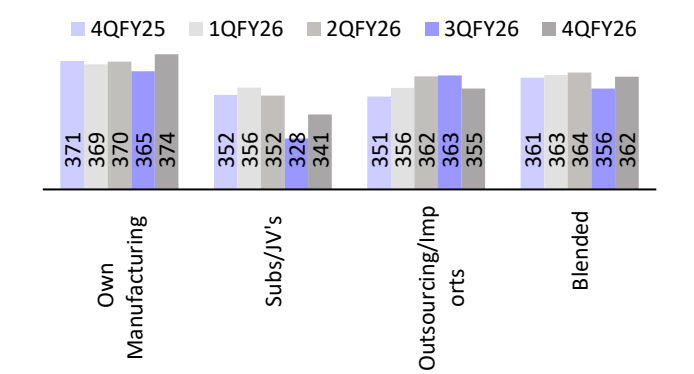


Exhibit 5: Consolidated quarterly revenue and growth trend

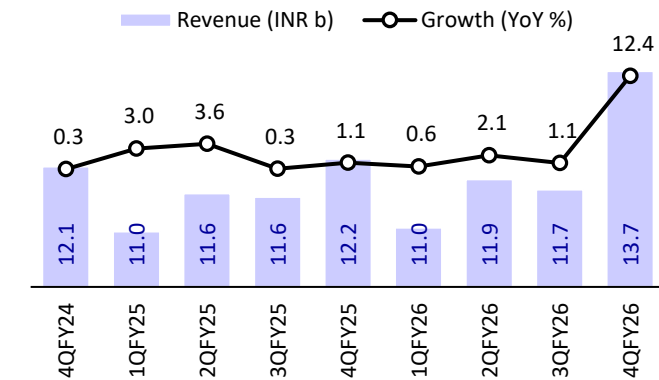
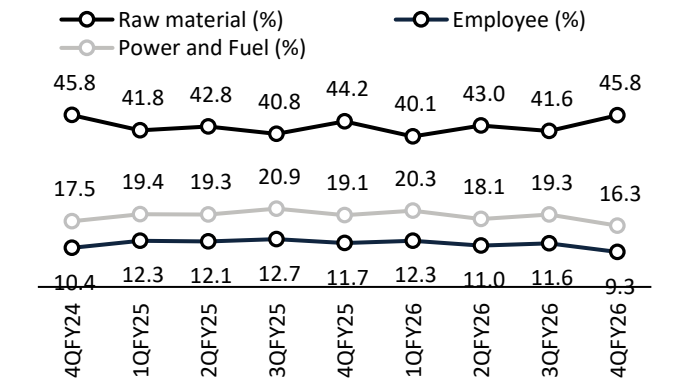


Exhibit 6: Expenses as % of revenue



Source: Company, MOFSL

Exhibit 7: Quarterly EBITDA, PAT, and margin trends (%)

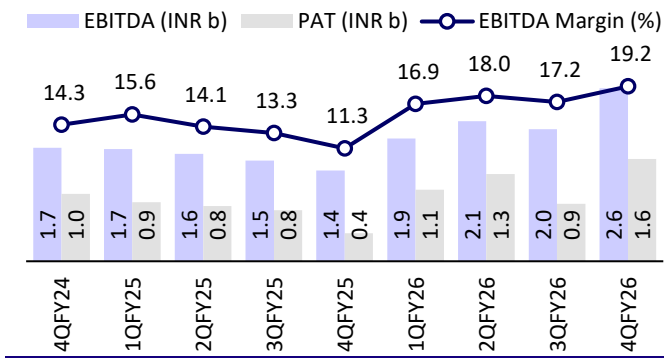


Exhibit 8: Quarterly EPS trend

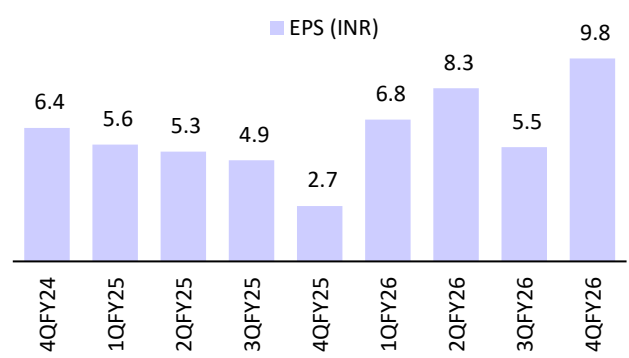


Exhibit 9: Consolidated annual revenue mix trend (%)

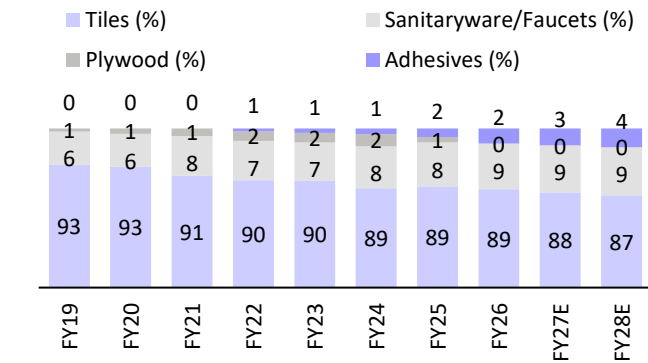


Exhibit 10: Tiles product-wise annual revenue mix (%)

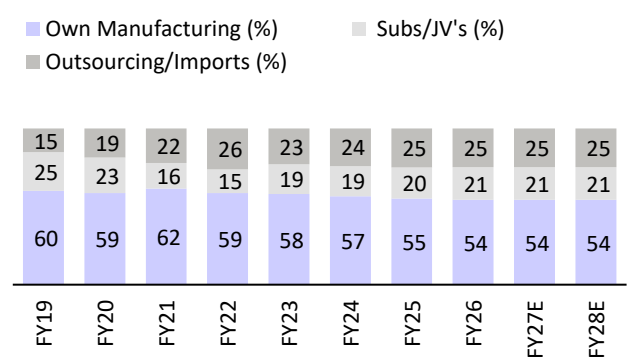


Exhibit 11: Tiles annual volume trend (msm)

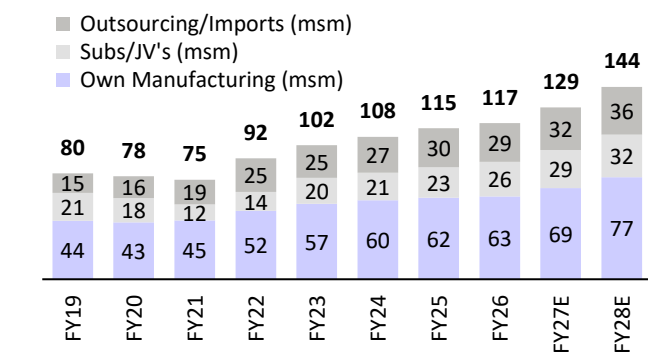


Exhibit 12: Power and fuel cost as % of revenue

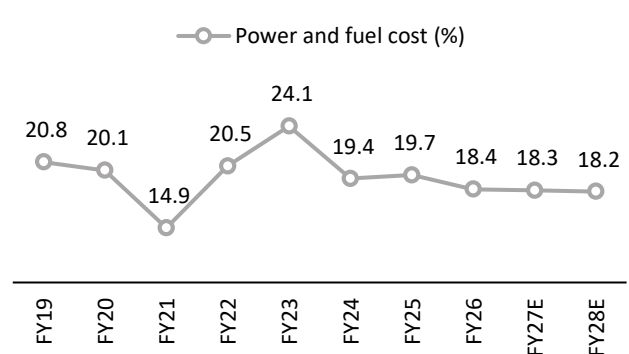
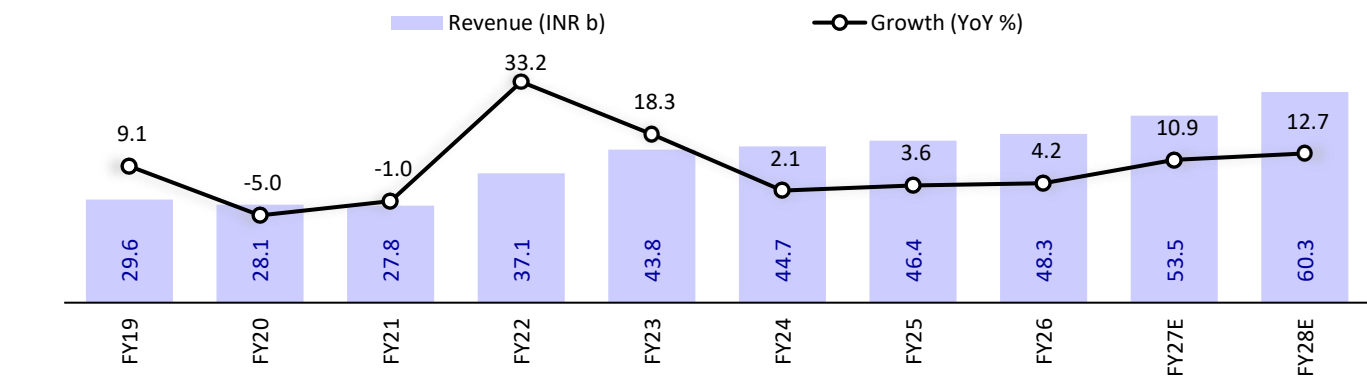


Exhibit 13: Consolidated annual revenue and growth trends



Source: Company, MOFSL

Exhibit 14: EBITDA, PAT, and margin annual trends (%)

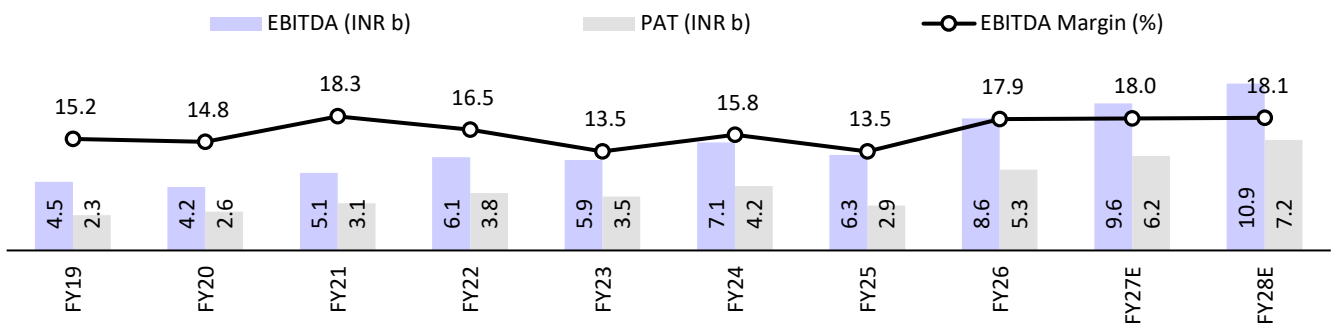
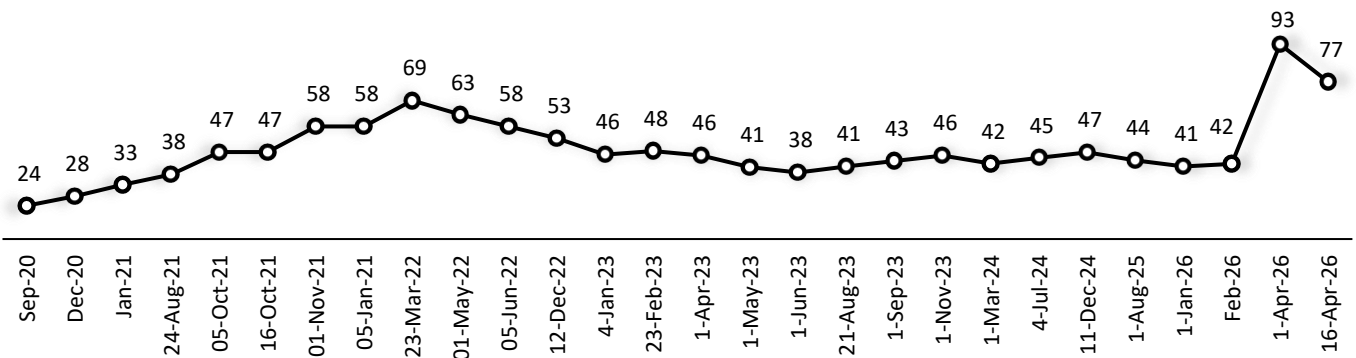


Exhibit 15: Morbi gas price (INR/scm)



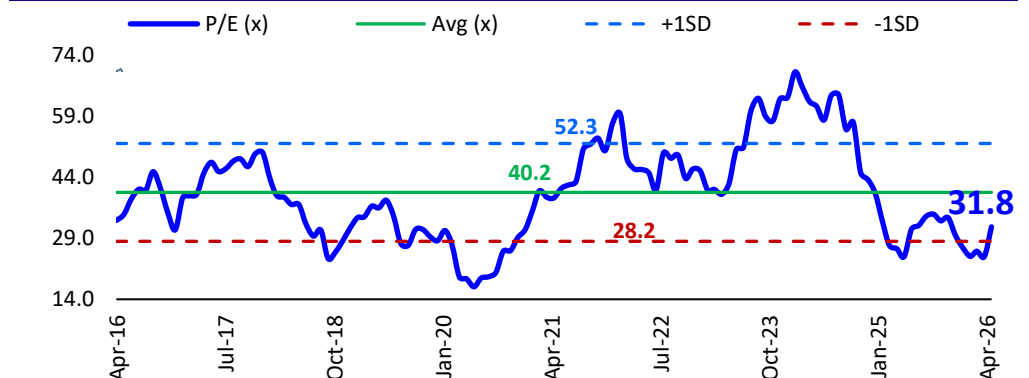
Source: Media articles

Exhibit 16: Changes to our estimates

INR m	Old		New		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	52,939	59,565	53,545	60,335	1	1
EBITDA	9,294	10,516	9,642	10,925	4	4
EBITDA margin %	17.6	17.7	18.0	18.1		
PAT	5,982	6,973	6,202	7,235	4	4
EPS	37.5	43.8	38.9	45.4	4	4

Source: MOFSL, Company

Exhibit 17: One-year forward P/E band and standard deviation



Source: Bloomberg, MOFSL

Financials and valuations

Consolidated - Income Statement								(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	27,809	37,052	43,819	44,740	46,351	48,304	53,545	60,335
Change (%)	-1.0	33.2	18.3	2.1	3.6	4.2	10.9	12.7
RM Cost	12,470	15,551	18,070	18,945	19,655	20,675	22,918	25,824
Employees Cost	3,247	4,077	4,612	4,916	5,661	5,299	5,874	6,618
Other Expenses	7,005	11,317	15,216	13,811	14,772	13,681	15,112	16,968
Total Expenditure	22,721	30,945	37,899	37,672	40,089	39,654	43,903	49,410
% of Net Sales	81.7	83.5	86.5	84.2	86.5	82.1	82.0	81.9
EBITDA	5,088	6,107	5,920	7,068	6,262	8,650	9,642	10,925
Margin (%)	18.3	16.5	13.5	15.8	13.5	17.9	18.0	18.1
Depreciation	1,067	1,154	1,329	1,476	1,654	1,694	1,767	1,870
EBIT	4,022	4,953	4,592	5,593	4,608	6,956	7,875	9,055
Int. and Finance Charges	107	127	223	173	200	226	161	151
Other Income	213	276	336	462	427	529	696	905
PBT bef. EO Exp.	4,127	5,102	4,705	5,882	4,835	7,258	8,410	9,809
EO Items	0	0	-79	0	0	-440	0	0
PBT after EO Exp.	4,127	5,102	4,625	5,882	4,835	6,818	8,410	9,809
Total Tax	1,038	1,274	1,163	1,435	1,360	1,928	2,229	2,599
Tax Rate (%)	25.2	25.0	25.1	24.4	28.1	28.3	26.5	26.5
Share of Profit/Loss of JV and disc ops.	0	0	-1	-125	-475	-20	20	25
Share of Minority Interests	9	58	17	101	57	16	0	0
Reported PAT	3,081	3,770	3,445	4,221	2,944	4,854	6,202	7,235
Adjusted PAT	3,081	3,770	3,524	4,221	2,944	5,294	6,202	7,235
Change (%)	20.6	22.4	-6.5	19.8	-30.3	79.9	17.1	16.7
Margin (%)	11.1	10.2	8.0	9.4	6.4	11.0	11.6	12.0

Consolidated - Balance Sheet								(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	159	159	159	159	159	159	159	159
Total Reserves	18,530	21,065	23,109	26,006	27,284	30,497	34,150	38,517
Net Worth	18,689	21,224	23,268	26,165	27,443	30,656	34,309	38,676
Minority Interest	646	648	776	591	658	649	669	689
Total Loans	1,142	1,521	2,373	2,197	2,488	2,025	1,915	1,805
Deferred Tax Liabilities	674	726	738	801	884	997	1,007	1,017
Capital Employed	21,151	24,119	27,155	29,755	31,473	34,327	37,900	42,187
Gross Block	19,735	20,460	24,516	27,903	30,361	31,627	33,127	34,627
Less: Accum. Deprn.	7,895	9,049	10,377	11,853	13,507	15,200	16,967	18,838
Net Fixed Assets	11,840	11,411	14,139	16,050	16,855	16,427	16,160	15,790
Goodwill on Consolidation	85	85	327	327	319	319	319	319
Capital WIP	149	2,634	817	679	1,087	1,193	993	793
Total Investments	50	0	19	148	302	354	354	354
Curr. Assets, Loans&Adv.	13,130	15,728	17,591	18,188	18,991	21,982	26,419	31,776
Inventory	3,731	4,659	5,647	5,322	6,181	5,515	6,113	6,888
Account Receivables	4,317	5,133	6,012	6,194	5,702	6,285	6,967	7,850
Cash and Bank Balance	4,428	4,244	3,938	5,141	5,829	7,551	10,736	14,462
Loans and Advances	655	1,693	1,995	1,530	1,279	2,631	2,603	2,575
Curr. Liability & Prov.	4,102	5,739	5,738	5,637	6,082	5,948	6,344	6,843
Account Payables	2,072	2,981	3,104	2,933	3,381	3,195	3,542	3,991
Other Current Liabilities	1,801	2,499	2,342	2,385	2,352	2,380	2,400	2,420
Provisions	229	259	293	320	349	372	402	432
Net Current Assets	9,028	9,989	11,853	12,550	12,909	16,034	20,074	24,932
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	21,151	24,119	27,155	29,755	31,473	34,327	37,900	42,187

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
Adj EPS	19.3	23.7	22.1	26.5	18.5	33.2	38.9	45.4
Cash EPS	26.0	30.9	30.5	35.8	28.9	43.9	50.0	57.2
BV/Share	117	133	146	164	172	192	215	243
DPS	10.0	11.0	9.0	12.0	9.0	14.0	16.0	18.0
Payout (%)	51.7	46.5	41.6	45.3	48.7	45.9	41.1	39.6
Valuation (x)								
P/E	61.6	50.3	53.8	44.9	64.4	35.8	30.6	26.2
Cash P/E	45.7	38.5	39.1	33.3	41.3	27.1	23.8	20.8
P/BV	10.2	8.9	8.2	7.3	6.9	6.2	5.5	4.9
EV/Sales	6.7	5.0	4.3	4.2	4.0	3.8	3.4	2.9
EV/EBITDA	36.6	30.6	31.8	26.4	29.8	21.3	18.7	16.2
Dividend Yield (%)	0.8	0.9	0.8	1.0	0.8	1.2	1.3	1.5
FCF per share	25.6	10.2	5.5	20.0	19.2	35.3	33.0	37.0
Return Ratios (%)								
RoE	16.5	17.8	15.1	16.1	10.7	17.3	18.1	18.7
RoCE (pre-tax)	22.1	24.6	20.4	22.4	17.3	23.9	24.9	26.0
RoIC (pre-tax)	24.0	29.6	23.6	24.8	19.2	28.3	31.2	35.2
Working Capital Ratios								
Fixed Asset Turnover (x)	1.4	1.8	1.8	1.6	1.5	1.5	1.6	1.7
Net Working Capital Cycle (Days)	78	67	71	70	67	65	65	65
Debtor (Days)	57	51	50	51	45	47	47	47
Inventory (Days)	49	46	47	43	49	42	42	42
Creditor (Days)	27	29	26	24	27	24	24	24
Leverage Ratio (x)								
Current Ratio	3.2	2.7	3.1	3.2	3.1	3.7	4.2	4.6
Interest Cover Ratio	39.5	41.1	22.1	35.0	25.1	33.1	53.4	66.0
Net Debt/Equity	-0.2	-0.1	-0.1	-0.1	-0.1	-0.2	-0.3	-0.3

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	4,127	5,102	4,625	5,756	4,360	8,798	8,410	9,809
Depreciation	1,067	1,154	1,329	1,476	1,654	1,694	1,767	1,870
Interest & Finance Charges	107	127	223	173	200	226	161	151
Direct Taxes Paid	-980	-1,285	-1,265	-1,385	-1,172	-1,691	-2,154	-2,525
(Inc)/Dec in WC	868	-621	-1,875	260	-12	-601	-856	-1,131
CF from Operations	5,189	4,476	3,037	6,280	5,030	8,425	7,328	8,174
Others	-101	-221	-82	-306	-20	-1,789	-771	-980
CF from Operating incl EO	5,088	4,255	2,955	5,974	5,010	6,637	6,557	7,194
(Inc)/Dec in FA	-1,012	-2,634	-2,082	-2,780	-1,955	-1,006	-1,300	-1,300
Free Cash Flow	4,076	1,621	873	3,194	3,055	5,631	5,257	5,894
(Pur)/Sale of Investments	54	18	-363	-628	-2,155	-2,815	0	0
Others	-1,997	-363	608	436	390	458	696	905
CF from Investments	-2,955	-2,979	-1,837	-2,972	-3,721	-3,364	-604	-395
Issue of Shares	53	52	12	11	14	0	0	0
Inc/(Dec) in Debt	-302	281	427	-393	100	-447	-110	-110
Interest Paid	-68	-92	-166	-129	-145	-160	-161	-151
Dividend Paid	-1,591	-1,273	-1,433	-1,433	-1,752	-1,911	-2,549	-2,867
Others	-137	-169	-189	-179	-303	-384	50	55
CF from Fin. Activity	-2,045	-1,201	-1,348	-2,124	-2,086	-2,902	-2,769	-3,073
Inc/Dec of Cash	87	75	-230	878	-796	371	3,184	3,726
Opening Balance	77	164	239	21	899	104	475	3,659
Other cash & cash equivalent	0	0	12	0	2	0	0	0
Closing Balance	164	239	21	899	104	475	3,659	7,386

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NEUTRAL	< - 10 % to 15%
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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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