

Retail Equity Research

Kajaria Ceramics Limited

HOLD

Sector: Building Products

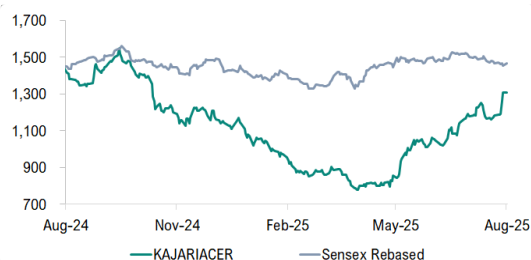
18th August, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 1,396
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	KJC:IN	80,598	KAJARIACER	500233	12 Months
				CMP	Rs. 1,267
				Return	+10%

Data as of: 14-August-2025 18:00 hrs

Company Data			
Market Cap (Rs.cr)	20,314		
52 Week High — Low (Rs.)	1,578 - 745		
Enterprise Value (Rs. cr)	20,005		
Outstanding Shares (cr)	15.9		
Free Float (%)	52.1		
Dividend Yield (%)	0.7		
6m average volume (lacs)	6.7		
Beta	0.7		
Face value (Rs.)	1.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	47.5	47.5	47.5
FII's	16.0	15.8	12.6
MFs/Institutions	27.9	27.7	27.4
Public	7.6	8.0	10.0
Others	1.0	1.1	2.6
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	53.1%	39.3%	-9.7%
Absolute Sensex	1.4%	5.6%	1.1%
Relative Return	51.6%	33.7%	-10.8%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	4,635	5,058	5,561
Growth (%)	3.6	9.1	9.9
EBITDA	669	806	930
EBITDA Margin (%)	14.4	15.9	16.7
PAT Adjusted	343	480	555
Growth (%)	-21.0	40.2	15.5
Adjusted EPS	21.5	30.2	34.9
Growth (%)	-21.0	40.2	15.5
P/E	39.9	43.4	37.6
P/B	5.0	6.8	6.0
EV/EBITDA	20.0	25.3	21.7
ROE (%)	10.9	15.8	16.2
D/E	0.1	0.1	0.1

Stable performance; Cautious Outlook

Kajaria Ceramics is the largest manufacturer of ceramic/vitrified tiles in India and the eighth largest in the world. It has an annual capacity of 90.50 mn sq m (MSM), distributed across nine plants.

- Consolidated revenue from operations in Q1FY26 rose a meagre 0.6% YoY to Rs. 1,103cr, largely due to subdued tile volume growth and a downturn in plywood sales following the division's closure.
- The tile segment (91.7% of total revenue) saw muted growth of 0.6% YoY, with revenue reaching Rs. 1,011cr in Q1FY26.
- Sales volume increased by a slight 0.7% YoY and stood at 27.18 MSM since overall market demand remained soft during the quarter.
- EBITDA soared 10.5% YoY to Rs. 200cr in Q1FY26; consequently, EBITDA margin rose 160bps YoY to 18.1%, driven by cost reduction, optimisation of human resources and implementation of corrective measures by the company.
- Consolidated reported PAT increased 19.5% YoY to Rs. 110cr in Q1FY26 from Rs. 92cr in Q1FY25.

Outlook & Valuation

Kajaria reported a moderate financial performance, impacted by a challenging market environment, with domestic demand remaining sluggish. However, the company is optimistic about future growth, driven by potential export improvements, slightly better domestic demand and government initiatives. The integration of its divisions and efforts to optimise costs are expected to yield benefits. Although the integration is expected to improve margins and increase volume growth, sluggish demand may still pose a risk to the realisation of these benefits. Considering these factors, **we downgrade our rating on the stock to HOLD from ACCUMULATE with a revised target price of Rs. 1,396 based on a 40x FY27E adjusted EPS.**

Quarterly Financials Consolidated

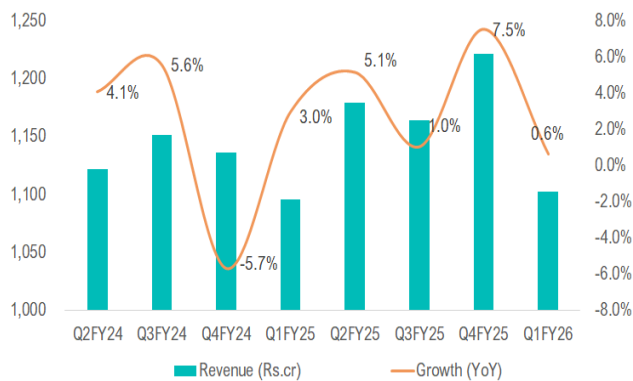
Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	1,103	1,096	0.6	1,222	-9.7
EBITDA	200	181	10.5	151	32.7
Margin (%)	18.1	16.5	160bps	12.3	580bps
EBIT	156	139	12.4	107	45.7
PBT	152	134	13.9	108	40.4
Rep. PAT	110	92	19.5	43	155.5
Adj PAT	111	95	16.8	73	51.7
Adj. EPS (Rs)	6.8	5.6	21.3	2.7	156.2



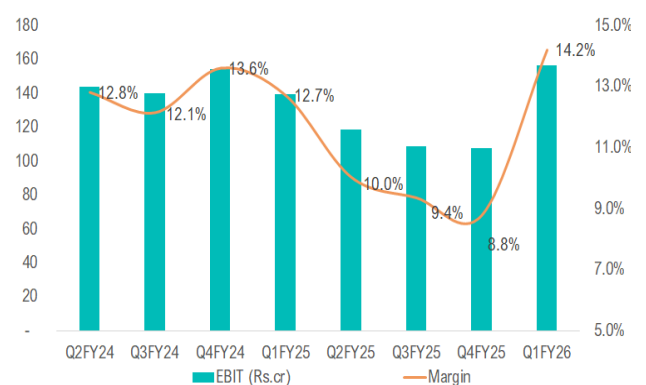
Key concall highlights

- The adhesives segment and bathware divisions are expected to grow significantly, with revenue projected to increase from Rs. 75cr to Rs. 120cr and from Rs. 400cr to Rs. 480cr, respectively, from last year to this year. Besides, the bathware division is expected to turn profitable after incurring losses last year.
- The company is in the process of integrating its three tile divisions into one, which is expected to boost efficiency, increase volume and showcase a wide range of tiles to customers. This integration would help the company optimise resource allocation, reduce costs and enhance adaptability to respond to changing market conditions.
- The company has discontinued Keronite tiles with residual inventory to be sold in the coming months. The company has confirmed the brand is no longer part of its operations.
- Working capital days stood at 58 days as on June 30, 2025 vs 51 days as on March 31, 2025.
- Capex for the current year is expected at Rs. 100 -150cr, which includes the cost of setting up a new office and some regular capital expenses, without any plans to increase capacity during the current financial year.
- According to the management, India's exports market for tiles fell 20% YoY to Rs. 16,000cr in FY25 due to elevated freight rates and global unrest. But the outlook is improving, with exports in the first three months of this year reaching Rs. 4,500cr and likely ranging between Rs. 18,000cr and Rs. 20,000cr this year.

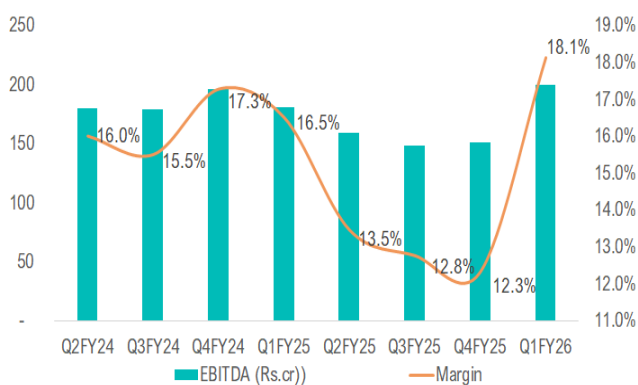
Revenue



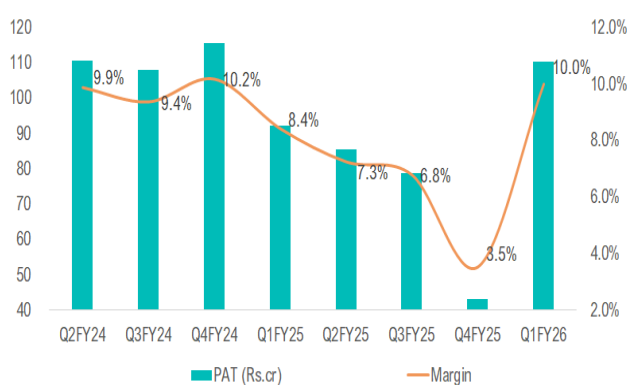
EBIT



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	5,426	6,149	5,058	5,561	-6.8	-9.6
EBITDA	861	1,016	806	930	-6.4	-8.5
Margins (%)	15.9	16.5	15.9	16.7	0bps	20bps
Adj. PAT	456	550	480	555	5.5	0.9
EPS	28.6	34.6	30.2	34.9	5.5	0.9



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	4,382	4,474	4,635	5,058	5,561
% change	18.3	2.1	3.6	9.1	9.9
EBITDA	626	753	669	806	930
% change	2.4	20.4	-11.2	20.4	15.4
Depreciation	133	148	165	173	180
EBIT	493	605	504	652	752
Interest	22	17	20	21	22
Other Income	-8	-1	1	-	-
PBT	462	587	484	632	730
% change	-9.4	26.9	-17.5	30.5	15.6
Tax	116	143	136	145	168
Tax Rate (%)	25.1	24.4	28.1	23.0	23.0
Reported PAT	346	432	300	484	562
PAT att. to common shareholder-	345	433	343	480	555
Adj.*	8	-	-	-	-
Adj. PAT	352	433	343	480	555
% change	-6.5	23.0	-21.0	40.2	15.5
No. of shares (cr)	15.9	15.9	15.9	15.9	15.9
Adj EPS (Rs.)	22.1	27.2	21.5	30.2	34.9
% change	-6.5	23.0	-21.0	40.2	15.5
DPS (Rs.)	9.0	12.0	9.0	9.5	9.9

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	479	580	465	658	743
Non-cash adj.	4	-5	41	-25	-2
Other adjustments	-	-	-	-	-
Changes in W.C	-188	23	-6	-133	-203
C.F. Operation	296	597	501	500	538
Capital exp.	-208	-278	-196	-152	-222
Change in inv.	4	-51	-56	-	-
Other invest.CF	20	32	-121	50	53
C.F - Investment	-184	-297	-372	-102	-169
Issue of equity	1	1	1	-	-
Issue/repay debt	24	-58	-15	20	20
Dividends paid	-143	-143	-175	-151	-158
Other finance.CF	-17	-13	-20	-21	-22
C.F - Finance	-135	-212	-209	-151	-160
Chg. in cash	-23	88	-80	247	208
Closing Cash	394	514	583	830	1,038

Balance Sheet

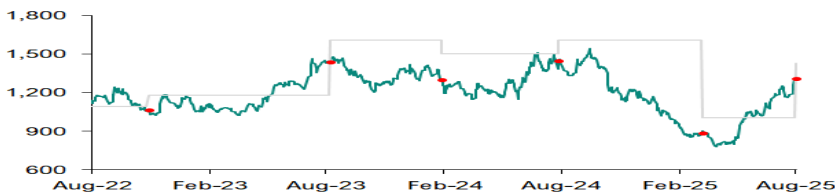
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	394	514	583	830	1,038
Accts. Receivable	601	619	570	617	672
Inventories	565	532	618	680	764
Other Cur. Assets	127	97	47	96	193
Investments	2	18	34	34	34
Gross Fixed As-sets	1,875	2,153	2,349	2,500	2,723
Net Fixed Assets	1,478	1,655	1,775	1,753	1,794
CWIP	16	17	18	19	20
Intangible Assets	34	34	33	33	33
Def. Tax -Net	3	4	1	1	1
Other Assets	111	52	77	82	82
Total Assets	3,331	3,543	3,756	4,143	4,629
Current Liabilities	591	560	603	630	676
Provisions	21	4	5	6	6
Debt Funds	237	220	249	269	289
Other Liabilities	77	84	89	95	110
Equity Capital	16	16	16	16	16
Res. & Surplus	2,311	2,601	2,728	3,056	3,453
Shareholder Funds	2,327	2,617	2,744	3,072	3,469
Minority Interest	78	59	66	72	79
Total Liabilities	3,331	3,543	3,756	4,143	4,629
BVPS	146	164	172	193	218

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	14.3	16.8	14.4	15.9	16.7
EBIT margin (%)	11.2	13.5	10.9	12.9	13.5
Net profit mgn.(%)	7.9	9.7	7.4	9.5	10.0
ROE (%)	14.9	16.5	10.9	15.8	16.2
ROCE (%)	18.7	20.9	16.5	19.1	19.6
W.C & Liquidity					
Receivables (days)	50.1	50.5	44.9	44.5	44.1
Inventory (days)	72.0	70.4	78.4	79.8	81.5
Payables (days)	39.6	38.8	42.9	42.5	42.1
Current ratio (x)	2.3	2.6	2.6	3.0	3.4
Quick ratio (x)	1.3	1.7	1.6	2.0	2.2
Turnover & Leverage					
Gross asset T.O (x)	1.2	1.1	1.0	1.0	1.1
Total asset T.O (x)	0.7	0.7	0.6	0.6	0.6
Int. covge. ratio (x)	22.1	35.0	25.1	31.6	34.7
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1
Valuation					
EV/Sales (x)	3.8	4.3	2.9	4.0	3.6
EV/EBITDA (x)	26.7	25.6	20.0	25.3	21.7
P/E (x)	47.6	45.0	39.9	43.4	37.6
P/BV (x)	7.2	7.5	5.0	6.8	6.0



Recommendation Summary - (last 3 years)



Dates	Rating	Target
28-Jan-22	ACCUMULATE	1,400
09-Jun-22	ACCUMULATE	1,090
07-Nov-22	ACCUMULATE	1,180
16-Aug-23	ACCUMULATE	1,610
07-Feb-24	ACCUMULATE	1,501
07-Aug-24	ACCUMULATE	1,610
18-Mar-25	ACCUMULATE	1,003
18-Aug-25	HOLD	1,396

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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