

Kajaria Ceramics Limited

HOLD

Sector: Building Products

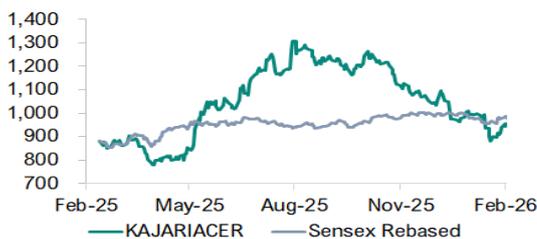
26th February, 2026

Key Changes	Target ▼	Rating ●	Earnings ▼	Target	Rs. 1,038
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	KJC:IN	82,276	KAJARIACER	500233	12 Months
				CMP	Rs. 953
				Return	+9%

Data as of: 25-Feb-2026, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	15,544		
52 Week High — Low (Rs.)	1,322 - 745		
Enterprise Value (Rs. cr)	15,477		
Outstanding Shares (cr)	15.9		
Free Float (%)	51.8		
Dividend Yield (%)	1.2		
6m average volume (cr)	0.03		
Beta	0.9		
Face value (Rs.)	1.0		
Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	47.5	47.6	47.7
FII's	12.6	11.6	11.7
MFs/Institutions	27.4	26.0	26.3
Public	10.0	11.4	11.0
Others	2.6	3.4	3.4
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-7.6%	-21.8%	12.8%
Absolute Sensex	-2.3%	2.4%	10.6%
Relative Return	-5.4%	-24.3%	2.2%

*over or under performance to benchmark index



Y.E March (cr)	FY26E	FY27E	FY28E
Sales	4,774	5,136	5,647
Growth (%)	3.0	7.6	9.9
EBITDA	808	889	987
EBITDA Margin (%)	16.9	17.3	17.5
PAT Adjusted	515	545	610
Growth (%)	50.3	5.8	11.9
Adjusted EPS	32.3	34.2	38.3
Growth (%)	50.3	5.8	11.9
P/E	30.8	29.1	26.0
P/B	5.3	4.8	4.3
EV/EBITDA	19.2	17.3	15.5
ROE (%)	15.9	16.6	16.9
D/E	0.1	0.1	0.1

Cross-selling strengthens outlook

Kajaria Ceramics is the largest manufacturer of ceramic/vitrified tiles in India and the eighth largest in the world, with an annual capacity of 90.50mn sq m via nine plants.

- The company's consolidated revenue from operations was Rs. 1,168cr in Q3FY26, which was relatively similar vis-à-vis Rs. 1,156cr in Q3FY25, owing to muted demand for tiles and destocking by dealers.
- Revenue of the Tile segment, which comprised ~88.1% share, fell a slight 1.0% YoY to Rs. 1,030cr, due to flat volume (rose 0.2% YoY to 28.97mn sq m), rationalisation of stock-keeping units (SKUs), dealer destocking, strategic shift to value-added products and weak domestic conditions.
- But revenue of Bathware rose to Rs. 103cr vs. Rs. 95cr in Q3FY25 and Adhesives increased to Rs. 35cr vs. Rs. 20cr.
- EBITDA rose 31.2% YoY to Rs. 201cr and EBITDA margin improved 390bps YoY to 17.2%, due to cost optimisation measures, shift toward value-added products and dealer unification enabling cross-selling.
- Reported profit after tax rose 1.8% YoY to Rs. 86cr, led by lower interest expenses, with a further increase offset by higher taxes.

Outlook and valuation

Kajaria delivered resilient operational performance in Q3FY26, due to efficient margins and strategic improvements. 'Kajaria 2.0' emphasises SKU rationalisation to improve plant efficiency, shift toward value-added products through the conversion of manufacturing facilities and tighter go-to-market model via dealer unification that enables cross-selling across product verticals. But sluggish demand, increased freight rates and ongoing geopolitical issues are concerns. Hence, **we reiterate our HOLD rating on the stock, with a rolled forward target price of Rs. 1,038, based on 27x FY28E adjusted earnings per share.**

Quarterly Finance Consol.

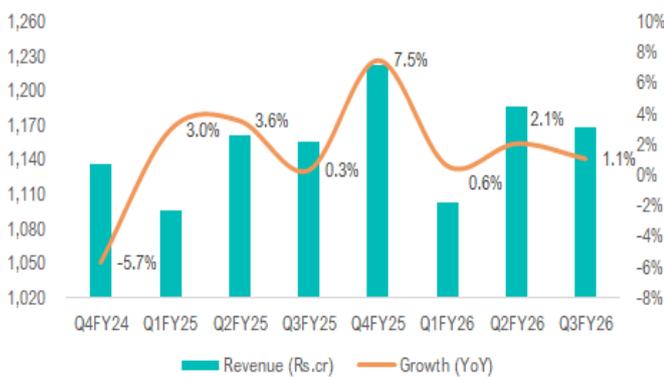
Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	1,168	1,156	1.1	1,186	-1.5	3,457	3,413	1.3
EBITDA	201	153	31.2	213	-5.7	615	498	23.5
Margin (%)	17.2	13.3	390bps	18.0	-80bps	17.8	14.6	320bps
EBIT	160	114	40.5	172	-6.9	488	376	29.7
PBT	125	116	8.1	182	-31.2	459	376	22.1
Rep. PAT	86	85	1.8	135	-35.8	334	274	21.6
Adj PAT	128	84	52.6	134	-4.4	372	269	38.3
Adj. EPS (Rs)	8.0	5.3	52.6	8.4	-4.4	23.4	16.9	38.3



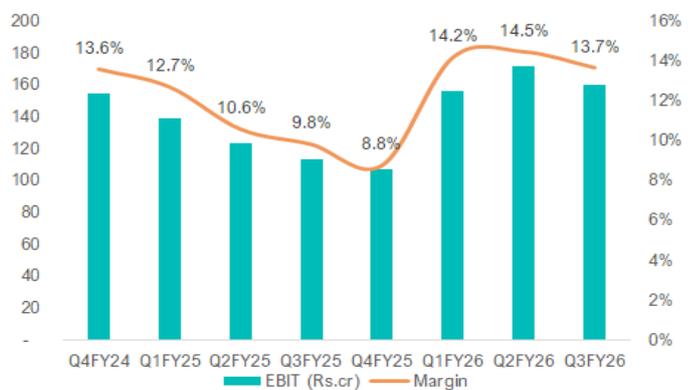
Key concall highlights

- The management stated that a price hike of 8-12% was implemented for faucets from January 19, 2026, owing to higher brass prices, whereas sanitaryware price increase could be implemented from March. The company expects to achieve positive volume growth from Q4FY26, with Bathware targeting a double-digit volume increase.
- Also, the company converted one Gailpur plant line (9.1mn sq m) from ceramic floor tiles to glazed vitrified tiles (GVTs), aimed at enhancing value-added products, thereby improving realisation over time.
- The management highlighted that dealer unification now enables cross-selling of tiles, GVT, bathware (sanitaryware and faucets) and adhesives through a single dealer wallet share per outlet.
- Export outlook, though, is cautious, with FY26 exports projected at Rs. 16,000cr vs. Rs. 20,000cr in FY24, impacted by global demand softness, and geopolitical uncertainties.
- The company does not foresee significant capital expenditure over the next 1-2 years, potentially resulting in a rise in the cash balance.
- EBITDA margin is expected to remain between 17-18%, with the management indicating that any incremental margin gains could be reinvested into advertising and expansion in market share.

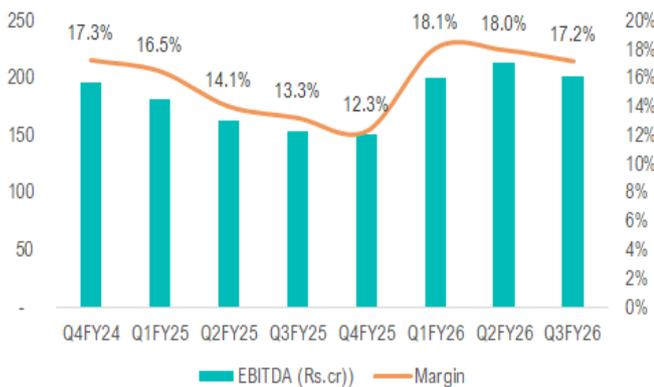
Revenue



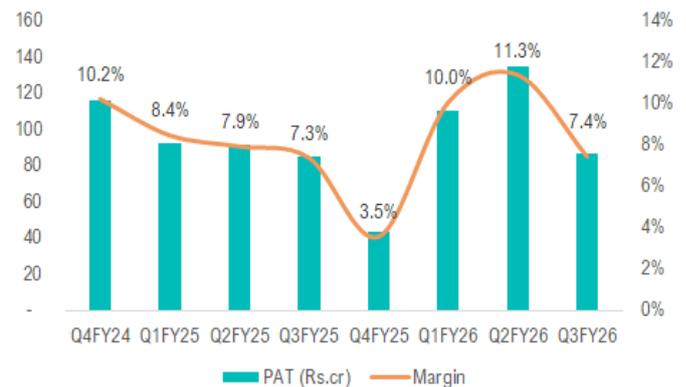
EBIT



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	5,058	5,561	4,774	5,136	5,647	-5.6	-7.6
EBITDA	806	930	808	889	987	0.3	-4.4
Margins (%)	15.9	16.7	16.9	17.3	17.5	100bps	60bps
Adj. PAT	480	555	515	545	610	7.2	-1.9
EPS	30.2	34.9	32.3	34.2	38.3	7.2	-1.9



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	4,474	4,635	4,774	5,136	5,647
% change	2.1	3.6	3.0	7.6	9.9
EBITDA	753	669	808	889	987
% change	20.4	-11.2	20.7	10.1	11.1
Depreciation	148	165	175	185	188
EBIT	605	504	633	719	796
Interest	17	20	21	22	23
Other Income	-1	1	28	36	48
PBT	587	484	640	734	821
% change	26.9	-17.5	32.2	14.6	11.9
Tax	143	136	160	183	205
Tax Rate (%)	24.4	28.1	25.0	25.0	25.0
Reported PAT	432	300	478	550	616
PAT att. to common shareholders	433	343	475	545	610
Adj.*	-	-	40	-	-
Adj. PAT	433	343	515	545	610
% change	23.0	-21.0	50.3	5.8	11.9
No. of shares (cr)	15.9	15.9	15.9	15.9	15.9
Adj EPS (Rs.)	27.2	21.5	32.3	34.2	38.3
% change	23.0	-21.0	50.3	5.8	11.9
DPS (Rs.)	12.0	9.0	13.5	15.0	16.5

Cashflow

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	580	465	653	735	804
Non-cash adj.	-5	41	-20	-4	-6
Other adjustments	-	-	-	-	-
Changes in W.C	23	-6	-158	-186	-306
C.F. Operation	597	501	475	546	493
Capital exp.	-278	-196	-181	-198	-226
Change in inv.	-51	-56	-	-	-
Other invest.CF	32	-121	50	53	58
C.F - Investment	-297	-372	-131	-145	-168
Issue of equity	1	1	-	-	-
Issue/repay debt	-58	-15	25	26	28
Dividends paid	-143	-175	-215	-239	-263
Other finance.CF	-13	-20	-21	-22	-23
C.F - Finance	-212	-209	-211	-234	-258
Chg. in cash	88	-80	133	166	67
Closing Cash	514	583	716	882	949

Balance Sheet

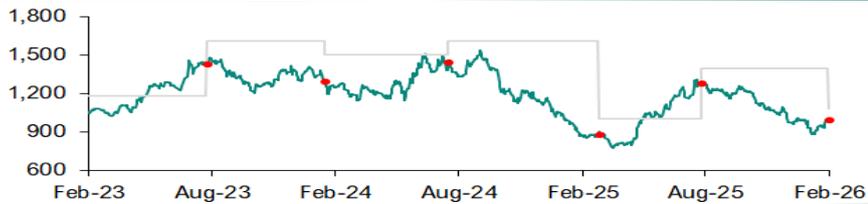
Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	514	583	716	882	949
Accts. Receivable	619	570	649	704	779
Inventories	532	618	638	693	781
Other Cur. Assets	97	47	95	190	369
Investments	18	34	34	34	34
Gross Fixed Assets	2,153	2,349	2,530	2,728	2,954
Net Fixed Assets	1,655	1,775	1,781	1,792	1,829
CWIP	17	18	19	20	21
Intangible Assets	34	33	33	33	33
Def. Tax -Net	4	1	1	1	1
Other Assets	52	77	82	82	82
Total Assets	3,543	3,756	4,047	4,431	4,878
Current Liabilities	560	603	589	620	672
Provisions	4	5	6	6	7
Debt Funds	220	249	274	300	328
Other Liabilities	84	89	105	120	135
Equity Capital	16	16	16	16	16
Res. & Surplus	2,601	2,728	2,986	3,292	3,639
Shareholder Funds	2,617	2,744	3,002	3,308	3,655
Minority Interest	59	66	71	76	82
Total Liabilities	3,543	3,756	4,047	4,431	4,878
BVPS	164	172	188	208	229

Ratio

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	16.8	14.4	16.9	17.3	17.5
EBIT margin (%)	13.5	10.9	13.3	14.0	14.1
Net profit mgn.(%)	9.7	7.4	10.0	10.6	10.8
ROE (%)	16.5	10.9	15.9	16.6	16.9
ROCE (%)	20.9	16.5	18.9	19.5	19.6
W.C & Liquidity					
Receivables (days)	50.5	44.9	49.6	50.0	50.4
Inventory (days)	70.4	78.4	79.9	81.4	82.1
Payables (days)	38.8	42.9	40.9	40.5	40.2
Current ratio (x)	2.6	2.6	3.0	3.4	3.7
Quick ratio (x)	1.7	1.6	2.0	2.2	2.2
Turnover & Leverage					
Gross asset T.O (x)	1.1	1.0	1.0	1.0	1.0
Total asset T.O (x)	0.7	0.6	0.6	0.6	0.6
Int. covge. ratio (x)	35.0	25.1	30.7	33.2	35.0
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1
Valuation					
EV/Sales (x)	4.3	2.9	3.2	3.0	2.7
EV/EBITDA (x)	25.6	20.0	19.2	17.3	15.5
P/E (x)	45.0	39.9	30.8	29.1	26.0
P/BV (x)	7.5	5.0	5.3	4.8	4.3



Recommendation Summary - (last 3 years)



Dates	Rating	Target
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
26-Feb-26	HOLD	1,038

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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