

CMP: INR 1,111

Rating: BUY

Target Price: INR 1,617

Stock Info

BSE	500233
NSE	KAJARIACER
Bloomberg	KJC:IN
Sector	Ceramics
Face Value (INR)	1
Equity Capital (INR Mn)	4,162
Mkt Cap (INR Bn)	177.1
52w H/L (INR)	1,322/761
Avg Yearly Volume (in 000')	540

Shareholding Pattern %

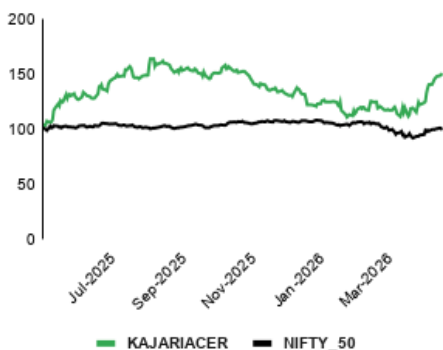
(As on March, 2026)

Promoters	47.69
FIIs	10.23
DIIIs	27.47
Public & Others	14.60

Stock Performance (%)

	1m	6m	12m
Kajaria Ceramics	11.7	(3.2)	38.2
NIFTY	5.9	(4.6)	(0.2)

Kajaria Ceramics vs Nifty 50



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Kajaria Ceramics Ltd(KJC) reported robust Q4FY26 numbers, revenue stood at INR 13,736 Mn (+12% YoY/+17% QoQ); above our estimates of INR 13,293 Mn. EBITDA stood at INR 2,635mn (+115% YoY/+31.2% QoQ); above our estimates of INR 2,419mn. EBITDA margin stood at 19.2% vs our estimate of 18.2%. PAT stood at INR 1,557mn (+266% YoY/+77.5% QoQ); above our estimates of INR 1,502 Mn. PAT margin stood at 11.3% in line with our estimate of 11.3% in Q4FY26.

Volume Growth expected to sustain: We anticipate the recovery in volumes to continue to sustain in FY27E as renovation and construction activity in key regions such as North and East India upticks. These geographies, which were impacted by heavy monsoons in the previous quarters, are expected to drive overall volume growth for KJC. We anticipate tile volumes for FY27E to be ~123 MSM.

Price Hike set to offset increasing input cost: Current margins of ~19% Q4FY26 are expected to sustain in further quarters except Q1. The margin expansion is backed by a mix of cost optimization initiatives, lower input costs and unification of segment sales pipelines to single touchpoint.

Export market outlook improving: With a gradual revival in the export market, domestic tile manufacturers such as KJC are bound to benefit. Export contribution has increased by nearly 12%+ over the past six months and is expected to improve further, aiding higher ASPs and reducing competitive pressure in the domestic market.

Bath ware and adhesive segments to gain traction: In FY26, the bath ware segment reported revenue of INR 4,136.4 Mn (+7.3% YoY), while the tile adhesive segment delivered INR 4,136 Mn (+77% YoY). We expect these segments to contribute approximately 10% and 5%, respectively, to consolidated revenue by FY27E, driven by higher brand recall and aligned high growth proxy segments.

Shift in market share from Unorganized to Organized: The constant shutdown and low utilization levels in Morbi has led to closure of multiple factories, this in turn has banked in favor of organized manufacturers like KJC leading to lower competitive intensity esp. in domestic markets.

Revamp in Supply unification to aid Volumes: A key factor beyond an uptick in the industry volumes is business unification initiatives by the company, where sub-verticals such as Vitrified/Non-Vitrified/Sanitary ware were consolidated under singular touchpoints eliminating sales cannibalization and cost optimization.

Outlook and Valuation: Q4FY26 results displayed an uptick in volumes and ASPs. We expect some drawback in margins in Q1FY27E given the inflation in gas prices, however this would be offset from Q2 onwards as KJC has implemented price hikes and revamped its sales processes. The sanitaryware segment is expected to witness ~10% YoY growth trajectory, while improved export realizations and recovering construction activity in North and East India should upkeep overall revenue growth. We value the company at a 35x P/E, based on FY28E EPS of INR 46.2, revising our target price to INR 1,617.

Summary (INR Mn)	FY25	FY26	FY27E	FY28E
Revenue	46,351	48,304	54,064	60,566
EBITDA	6,262	8,650	9,794	11,245
Margins %	13.5%	17.9%	18.1%	18.6%
Net Profit	3,000	4,860	5,935	7,353
NPM %	6.5%	10.1%	11.0%	12.1%
EPS	18.9	30.5	37.3	46.2
ROA (%)	8%	12%	13%	14%
ROIC(%)	16%	17%	20%	24%
RoE (%)	11%	16%	17%	17%
D/E	0.12	0.10	0.08	0.07

Source: Company, Arihant Research

INR Mn (Consolidated)	Q4FY26	Q3FY26	Q4FY25	Q-o-Q	Y-o-Y
Net Sales	13,734	11,683	12,219	17.6%	12.4%
Gross Profit	5,200	4,574	4,363	13.7%	16.0%
<i>Gross Margin</i>	<i>37.9%</i>	<i>39.2%</i>	<i>36.7%</i>	-	-
Employee costs	1,281	1,353	1,443	-4.0%	-9.6%
EBITDA	2,635	2,012	1,384	31.0%	90.4%
<i>EBITDA margin</i>	<i>19.2%</i>	<i>17.2%</i>	<i>11.3%</i>	-	-
Other Non-Operating Income	24	-280	65	-107.0%	-63.1%
Depreciation	423	291	434	2.0%	-2.5%
EBIT	1,716	1,597	949	38.5%	133.0%
Finance costs	58	59	57	-3.7%	-4.5%
PBT	2,211	1,258	1,235	77.7%	107.2%
Tax Expense	674	386	344	74.8%	95.9%
<i>Effective tax rate</i>	<i>30%</i>	<i>31%</i>	<i>32%</i>	-	-
PAT	1,561	872	735	79.0%	112.5%
<i>PAT margin</i>	<i>11.4%</i>	<i>7.4%</i>	<i>7.5%</i>	-	-
EPS	9.8	5.5	5.3	79.0%	112.5%

Concall Highlights - Q4FY26

Financial Performance & Margins

Kajaria Ceramics reported Q4FY26 revenue at INR 13,730 Mn (+12% YoY), PBT at INR 2,280 Mn and PAT at INR 1,360 Mn

Management guided for EBITDA margins of 18–19% in FY27, supported by cost optimisation, better realizations and operating efficiencies despite fuel volatility.

Working capital cycle improved to 51 days (Mar-26), with further reduction targeted

Operations & Strategy

In Q4FY26 production degrew by -7% YoY, but sales volume grew 11% YoY, resulting in a high EBITDA margin.

All owned plants operating at full utilization from Apr-26

Outsourcing to scale up to >40 MSM in FY27 (vs 32 MSM in FY26), with near-term Morbi disruptions seen as transient

KJC plans to invest INR 2.1bn in capex at Srikalahasti, AP by 10MSM p.a. from 8.8MSM centered towards GVT capacity currently, to be commissioned by FY27.

Energy & Pricing

Gas prices elevated: ~INR 62.5 (North), ~INR 79 (South/West)

Price hikes implemented: 12-13% (North), 16-17% (West)

Biofuel (~30% mix in North) at ~INR 20/unit vs >INR 84 gas in Morbi provides structural cost advantage

Competitive Landscape

Morbi players facing cost pressure, labour issues and weak cash flows; export economics impacted by high freight

Industry consolidation underway; operational Morbi plants expected to decline to ~150–160

Kajaria Ceramics well placed to gain share amid unorganised disruption.

Segments & Investments

Tiles revenue at INR 10,120 Mn (+11% YoY)

Bathware at INR 1,170 Mn (+6% YoY); other segments at INR 440 Mn

Acquired remaining 15% stake in bathware JV for INR 500 Mn (now fully owned)

Ad spends to increase 40–50% YoY in FY27 (base: INR 900–1,000 Mn)

Outlook

No volume guidance; management commentary remains strongly positive

FY27 expected to outperform FY26, led by demand recovery, execution improvements and unorganised sector weakness

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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