

October 17, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	1,288		1,281	
Sales (Rs. m)	52,325	57,000	52,571	56,490
% Chng.	(0.5)	0.9		
EBITDA (Rs. m)	8,477	9,690	8,420	9,603
% Chng.	0.7	0.9		
EPS (Rs.)	33.1	38.6	33.0	38.3
% Chng.	0.4	0.7		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	46,351	48,146	52,325	57,000
EBITDA (Rs. m)	6,262	7,703	8,477	9,690
Margin (%)	13.5	16.0	16.2	17.0
PAT (Rs. m)	3,426	4,628	5,278	6,152
EPS (Rs.)	21.5	29.1	33.1	38.6
Gr. (%)	(18.0)	35.1	14.0	16.6
DPS (Rs.)	4.7	6.4	7.3	8.5
Yield (%)	0.4	0.5	0.6	0.7
RoE (%)	12.8	15.9	16.1	16.6
RoCE (%)	17.6	21.4	21.4	22.1
EV/Sales (x)	4.2	4.0	3.6	3.3
EV/EBITDA (x)	31.2	25.0	22.4	19.2
PE (x)	58.2	43.1	37.8	32.4
P/BV (x)	7.3	6.5	5.7	5.1

Key Data

KAJR.BO | KJC IN

52-W High / Low	Rs.1,412 / Rs.745
Sensex / Nifty	83,468 / 25,585
Market Cap	Rs.199bn/ \$ 2,269m
Shares Outstanding	159m
3M Avg. Daily Value	Rs.668.79m

Shareholding Pattern (%)

Promoter's	47.61
Foreign	11.57
Domestic Institution	26.00
Public & Others	14.82
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	1.3	58.2	(9.9)
Relative	-	46.0	(12.0)

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Cost reductions leads margin expansion

Quick Pointers:

- Tiles volume grew 0.6% in Q2FY26
- EBITDA margin expanded by ~390bps YoY, while reduction in realization.

We have revised our FY27/28 earnings estimates upward by 0.4%/0.7% mainly with improvement in margins on account of cost saving with distribution consolidation, integration of tiles divisions and the discontinuation of low margin tiles. We had maintained our rating to 'HOLD' we value the stock at 36x Sep'27E EPS to arrive at revised TP of Rs1,288 (earlier Rs 1,281). The management has refrained from providing guidance due to prevailing low demand conditions but expects to outperform the industry in FY26. KJC expects decent growth in Bathware and Adhesives segment in FY26 and gradual pick up in domestic volumes as exports is expected to reach to FY24 levels. We have considered 5.2% CAGR in tiles volume over FY25-28E with EBITDA margin of 17.0% in FY28. Management indicated gradual pick-up in FY26 volumes, revival in exports due to lower freight rates, and expected improvement in margins, as the company works on cost rationalization and exits the low-margin plywood business. KJC expects to outperform the sector in volume growth once again through 1) increase outsourcing volume, 2) increase in dealer penetration & showrooms, 3) expansion in product portfolio, 4) intensify focus on govt. projects, and 5) improve business efficiency. We expect Revenue/EBITDA/PAT CAGR of 7.1%/15.7%/21.5% over FY25-28E. Maintained 'HOLD.'

Revenue grew by 2.1% YoY, PAT grew by 42.5% YoY: Revenues grew by 2.1% YoY to Rs 11.9bn (PLe: Rs 11.9bn), mainly due to flat volume growth of 0.6% YoY. Tiles segment revenue remained flat YoY to Rs 10.5bn (contributes 89% revenue) and other segment revenues grew by 7.0% YoY. Bathware division (contribute 9% rev.) grew by 13.6% YoY to Rs 1.0bn. Adhesives grew by 77.0% YoY to Rs322mn. Gross margins contracted by ~30bps YoY to 57.0% (PLe: 58.0%). EBITDA grew by 30.6% YoY to Rs2.1bn (PLe: Rs2.0bn). EBITDA margins expanded by ~390bps YoY to 18.0% (PLe: 17.0%). Fuel expenses (as a % of sales) stood at 18.1% in Q2FY26 from 19.3% in Q2FY25. PBT grew by 43.4% YoY to Rs1.8bn (PLe: Rs1.7bn). PAT grew by 42.5% YoY to Rs 1.3bn (PLe: Rs1.2bn).

Con call highlights: 1) KJC has refrained from providing FY26 guidance due to near-term soft demand, it remains confident of outperforming the industry. Domestic demand remained muted in H1FY26, but management expects a recovery in the coming quarters, supported by increased government infrastructure and development spending. **2)** Exports in the tiles industry grew by ~10% YoY to Rs 83bn, primarily due to easing in freight rates. However, for FY26, management expects exports to reach to Rs 180bn. **3)** EBITDAM expansion was aided by the consolidation of the dealer network and integration of Ceramic, GVT, and PVT tile divisions into one. This move, currently implemented in select states, has led to cost optimization, with full benefits expected as it scales pan-India. **4)**

KJC retail-to-project revenue mix stood at 70:30, with a growing focus on expanding participation in both government and private project segments. **5)** Nepal JV having an annual capacity of 5.1 MSM, operated at 86% utilization levels in Q2 with a volume of 0.7 MSM. **6)** The company has hired a management consultant to devise strategies for increasing market share, including revising incentive structures, conducting a state-by-state deep analysis to identify underperforming dealers, and mapping white spaces for expansion. **7)** Additionally, a dedicated team of 18–20 professionals has been formed to engage with architects and interior designers, enhancing brand visibility across Kajaria, Kerovit, and Gresbond. **8)** KJC currently has 1850 dealers, out of which 450 are exclusive dealers aiming to expand both networks. **9)** The pricing gap between Morbi players and KJC has been consistently maintained at around 20%, reflecting the company's strong brand positioning and premium product offering.

Exhibit 1: Q2FY26 Result Overview: Sales increased by 2.1% YoY, PAT grew by 42.5% YoY

Y/e March (Rs mn)	Q2 FY26	Q2 FY25	YoY gr. (%)	Q2 FY26E	% Var.	Q1 FY26	QoQ gr. (%)	H1 FY26	H1 FY25	YoY gr. (%)
Net Sales	11,860	11,618	2.1	11,937	(0.6)	11,027	7.6	22,888	22,576	1.4
Expenditure										
Operating & Manufacturing Expenses	5,103	4,967	2.7	5,014	1.8	4,425	15.3	9,528	9,544	(0.2)
% of Net Sales	43.0	42.8		42.0		40.1		40.1	203.1	
Gross Profit	6,757	6,651	1.6	6,924	(2.4)	6,603	2.3	13,360	13,032	2.5
% of Net Sales	57.0	57.2	(0.27)	58.0		59.9		59.9	30.9	
Personnel Cost	1,305	1,405	(7.1)	1,432	(8.9)	1,360	(4.0)	2,665	2,756	(3.3)
% of Net Sales	11.0	12.1		12.0		12.3		12.3	(53.5)	
Other Expenses	1,167	1,366	(14.6)	1,194	(2.3)	1,135	2.8	2,301	2,560	(10.1)
% of Net Sales	9.8	11.8		10.0		10.3		10.3	37.3	
Total Expenditure	9,726	9,983	(2.6)	9,908	(1.8)	9,159	6.2	18,884	19,231	(1.8)
EBITDA	2,135	1,635	30.6	2,029	5.2	1,869	14.2	4,003	3,345	19.7
Margin (%)	18.0	14.1		17.0		16.9		16.9	188.4	
Depreciation	419	404	3.7	422	(0.8)	436	(4.0)	855	823	3.9
EBIT	1,716	1,231	39.4	1,607	6.8	1,432	19.8	3,435	2,721	26.2
Other income	155	99	56.7	129	19.7	132	16.8	287	200	43.7
Interest	58	34	72.5	52	11.4	52	11.4	110	67	65.0
PBT	1,817	1,267	43.4	1,684	7.9	1,522	19.4	3,612	2,855	26.5
Total Taxes	472	350	34.8	421	12.1	396	19.1	868	708	22.6
ETR (%)	26.0	27.6		25.0		26.0		26.0	98.5	
Adjusted PAT	1,330.4	934	42.5	1,250	6.4	1,103	20.6	2,744	2,147	27.8

Source: Company, PL

Exhibit 2: Segmental Breakup: Tiles revenue remained flat YoY, with volume growth of 0.6% YoY

Y/e March (Rs mn)	Q2FY26	Q2FY25	YoY gr. (%)	Q1FY25	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Revenues								
Tiles	10,515	10,535	(0.2)	9,864	6.6	20,378	20,430	(0.3)
Others	1,346	1,258	7.0	1,180	14.1	2,510	2,146	17.0
Sales Volumes (Tiles in mn sq. m)								
Own Manufacturing	15.7	15.6	0.1	14.8	6.2	30.4	30.5	(0.4)
Subsidiaries	6.3	5.4	16.0	5.7	9.8	12.0	11.0	10.0
Outsource	6.9	7.6	(9.4)	6.7	3.3	13.6	14.2	(4.2)
Realisation (Rs/Sqm)								
Own Manufacturing	370	376	(1.4)	369	0.4	370	375	(1.5)
Subsidiaries	352	358	(1.8)	356	(1.2)	354	360	(1.8)
Outsource	362	356	1.7	356	1.8	359	354	1.4

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	46,351	48,146	52,325	57,000
YoY gr. (%)	3.6	3.9	8.7	8.9
Cost of Goods Sold	19,655	19,981	21,610	23,370
Gross Profit	26,695	28,165	30,715	33,630
Margin (%)	57.6	58.5	58.7	59.0
Employee Cost	5,661	5,777	6,279	6,555
Other Expenses	5,649	5,296	5,756	6,270
EBITDA	6,262	7,703	8,477	9,690
YoY gr. (%)	(9.4)	23.0	10.0	14.3
Margin (%)	13.5	16.0	16.2	17.0
Depreciation and Amortization	1,654	1,726	1,857	1,999
EBIT	4,608	5,977	6,620	7,691
Margin (%)	9.9	12.4	12.7	13.5
Net Interest	200	224	197	170
Other Income	427	600	710	780
Profit Before Tax	4,835	6,353	7,133	8,301
Margin (%)	10.4	13.2	13.6	14.6
Total Tax	1,360	1,652	1,795	2,089
Effective tax rate (%)	28.1	26.0	25.2	25.2
Profit after tax	3,475	4,701	5,338	6,212
Minority interest	57	48	48	48
Share Profit from Associate	8	(25)	(12)	(12)
Adjusted PAT	3,426	4,628	5,278	6,152
YoY gr. (%)	(18.0)	35.1	14.0	16.6
Margin (%)	7.4	9.6	10.1	10.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,426	4,628	5,278	6,152
YoY gr. (%)	(18.0)	35.1	14.0	16.6
Margin (%)	7.4	9.6	10.1	10.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,426	4,628	5,278	6,152
Equity Shares O/s (m)	159	159	159	159
EPS (Rs)	21.5	29.1	33.1	38.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	27,496	29,496	31,796	34,196
Tangibles	27,488	29,488	31,788	34,188
Intangibles	8	8	8	8
Acc: Dep / Amortization	10,641	12,368	14,224	16,223
Tangibles	10,641	12,368	14,224	16,223
Intangibles	-	-	-	-
Net fixed assets	16,855	17,128	17,572	17,973
Tangibles	16,847	17,120	17,564	17,965
Intangibles	8	8	8	8
Capital Work In Progress	1,087	1,087	1,087	1,087
Goodwill	319	319	319	319
Non-Current Investments	302	302	302	302
Net Deferred tax assets	(891)	(891)	(891)	(891)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	37	37	37	37
Inventories	6,181	6,244	6,753	7,303
Trade receivables	5,702	6,605	7,179	7,820
Cash & Bank Balance	5,829	8,343	11,052	14,372
Other Current Assets	571	571	571	571
Total Assets	37,562	41,342	45,639	50,619
Equity				
Equity Share Capital	159	159	159	159
Other Equity	27,284	30,686	34,566	39,088
Total Networkth	27,443	30,846	34,725	39,247
Non-Current Liabilities				
Long Term borrowings	714	714	714	714
Provisions	-	-	-	-
Other non current liabilities	779	809	880	958
Current Liabilities				
ST Debt / Current of LT Debt	1,046	846	646	446
Trade payables	3,381	3,432	3,711	4,014
Other current liabilities	2,651	3,148	3,414	3,692
Total Equity & Liabilities	37,562	41,342	45,639	50,619

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	3,345	4,628	5,278	6,152
Add. Depreciation	1,654	1,726	1,857	1,999
Add. Interest	134	150	132	114
Less Financial Other Income	427	600	710	780
Add. Other	1,037	(989)	(1,303)	(1,450)
Op. profit before WC changes	6,170	5,516	5,964	6,814
Net Changes-WC	12	444	597	680
Direct tax	(1,172)	(1,652)	(1,795)	(2,089)
Net cash from Op. activities	6,182	5,960	6,561	7,495
Capital expenditures	(2,205)	(2,000)	(2,300)	(2,400)
Interest / Dividend Income	-	-	-	-
Others	(1,515)	-	-	-
Net Cash from Invt. activities	(3,721)	(2,000)	(2,300)	(2,400)
Issue of share cap. / premium	14	-	-	-
Debt changes	100	(200)	(200)	(200)
Dividend paid	(1,752)	(1,226)	(1,398)	(1,629)
Interest paid	-	-	-	-
Others	(447)	-	-	-
Net cash from Fin. activities	(2,086)	(1,426)	(1,598)	(1,829)
Net change in cash	376	2,534	2,663	3,265
Free Cash Flow	3,977	3,960	4,261	5,095

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	11,556	12,219	11,027	11,860
YoY gr. (%)	0.3	1.1	0.6	2.1
Raw Material Expenses	4,717	5,395	4,425	5,103
Gross Profit	6,839	6,824	6,603	6,757
Margin (%)	59.2	55.8	59.9	57.0
EBITDA	1,533	1,384	1,869	2,135
YoY gr. (%)	(14.2)	(20.0)	9.3	30.6
Margin (%)	13.3	11.3	16.9	18.0
Depreciation / Depletion	397	434	436	419
EBIT	1,137	949	1,432	1,716
Margin (%)	9.8	7.8	13.0	14.5
Net Interest	74	60	52	58
Other Income	103	125	132	155
Profit before Tax	1,156	1,084	1,522	1,817
Margin (%)	10.0	8.9	13.8	15.3
Total Tax	307	344	396	472
Effective tax rate (%)	26.6	31.8	26.0	26.0
Profit after Tax	849	740	1,126	1,346
Minority interest	12	7	13	10
Share Profit from Associates	-	-	-	-
Adjusted PAT	846	663	1,103	1,330
YoY gr. (%)	(19.0)	(37.3)	13.1	42.5
Margin (%)	7.3	5.4	10.0	11.2
Extra Ord. Income / (Exp)	(10)	70	9	5
Reported PAT	836	733	1,112	1,335
YoY gr. (%)	(19.7)	(30.3)	16.8	47.7
Margin (%)	7.2	6.0	10.1	11.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	836	733	1,112	1,335
Avg. Shares O/s (m)	159	159	159	159
EPS (Rs)	5.3	4.2	6.9	8.4

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	21.5	29.1	33.1	38.6
CEPS	31.9	39.9	44.8	51.2
BVPS	172.3	193.7	218.0	246.4
FCF	25.0	24.9	26.8	32.0
DPS	4.7	6.4	7.3	8.5
Return Ratio(%)				
RoCE	17.6	21.4	21.4	22.1
ROIC	14.6	19.7	21.4	24.1
RoE	12.8	15.9	16.1	16.6
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.2)	(0.3)	(0.3)
Net Working Capital (Days)	67	71	71	71
Valuation(x)				
PER	58.2	43.1	37.8	32.4
P/B	7.3	6.5	5.7	5.1
P/CEPS	39.2	31.4	27.9	24.5
EV/EBITDA	31.2	25.0	22.4	19.2
EV/Sales	4.2	4.0	3.6	3.3
Dividend Yield (%)	0.4	0.5	0.6	0.7

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Oct-25	Hold	1,281	1,208
2	23-Jul-25	Hold	1,192	1,242
3	02-Jul-25	Accumulate	1,171	1,075
4	07-May-25	Accumulate	878	800
5	08-Apr-25	BUY	966	785
6	05-Feb-25	BUY	1,224	960
7	08-Jan-25	BUY	1,545	1,061
8	24-Oct-24	Accumulate	1,604	1,259

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Amber Enterprises India	BUY	9,889	8,418
2	Astral Ltd.	BUY	1,727	1,384
3	Avalon Technologies	Hold	1,083	1,253
4	Bajaj Electricals	BUY	664	549
5	Cello World	BUY	686	575
6	Century Plyboard (I)	Hold	818	808
7	Cera Sanitaryware	BUY	7,424	6,149
8	Crompton Greaves Consumer Electricals	BUY	391	293
9	Cyient DLM	Accumulate	478	441
10	Finolex Industries	Accumulate	240	206
11	Greenpanel Industries	BUY	410	299
12	Havells India	Accumulate	1,653	1,485
13	Kajaria Ceramics	Hold	1,281	1,208
14	Kaynes Technology India	Hold	7,427	7,593
15	KEI Industries	BUY	4,946	4,034
16	LG Electronics India	BUY	1,780	1,688
17	Polycab India	BUY	8,718	7,351
18	R R Kabel	BUY	1,615	1,268
19	Supreme Industries	Accumulate	4,758	4,200
20	Syrma SGS Technology	Accumulate	870	852
21	Voltas	Hold	1,440	1,354

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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