

December 22, 2025

Event Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	1,083		1,288	
Sales (Rs. m)	51,599	56,528	52,325	57,000
% Chng.	(1.4)	(0.8)		
EBITDA (Rs. m)	8,772	9,610	8,477	9,690
% Chng.	3.5	(0.8)		
EPS (Rs.)	33.6	37.9	33.1	38.6
% Chng.	1.3	(2.0)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	46,351	47,442	51,599	56,528
EBITDA (Rs. m)	6,262	8,065	8,772	9,610
Margin (%)	13.5	17.0	17.0	17.0
PAT (Rs. m)	3,426	4,632	5,345	6,032
EPS (Rs.)	21.5	29.1	33.6	37.9
Gr. (%)	(18.0)	35.2	15.4	12.9
DPS (Rs.)	4.7	6.4	7.4	8.3
Yield (%)	0.5	0.6	0.7	0.8
RoE (%)	12.8	15.9	16.4	16.4
RoCE (%)	17.6	22.4	22.1	21.8
EV/Sales (x)	3.5	3.4	3.0	2.7
EV/EBITDA (x)	26.0	19.9	17.9	16.0
PE (x)	48.8	36.1	31.3	27.7
P/BV (x)	6.1	5.4	4.8	4.3

Key Data

KAJR.BO | KJC IN

52-W High / Low	Rs.1,322 / Rs.745
Sensex / Nifty	85,567 / 26,172
Market Cap	Rs.167bn / \$ 1,863m
Shares Outstanding	159m
3M Avg. Daily Value	Rs.234.59m

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	(2.7)	2.6	(8.6)
Relative	(3.1)	(1.2)	(16.6)

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Vendor fraud identified, controls tightened

We attended the conference call hosted by Kajaria Ceramics (KJC) to discuss the fraud incident within its bathware subsidiary chain. Management stated that a limited vendor-related fraud at Kerovit Global Private Limited (KGPL), a step-down wholly owned subsidiary, was identified during the rollout of a strengthened digital vendor onboarding framework and CWIP reconciliation. The fraud involved embezzlement and fund siphoning by Mr. Dilip Kumar Maliwal, CFO of Kajaria Bathware Private Limited (KBPL), a wholly owned subsidiary of KJC. Corrective actions include termination of the executive, filing of police complaints, a potential forensic review, and recognition of ~Rs 200mn as an exceptional item in FY26, with partial recovery already initiated. The company emphasized that the incident is isolated and the financial impact remains limited. We upward our FY27E earnings estimate by 1.3% and downward FY28E earnings estimate by 2.0% and roll forward it to Dec'27 with a TP of Rs 1,083 (Earlier Rs 1,288). We have considered 5.0% CAGR in tiles volume over FY25-28E with EBITDA margin of 17.0% in FY28. We expect Revenue/EBITDA/PAT CAGR of 6.8%/15.3%/20.7% over FY25-28E. Maintained 'HOLD.'

Kajaria currently holds an 85% stake in KBPL: Kajaria Bathware Private Limited (KBPL), incorporated in 2013, manufactures bathware fittings and trades in sanitaryware products primarily under the Kerovit brand. The company operates a manufacturing facility at Gailpur, Rajasthan, with an installed capacity of 2.8mn pieces.

Conference Call Takeaways:

- KJC has implemented a structured vendor onboarding framework supported by a third-party digital platform, enabling end-to-end onboarding—from vendor registration to payment enablement—through a centralized portal across KJC and its subsidiaries. Vendors submit GST, PAN and bank details via a secure link, which are digitally validated; any discrepancies result in an immediate halt to transactions.
- The extended vendor validation exercise flagged inconsistencies at Kerovit Global, and during the transition to the new digital onboarding system and CWIP reconciliation, the fraud was detected, leading to the filing of a formal complaint and initiation of corrective actions.
- The company observed that the capex investment, despite being completed, continued to be reflected as CWIP. CWIP stood at Rs 60mn in FY25 and increased to Rs 140mn in 9MFY26, aggregating to Rs 200mn.
- The vendor had been associated with KJC for nearly eight years; however, the fraudulent activity occurred over the past two years.
- The fraud involved payments made by Kerovit to a vendor entity that effectively resulted in self-payments linked to the CFO.

- A complaint has been filed with the local police authorities, and investigations are ongoing. No depreciation had been charged, as the amounts remained classified under CWIP (Rs 60mn in FY25 and Rs 140mn in FY26).
- The incident pertains to a single supplier, wherein advance payments were made under the misrepresentation that they were towards plant and machinery procurement.
- The company has indicated that it will undertake further reviews and re-verification and may consider a forensic audit to strengthen controls and prevent recurrence through stricter systems.
- The financial impact of Rs 200mn will be recognized as an exceptional item in FY26. Around Rs 6mn has already been recovered, and the company is pursuing recovery of the remaining amount, in consultation with auditors.

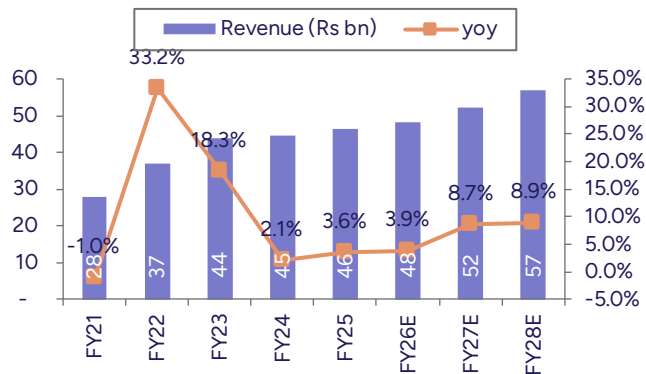
Cost Saving initiatives taken by KJC

- KJC initiated a pan-India sales unification process in April '25 as a strategic move to enhance focus, coordination, and execution across markets.
- In May '25, it launched Operation Manthan, a structured review of internal systems, processes, and the overall business framework, undertaken with support from KJC, aimed at identifying cost-optimization opportunities.
- The company is expected to savings of ~Rs 1.5bn on an annualized basis, driven by manpower rationalization, lower travel expenses, packaging optimization and improved raw material negotiations.
- From this Rs 1.5bn, Negotiation in procuring raw material comprise of ~Rs 800–900mn, ~Rs 200–250mn from manpower rationalization, ~Rs 150mn from travel expense reduction, and Rs 150mn from promoter salary not being withdrawn, with additional cost-reduction initiatives currently under evaluation.

PL View

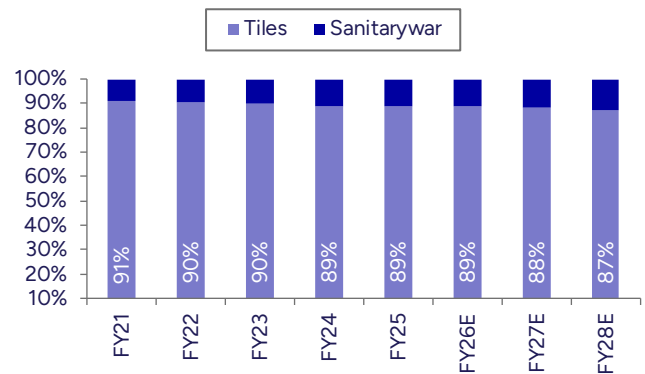
- The estimated exposure of ~Rs 200mn at KGPL will flow through to Kajaria Ceramics Ltd as the ultimate holding company; however, given the company's overall scale, the financial impact appears manageable.
- KBPL has terminated the services of the concerned executive. The Company has stated that the matter will be placed before the appropriate Board Committee to review the incident and strengthen internal control mechanisms to prevent recurrence
- This is a near-term governance negative warranting tighter scrutiny of internal controls, but with limited implications for core earnings trajectory.

Exhibit 1: Revenue to grow at 6.8% CAGR over FY25-28E



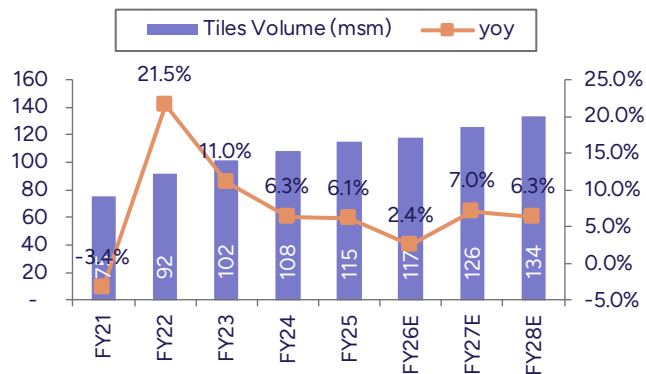
Source: Company, PL

Exhibit 2: Revenue Contribution segment-wise (%)



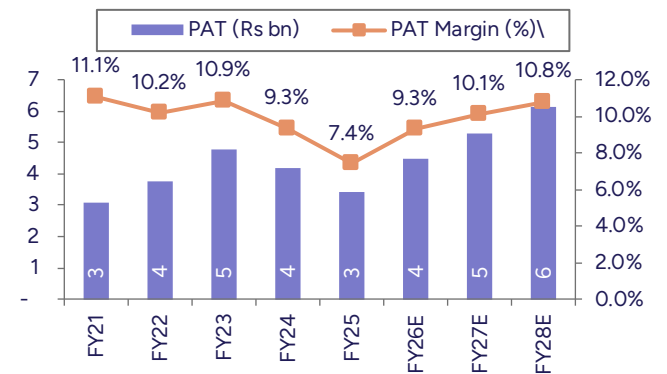
Source: Company, PL

Exhibit 3: Tiles volume to grow at 5.0% CAGR over FY25-28E



Source: Company, PL

Exhibit 4: PAT to grow at 20.7% CAGR over FY25-28E



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	46,351	47,442	51,599	56,528
YoY gr. (%)	3.6	2.4	8.8	9.6
Cost of Goods Sold	19,655	19,688	21,310	23,177
Gross Profit	26,695	27,753	30,289	33,352
Margin (%)	57.6	58.5	58.7	59.0
Employee Cost	5,661	5,598	6,089	6,501
Other Expenses	5,649	4,934	5,366	6,218
EBITDA	6,262	8,065	8,772	9,610
YoY gr. (%)	(9.4)	28.8	8.8	9.6
Margin (%)	13.5	17.0	17.0	17.0
Depreciation and Amortization	1,654	1,794	1,930	2,078
EBIT	4,608	6,271	6,842	7,532
Margin (%)	9.9	13.2	13.3	13.3
Net Interest	200	226	198	171
Other Income	427	600	710	780
Profit Before Tax	4,835	6,445	7,353	8,141
Margin (%)	10.4	13.6	14.3	14.4
Total Tax	1,360	1,740	1,949	2,049
Effective tax rate (%)	28.1	27.0	26.5	25.2
Profit after tax	3,475	4,705	5,405	6,092
Minority interest	57	48	48	48
Share Profit from Associate	8	(25)	(12)	(12)
Adjusted PAT	3,426	4,632	5,345	6,032
YoY gr. (%)	(18.0)	35.2	15.4	12.9
Margin (%)	7.4	9.8	10.4	10.7
Extra Ord. Income / (Exp)	-	(146)	-	-
Reported PAT	3,426	4,486	5,345	6,032
YoY gr. (%)	(18.0)	30.9	19.1	12.9
Margin (%)	7.4	9.5	10.4	10.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,426	4,486	5,345	6,032
Equity Shares O/s (m)	159	159	159	159
EPS (Rs)	21.5	29.1	33.6	37.9

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	12,436	14,366	16,444
Tangibles	10,641	12,436	14,366	16,444
Intangibles	-	-	-	-
Net fixed assets	16,855	17,060	17,430	17,752
Tangibles	16,847	17,052	17,422	17,744
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	6,152	6,659	7,242
Trade receivables	5,702	6,509	7,079	7,755
Cash & Bank Balance	5,829	8,308	11,160	14,468
Other Current Assets	571	571	571	571
Total Assets	37,562	41,041	45,401	50,362
Equity				
Equity Share Capital	159	159	159	159
Other Equity	27,284	30,543	34,472	38,906
Total Networth	27,443	30,702	34,631	39,065
Non-Current Liabilities				
Long Term borrowings	714	714	714	714
Provisions	-	-	-	-
Other non current liabilities	779	797	867	950
Current Liabilities				
ST Debt / Current of LT Debt	1,046	846	646	446
Trade payables	3,381	3,381	3,660	3,980
Other current liabilities	2,651	3,051	3,334	3,658
Total Equity & Liabilities	37,562	41,041	45,401	50,362

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	3,345	5,032	5,345	6,032
Add. Depreciation	1,654	1,794	1,930	2,078
Add. Interest	134	151	133	115
Less Financial Other Income	427	600	710	780
Add. Other	1,037	(1,287)	(1,262)	(1,465)
Op. profit before WC changes	6,170	5,691	6,146	6,759
Net Changes-WC	12	393	576	687
Direct tax	(1,172)	(1,740)	(1,949)	(2,049)
Net cash from Op. activities	6,182	6,084	6,722	7,446
Capital expenditures	(2,205)	(2,000)	(2,300)	(2,400)
Interest / Dividend Income	-	-	-	-
Others	(1,515)	-	-	-
Net Cash from Invst. activities	(3,721)	(2,000)	(2,300)	(2,400)
Issue of share cap. / premium	14	(146)	-	-
Debt changes	100	(200)	(200)	(200)
Dividend paid	(1,752)	(1,227)	(1,416)	(1,598)
Interest paid	-	-	-	-
Others	(447)	-	-	-
Net cash from Fin. activities	(2,086)	(1,573)	(1,616)	(1,798)
Net change in cash	376	2,511	2,807	3,249
Free Cash Flow	3,977	4,084	4,422	5,046

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	21.5	29.1	33.6	37.9
CEPS	31.9	40.3	45.7	50.9
BVPS	172.3	192.8	217.4	245.3
FCF	25.0	25.6	27.8	31.7
DPS	4.7	6.4	7.4	8.3
Return Ratio(%)				
RoCE	17.6	22.4	22.1	21.8
ROIC	14.6	20.4	21.9	23.9
RoE	12.8	15.9	16.4	16.4
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	48.8	36.1	31.3	27.7
P/B	6.1	5.4	4.8	4.3
P/CEPS	32.9	26.0	23.0	20.6
EV/EBITDA	26.0	19.9	17.9	16.0
EV/Sales	3.5	3.4	3.0	2.7
Dividend Yield (%)	0.5	0.6	0.7	0.8

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

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	17-Oct-25	Hold	1,288	1,251
2	06-Oct-25	Hold	1,281	1,208
3	23-Jul-25	Hold	1,192	1,242
4	02-Jul-25	Accumulate	1,171	1,075
5	07-May-25	Accumulate	878	800
6	08-Apr-25	BUY	966	785
7	05-Feb-25	BUY	1,224	960
8	08-Jan-25	BUY	1,545	1,061

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Amber Enterprises India	BUY	8,269	6,626
2	Astral Ltd.	BUY	1,778	1,566
3	Avalon Technologies	Hold	1,083	1,062
4	Bajaj Electricals	BUY	600	514
5	Cello World	BUY	732	611
6	Century Plyboard (I)	Hold	845	799
7	Cera Sanitaryware	BUY	7,178	5,761
8	Crompton Greaves Consumer Electricals	BUY	375	279
9	Cyient DLM	Accumulate	478	441
10	Finolex Industries	Accumulate	228	188
11	Greenpanel Industries	BUY	399	270
12	Havells India	Accumulate	1,653	1,487
13	Kajaria Ceramics	Hold	1,288	1,251
14	Kaynes Technology India	BUY	5,624	3,807
15	KEI Industries	BUY	4,926	4,173
16	LG Electronics India	BUY	1,920	1,618
17	Polycab India	BUY	8,808	7,440
18	R R Kabel	BUY	1,634	1,391
19	Supreme Industries	BUY	4,723	4,001
20	Syrma SGS Technology	Accumulate	874	831
21	Voltas	Hold	1,411	1,351

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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