PL Capital
PRABHUDAS LILLADHER

Kajaria Ceramics (KJC IN)

Rating: BUY | CMP: Rs902 | TP: Rs1,056

January 30, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		HOLD	
Target Price	1,056		1,053	
Sales (Rs. m)	51,096	55,993	51,599	56,528
% Chng.	*(1.0)*	*(0.9)*		
EBITDA (Rs. m)	8,686	9,519	8,772	9,610
% Chng.	*(1.0)*	*(0.9)*		
EPS (Rs.)	33.4	37.7	33.6	37.9
% Chng.	*(0.4)*	*(0.4)*		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	46,351	46,909	51,096	55,993
EBITDA (Rs. m)	6,262	7,975	8,686	9,519
Margin (%)	*13.5*	*17.0*	*17.0*	*17.0*
PAT (Rs. m)	3,426	4,519	5,324	6,008
EPS (Rs.)	21.5	28.4	33.4	37.7
Gr. (%)	*(18.0)*	*31.9*	*17.8*	*12.9*
DPS (Rs.)	4.7	6.2	7.4	8.3
Yield (%)	*0.5*	*0.7*	*0.8*	*0.9*
RoE (%)	*12.8*	*15.6*	*16.4*	*16.4*
RoCE (%)	*17.6*	*22.3*	*22.2*	*21.9*
EV/Sales (x)	3.0	2.9	2.6	2.3
EV/EBITDA (x)	22.3	17.2	15.5	13.8
PE (x)	41.9	31.8	27.0	23.9
P/BV (x)	5.2	4.7	4.2	3.7

Key Data	KAJR.BO | KJC IN
52-W High / Low	Rs.1,322 / Rs.745
Sensex / Nifty	82,270 / 25,321
Market Cap	Rs.144bn/ $ 1,562m
Shares Outstanding	159m
3M Avg. Daily Value	Rs.257.82m

Shareholding Pattern (%)

Promoter's	47.69
Foreign	11.66
Domestic Institution	26.30
Public & Others	14.35
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(6.8)	(22.8)	(9.3)
Relative	(4.1)	(23.5)	(15.4)

Praveen Sahay
praveensahay@plindia.com | 91-22-66322369

Rahul Shah
rahulshah@plindia.com | 91-22-66322534

Softness in demand leads flat volumes

Quick Pointers:

- Tiles volume remained flat in Q3FY26
- EBITDA margin expanded by ~400bps YoY, while reduction in realization.

We tweak our earnings estimates for FY27/FY28 and upgraded our rating to 'BUY' from 'HOLD' due to recent correction in stock prices. We value the stock at 28x Mar'28E EPS to arrive at revised TP of Rs1,056. The management has refrained from providing FY26 revenue guidance due to near-term demand softness, however guided for EBITDA margins in the range of 17–18% for FY26. In Q3 FY26, volumes were flat due to weak demand and dealer de-stocking, amid dealer churn, network rationalisation, SKU liquidation and higher cross-selling. Management noted Jan'26 trends have turned positive and expects growth momentum to pick up ahead. KJC expects Industry tile exports to reach Rs 160bn in FY26 (9MFY26 it was Rs120bn). We have considered 5.0% CAGR in tiles volume over FY25-28E with cons. EBITDA margin of 17.0% in FY28. We expect Revenue/EBITDA/PAT CAGR of 6.5%/15.0%/20.6% over FY25-28E. Upgrade to 'BUY.'

Q3FY26 financial performance: Revenues grew by 1.1% YoY to Rs11.7bn (PLe: Rs12.2bn), mainly due to flat volume growth of 0.2% YoY. Tiles segment revenue declined 1% YoY to Rs 10.3bn (contributes 88% revenue) and other segment revenues grew by 12.4% YoY. Bathware division (contribute 9% rev.) grew by 9.2% YoY to Rs 1.0bn. Adhesives grew by 72.0% YoY to Rs352mn. Gross margins contracted by ~80bps YoY to 58.4% (PLe: 58.0%). EBITDA grew by 31.2% YoY to Rs2.0bn (PLe: Rs2.2bn). EBITDA margins expanded by ~400bps YoY to 17.2% (PLe: 18.0%). Fuel expenses (as a % of sales) stood at 19.3% in Q3FY26 from 20.9% in Q3FY25. PBT grew by 8.1% YoY to Rs1.3bn (PLe: Rs1.9bn). PAT grew by 4.0% YoY to Rs 0.8bn (PLe: Rs1.4bn).

9MFY26 financial performance: Revenues grew by 1.3% YoY to Rs 35bn, mainly due to flat volume growth of 0.5% YoY. Tiles segment revenue remained flat at Rs 31bn and other segment revenues grew by 18.1% YoY. Bathware division (contribute 9% rev.) grew by 8% YoY to Rs 3.0bn. Adhesives grew by 71.0% YoY to Rs 992mn. Gross margins remained flat YoY at 58.4%. EBITDA grew by 23.3% YoY to Rs6.0bn. EBITDA margins expanded by ~310bps YoY to 17.4%. PBT grew by 20.7% YoY to Rs5.0bn. PAT grew by 19.9% YoY to Rs 3.7bn.

Con call highlights: 1) Kajaria Ceramics Ltd (KJC) has refrained from providing FY26 revenue guidance due to near-term demand softness, however guided for EBITDA margins in the range of 17–18% for FY26. **2)** KJC EBITDA margin contracted by 80bps QoQ in Q3 FY26, primarily due to lower sales realisations as the company offered discounts to rationalise its SKU portfolio. **3)** KJC, converted one unit with a capacity of 9.10 msm pa from ceramic floor tiles to glazed vitrified tiles, to enhance the share of value-added products. **4)** In Q3FY26 volumes remained flat due to a weak market environment and dealer-level de-stocking. Management highlighted that significant dealer churn and network rationalisation took place during the quarter, alongside increased cross-selling across tile categories and liquidation of higher SKU inventory. However, early trends in January have turned encouraging, and the company expects growth momentum to improve going forward. **5)** Advertisement spend was Rs 240mn in Q3FY26, with FY26 ad expenditure expected to be lower due to cost savings from skipping the overseas dealer meet and improved vendor negotiations, while maintaining effective brand visibility. **6)** The gas prices in Q3FY26 averaged was Rs37, with North/South at Rs 38 and West at Rs37 on a blended basis and expects a Rs1 increase in Q4 FY26. **7)** KJC has implemented an 8–12% price hike in faucet in Jan'26, in line with industry trends, while a modest price increase in sanitaryware is planned from March'26, with the exact extent still under evaluation. **8)** KJC retail-to-project revenue mix stood at 70:30, with a growing focus on expanding participation in both government and private project segments. **9)** Management highlighted that the previously disclosed fraud remains unchanged; a forensic audit is underway, alongside tighter internal controls and revised signing authorities. **10)** Industry tile exports stood at RS 40bn in Q3FY26 and 120bn in 9MFY26 and company expects to reach Rs 160bn in FY26. **11)** Management expects gradual formalisation of the tile industry, driven by GST and rising preference for branded products. Over the next 2–3 years, the industry mix is likely to shift from the current ~40% organised / 60% Morbi to a more balanced ~50:50, benefiting organised players.

Exhibit 1: Q3FY26 Result Overview: Sales increased by 1.1% YoY, PAT grew by 4.0% YoY

Y/e March (Rs mn)	Q3FY26	Q3FY25	*YoY er. (%)*	Q3FY26E	*% Var*	Q2FY26	*QoQ er. (%)*	9MFY26	9MFY25	*YoY er. (%)*
Net Sales	**11,683**	**11,556**	***1.1***	**12,220**	***(4.4)***	**11,860**	***(1.5)***	**34,570**	**34,132**	***1.3***
Expenditure										
Operating & Manufacturing Expenses	4,857	4,717	*3.0*	5,132	*(5.4)*	5,103	*(4.8)*	14,385	14,261	*0.9*
% of Net Sales	*41.6*	*40.8*		*42.0*		*43.0*		*41.6*	*41.8*	
Gross Profit	**6,826**	**6,839**	*(0.2)*	**7,088**	*(3.7)*	**6,757**	*1.0*	**20,186**	**19,872**	*1.6*
% of Net Sales	*58.4*	*59.2*	*(0.76)*	*58.0*		*57.0*		*58.4*	*58.2*	
Personnel Cost	1,353	1,473	*(8.1)*	1,344	*0.6*	1,305	*3.6*	4,018	4,228	*(5.0)*
% of Net Sales	*11.6*	*12.7*		*11.0*		*11.0*		*11.6*	*12.4*	
Other Expenses	1,210	1,421	*(14.8)*	1,222	*(1.0)*	1,167	*3.7*	3,511	3,981	*(11.8)*
% of Net Sales	*10.4*	*12.3*		*10.0*		*9.8*		*10.2*	*11.7*	
Total Expenditure	9,671	10,023	*(3.5)*	10,021	*(3.5)*	9,726	*(0.6)*	28,555	29,254	*(2.4)*
EBITDA	**2,012**	**1,533**	***31.2***	**2,200**	***(8.5)***	**2,135**	***(5.7)***	**6,015**	**4,878**	***23.3***
Margin (%)	*17.2*	*13.3*	***4.0***	*18.0*		*18.0*		*17.4*	*14.3*	***3.1***
Depreciation	415	397	*4.7*	411	*0.9*	419	*(0.9)*	1,270	1,220	*4.2*
EBIT	**1,597**	**1,137**	***40.5***	**1,788**	***(10.7)***	**1,716**	***(6.9)***	**4,745**	**3,961**	***19.8***
Other income	117	103	*13.2*	155	*(24.8)*	155	*(24.6)*	404	303	*33.3*
Interest	59	74	*(19.6)*	58	*2.8*	58	*2.8*	169	140	*20.4*
PBT	**1,250**	**1,156**	***8.1***	**1,686**	***(25.8)***	**1,817**	***(31.2)***	**4,979**	**4,124**	***20.7***
Total Taxes	386	307	*25.5*	491	*(21.5)*	472	*(18.3)*	1,254	1,015	*23.5*
ETR (%)	*30.8*	*26.6*		*29.1*		*26.0*		*25.2*	*24.6*	
Extra-ordinary income / (exp)	(404)	(10)	*3,941.0*	(200)	*102.1*	5		(390)	(62)	*527.3*
Adjusted PAT	**880.1**	**846**	***4.0***	**1,384**	***(36.4)***	**1,330**	***(33.8)***	**3,726**	**3,108**	***19.9***

Source: Company, PL

Exhibit 2: Segmental Breakup: Tiles revenue declined by 1.0% YoY, with a flat volume growth YoY

Y/e March (Rs mn)	Q3FY26	Q3FY25	*YoY gr. (%)*	Q2FY26	*QoQ gr. (%)*	9MFY26	9MFY25	*YoY gr. (%)*
Revenues								
Tiles	10,299	10,407	*(1.0)*	10,515	*(2.0)*	30,677	30,837	*(0.5)*
Others	1,384	1,231	*12.4*	1,346	*2.8*	3,893	3,295	*18.1*
Sales Volumes (Tiles in mn sq. m)								
Own Manufacturing	15.4	15.4	-	15.7	*(1.4)*	45.9	46.0	*(0.3)*
Subsidiaries	7.0	5.9	*18.9*	6.3	*10.8*	19.0	16.8	*13.1*
Outsource	6.6	7.6	*(13.7)*	6.9	*(5.2)*	20.2	21.8	*(7.5)*
Realisation (Rs/Sqm)								
Own Manufacturing	365	368	*(0.9)*	370	*(1.4)*	368	373	*(1.3)*
Subsidiaries	328	352	*(6.9)*	352	*(6.7)*	344	357	*(3.7)*
Outsource	363	349	*3.8*	362	*0.1*	360	352	*2.2*

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	**46,351**	**46,909**	**51,096**	**55,993**
YoY gr. (%)	*3.6*	*1.2*	*8.9*	*9.6*
Cost of Goods Sold	19,655	19,467	21,103	22,957
Gross Profit	26,695	27,442	29,993	33,036
Margin (%)	*57.6*	*58.5*	*58.7*	*59.0*
Employee Cost	5,661	5,535	6,029	6,439
Other Expenses	5,649	4,879	5,314	6,159
EBITDA	**6,262**	**7,975**	**8,686**	**9,519**
YoY gr. (%)	*(9.4)*	*27.4*	*8.9*	*9.6*
Margin (%)	*13.5*	*17.0*	*17.0*	*17.0*
Depreciation and Amortization	1,654	1,686	1,814	1,953
EBIT	**4,608**	**6,288**	**6,872**	**7,566**
Margin (%)	*9.9*	*13.4*	*13.5*	*13.5*
Net Interest	200	227	200	173
Other Income	427	530	656	720
Profit Before Tax	**4,835**	**6,201**	**7,329**	**8,113**
Margin (%)	*10.4*	*13.2*	*14.3*	*14.5*
Total Tax	1,360	1,674	1,942	2,042
Effective tax rate (%)	*28.1*	*27.0*	*26.5*	*25.2*
Profit after tax	**3,475**	**4,526**	**5,386**	**6,071**
Minority interest	57	8	63	63
Share Profit from Associate	8	-	-	-
Adjusted PAT	**3,426**	**4,519**	**5,324**	**6,008**
YoY gr. (%)	*(18.0)*	*31.9*	*17.8*	*12.9*
Margin (%)	*7.4*	*9.6*	*10.4*	*10.7*
Extra Ord. Income / (Exp)	-	(285)	-	-
Reported PAT	**3,426**	**4,234**	**5,324**	**6,008**
YoY gr. (%)	*(18.0)*	*23.6*	*25.7*	*12.9*
Margin (%)	*7.4*	*9.0*	*10.4*	*10.7*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,426	4,234	5,324	6,008
Equity Shares O/s (m)	**159**	**159**	**159**	**159**
EPS (Rs)	**21.5**	**28.4**	**33.4**	**37.7**

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**	**12,328**	**14,141**	**16,094**
Tangibles	10,641	12,328	14,141	16,094
Intangibles	-	-	-	-
Net fixed assets	**16,855**	**17,168**	**17,654**	**18,102**
Tangibles	16,847	17,160	17,647	18,094
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	6,083	6,594	7,174
Trade receivables	5,702	6,436	7,010	7,682
Cash & Bank Balance	5,829	8,040	10,765	13,935
Other Current Assets	571	571	571	571
Total Assets	**37,562**	**40,731**	**45,089**	**50,029**
Equity				
Equity Share Capital	159	159	159	159
Other Equity	27,284	30,321	34,234	38,651
Total Networth	**27,443**	**30,480**	**34,394**	**38,811**
Non-Current Liabilities				
Long Term borrowings	714	714	714	714
Provisions	-	-	-	-
Other non current liabilities	779	788	859	941
Current Liabilities				
ST Debt / Current of LT Debt	1,046	846	646	446
Trade payables	3,381	3,343	3,624	3,943
Other current liabilities	2,651	3,011	3,304	3,626
Total Equity & Liabilities	**37,562**	**40,731**	**45,089**	**50,029**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	3,345	5,299	5,324	6,008
Add. Depreciation	1,654	1,686	1,814	1,953
Add. Interest	134	152	134	116
Less Financial Other Income	427	530	656	720
Add. Other	1,037	(1,575)	(1,279)	(1,481)
Op. profit before WC changes	6,170	5,563	5,992	6,595
Net Changes-WC	12	321	573	683
Direct tax	(1,172)	(1,674)	(1,942)	(2,042)
Net cash from Op. activities	**6,182**	**5,884**	**6,565**	**7,278**
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	(285)	-	-
Debt changes	100	(200)	(200)	(200)
Dividend paid	(1,752)	(1,197)	(1,410)	(1,592)
Interest paid	-	-	-	-
Others	(447)	-	-	-
Net cash from Fin. activities	**(2,086)**	**(1,682)**	**(1,610)**	**(1,792)**
Net change in cash	**376**	**2,202**	**2,655**	**3,087**
Free Cash Flow	3,977	3,884	4,265	4,878

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	**12,219**	**11,027**	**11,860**	**11,683**
YoY gr. (%)	*1.1*	*0.6*	*2.1*	*1.1*
Raw Material Expenses	5,395	4,425	5,103	4,857
Gross Profit	6,824	6,603	6,757	6,826
Margin (%)	*55.8*	*59.9*	*57.0*	*58.4*
EBITDA	**1,384**	**1,869**	**2,135**	**2,012**
YoY gr. (%)	*(20.0)*	*9.3*	*30.6*	*31.2*
Margin (%)	*11.3*	*16.9*	*18.0*	*17.2*
Depreciation / Depletion	434	436	419	415
EBIT	**949**	**1,432**	**1,716**	**1,597**
Margin (%)	*7.8*	*13.0*	*14.5*	*13.7*
Net Interest	60	52	58	59
Other Income	125	132	155	117
Profit before Tax	**1,084**	**1,522**	**1,817**	**1,250**
Margin (%)	*8.9*	*13.8*	*15.3*	*10.7*
Total Tax	344	396	472	386
Effective tax rate (%)	*31.8*	*26.0*	*26.0*	*30.8*
Profit after Tax	**740**	**1,126**	**1,346**	**864**
Minority interest	7	13	10	(16)
Share Profit from Associates	-	-	-	-
Adjusted PAT	**663**	**1,103**	**1,330**	**880**
YoY gr. (%)	*(37.3)*	*13.1*	*42.5*	*4.0*
Margin (%)	*5.4*	*10.0*	*11.2*	*7.5*
Extra Ord. Income / (Exp)	70	9	5	-
Reported PAT	**733**	**1,112**	**1,335**	**880**
YoY gr. (%)	*(30.3)*	*16.8*	*47.7*	*5.2*
Margin (%)	*6.0*	*10.1*	*11.3*	*7.5*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**733**	**1,112**	**1,335**	**880**
Avg. Shares O/s (m)	159	159	159	159
EPS (Rs)	**4.2**	**6.9**	**8.4**	**5.5**

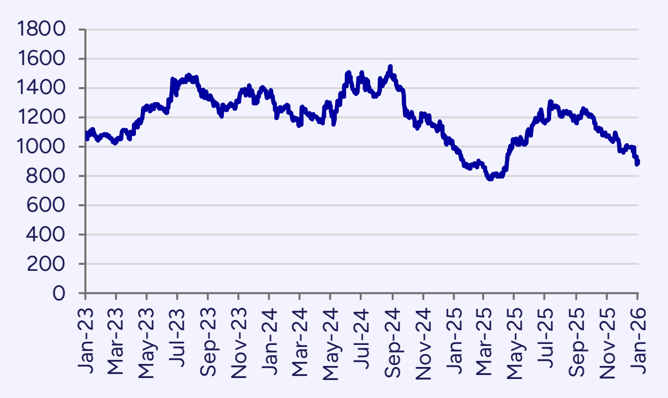
Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	21.5	28.4	33.4	37.7
CEPS	31.9	39.0	44.8	50.0
BVPS	172.3	191.4	215.9	243.7
FCF	25.0	24.4	26.8	30.6
DPS	4.7	6.2	7.4	8.3
Return Ratio(%)				
RoCE	17.6	22.3	22.2	21.9
ROIC	14.6	20.4	21.9	23.7
RoE	12.8	15.6	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	41.9	31.8	27.0	23.9
P/B	5.2	4.7	4.2	3.7
P/CEPS	28.3	23.2	20.1	18.1
EV/EBITDA	22.3	17.2	15.5	13.8
EV/Sales	3.0	2.9	2.6	2.3
Dividend Yield (%)	0.5	0.7	0.8	0.9

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	Hold	1,053	1,003
2	22-Dec-25	Hold	1,083	1,049
3	17-Oct-25	Hold	1,288	1,251
4	06-Oct-25	Hold	1,281	1,208
5	23-Jul-25	Hold	1,192	1,242
6	02-Jul-25	Accumulate	1,171	1,075
7	07-May-25	Accumulate	878	800
8	08-Apr-25	BUY	966	785
9	05-Feb-25	BUY	1,224	960

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Amber Enterprises India	BUY	8,263	6,712
2	Astral Ltd.	BUY	1,736	1,487
3	Avalon Technologies	BUY	1,100	908
4	Bajaj Electricals	BUY	597	476
5	Cello World	BUY	732	533
6	Century Plyboard (I)	Hold	842	811
7	Cera Sanitaryware	BUY	7,372	5,177
8	Crompton Greaves Consumer Electricals	BUY	362	263
9	Cyient DLM	Accumulate	418	364
10	Finolex Industries	Accumulate	211	181
11	Greenpanel Industries	BUY	400	229
12	Havells India	Accumulate	1,634	1,447
13	Kajaria Ceramics	Hold	1,053	1,003
14	Kaynes Technology India	BUY	5,542	3,998
15	KEI Industries	BUY	5,573	3,853
16	LG Electronics India	BUY	1,920	1,456
17	Polycab India	BUY	9,744	7,122
18	Premier Energies	BUY	892	683
19	R R Kabel	BUY	1,788	1,537
20	Supreme Industries	BUY	4,566	3,349
21	Syrma SGS Technology	Accumulate	860	750
22	Vikram Solar	BUY	326	215
23	Voltas	Hold	1,442	1,349
24	Waaree Energies	BUY	3,600	2,599

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

ANALYST CERTIFICATION

(Indian Clients)

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209
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