

July 23, 2025

## Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>HOLD</b>		<b>ACCUMULATE</b>	
<b>Target Price</b>	<b>1,192</b>		<b>1,171</b>	
Sales (Rs. m)	49,080	52,692	50,384	55,235
% Chng.	(2.6)	(4.6)		
EBITDA (Rs. m)	7,762	8,439	6,920	7,755
% Chng.	12.2	8.8		
EPS (Rs.)	29.3	33.1	24.8	29.3
% Chng.	18.0	13.1		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	44,740	46,351	49,080	52,692
EBITDA (Rs. m)	6,914	6,262	7,762	8,439
Margin (%)	15.5	13.5	15.8	16.0
PAT (Rs. m)	4,181	3,426	4,661	5,273
EPS (Rs.)	26.2	21.5	29.3	33.1
Gr. (%)	(12.2)	(18.0)	36.0	13.1
DPS (Rs.)	5.8	4.7	6.4	7.3
Yield (%)	0.5	0.4	0.5	0.6
RoE (%)	16.9	12.8	16.0	16.1
RoCE (%)	22.2	17.6	21.4	21.3
EV/Sales (x)	4.3	4.2	3.9	3.6
EV/EBITDA (x)	28.1	30.9	24.6	22.3
PE (x)	47.3	57.7	42.4	37.5
P/BV (x)	7.6	7.2	6.4	5.7

### Key Data

KAJR.BO | KJC IN

52-W High / Low	Rs.1,579 / Rs.745
Sensex / Nifty	82,187 / 25,061
Market Cap	Rs.198bn / \$ 2,290m
Shares Outstanding	159m
3M Avg. Daily Value	Rs.670.01m

### Shareholding Pattern (%)

Promoter's	47.49
Foreign	15.79
Domestic Institution	27.68
Public & Others	9.04
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	21.4	20.4	(10.6)
Relative	21.8	11.9	(12.5)

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## Cost reductions leads margin expansion

### Quick Pointers:

- Tiles volume grew 0.7% in Q1FY26
- EBITDA margin expanded by ~160bps YoY, while reduction in realization.

*We have revised our FY26/27 earnings estimates upward by 18.0%/13.1% 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 downgraded our rating to 'HOLD' from 'Accumulate', we value the stock at 36x FY27E EPS to arrive at revised TP of Rs1,192 (earlier Rs 1,171). 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 4.8% CAGR in tiles volume over FY25-27E with cons. EBITDA margin of 16.0% in FY27. 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 healthy earnings growth driven by margin expansion, though volume growth is likely to remain challenging. We expect Revenue/EBITDA/PAT CAGR of 6.6%/16.1%/24.0% over FY25-27E. Downgrade to HOLD.*

**Revenue grew by 0.6% YoY, PAT grew by 13.1% YoY:** Revenues grew by 0.6% YoY to Rs 11.0bn (PLe: Rs 11.6bn), mainly due to single digit growth in volume (0.7% YoY). Tiles segment revenue decline by 0.3% YoY to Rs 9.9bn (contributes 89%sales) and other segment revenues declined by 5.0% YoY. Bathware division (contributes 8%rev.) grew by 0.5% YoY to 915mn. Adhesives segment grew by 64.0% YoY to Rs 249mn. Gross margin expanded by ~160bps YoY to 59.9% YoY (PLe: 57.0%). EBITDA grew by 9.3% YoY to Rs1.9bn (PLe: Rs1.7bn). EBITDA margin expanded by ~130bps YoY to 16.9% (PLe: 14.5%). Fuel expenses (as a % of sales) stood at 20.3% in Q1FY26 from 19.4% in Q1FY25. PBT grew by 13.9% YoY to Rs1.5bn (PLe: Rs1.3bn). PAT grew by 13.1% YoY to Rs 1.1bn (PLe: Rs 0.9bn).

**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 Q1FY26, but management expects a recovery in the coming quarters, supported by increased government infrastructure and development spending. **2)** Exports in the tiles industry declined 20% YoY to Rs 160bn, primarily due to rising ocean freight rates and geopolitical uncertainty in Gulf regions. However, for FY26, management expects exports to reach to Rs 200bn as freight costs ease. In Q1, the exports stood at Rs45bn. **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)** Fuel prices for the North/South/West stood at Rs 38/39/36 SCM. **5)** Tier1/Tier2/Tier3/Tier4 cities contributed 15%/30%/30%/15%

to the topline in Q1FY26. **6)** North/South/West/East contributed 35/30/15/20% to the topline in Q1FY26. **7)** In FY25, the Bathware/Adhesives segments contributed Rs3.8bn/Rs768mn, KJC aims to reach Rs4.8bn/1.2bn in FY26. **8)** The Gailpur Adhesives plant was commissioned in Q1FY26, and KJC is planning to set up another plant in Tamil Nadu, to serve the Southern market, expected to be operational by Q2FY26. **9)** Government projects contributed 4–6% to revenue and are expected to gradually increase going forward. **10)** Nepal JV having an annual capacity of 5.1 MSM, operated at 69% utilization levels in Q1 with a volume of 0.87 MSM. **11)** KJC currently has 1850 dealers, out of which 450 are exclusive dealers.

**Exhibit 1: Q1FY26 Result Overview: Sales increase by 0.6% YoY, PAT grew by 13.1% YoY**

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	% Var.	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
<b>Net Sales</b>	<b>11,027</b>	<b>10,958</b>	<b>0.6</b>	<b>11,639</b>	<b>(5.3)</b>	<b>12,219</b>	<b>(9.7)</b>	<b>49,080</b>	<b>46,351</b>	<b>5.9</b>
<b>Expenditure</b>										
Operating & Manufacturing Expenses	4,425	4,577	(3.3)	5,005	(11.6)	5,395	(18.0)	20,368	19,655	3.6
% of Net Sales	40.1	41.8		43.0		44.2		44.2	184.5	
<b>Gross Profit</b>	<b>6,603</b>	<b>6,381</b>	<b>3.5</b>	<b>6,634</b>	<b>(0.5)</b>	<b>6,824</b>	<b>(3.2)</b>	<b>28,712</b>	<b>26,695</b>	<b>7.6</b>
% of Net Sales	59.9	58.2	1.64	57.0		55.8		55.8	33.2	
Personnel Cost	1,360	1,350	0.7	1,443	(5.8)	1,433	(5.1)	5,890	5,661	4.0
% of Net Sales	12.3	12.3		12.4		11.7		11.7	52.2	
Other Expenses	1,135	1,194	(5.0)	1,280	(11.4)	1,667	(31.9)	5,399	5,649	(4.4)
% of Net Sales	10.3	10.9		11.0		13.6		13.6	327.7	
Total Expenditure	9,159	9,248	(1.0)	9,951	(8.0)	10,835	(15.5)	41,317	40,089	3.1
<b>EBITDA</b>	<b>1,869</b>	<b>1,710</b>	<b>9.3</b>	<b>1,688</b>	<b>10.7</b>	<b>1,384</b>	<b>35.0</b>	<b>7,762</b>	<b>6,262</b>	<b>24.0</b>
Margin (%)	16.9	15.6		14.5		11.3		11.3	(359.5)	
Depreciation	436	419	4.1	449	(2.7)	434	0.5	1,726	1,654	4.4
<b>EBIT</b>	<b>1,432</b>	<b>1,291</b>	<b>11.0</b>	<b>1,239</b>	<b>15.6</b>	<b>949</b>	<b>50.9</b>	<b>6,586</b>	<b>5,035</b>	<b>30.8</b>
Other income	132	101	31.0	125	5.9	125	6.3	550	427	28.7
Interest	52	33	57.3	47	9.9	60	(13.4)	189	200	(5.7)
<b>PBT</b>	<b>1,522</b>	<b>1,336</b>	<b>13.9</b>	<b>1,317</b>	<b>15.6</b>	<b>1,084</b>	<b>40.4</b>	<b>6,397</b>	<b>4,835</b>	<b>32.3</b>
Total Taxes	396	358	10.6	342	15.7	344	15.1	1,663	1,360	22.3
ETR (%)	26.0	26.8		26.0		31.8		31.8	37.3	
<b>Adjusted PAT</b>	<b>1,103</b>	<b>976</b>	<b>13.1</b>	<b>962</b>	<b>14.6</b>	<b>663</b>	<b>66.4</b>	<b>4,734</b>	<b>3,475</b>	<b>36.2</b>

Source: Company, PL

**Exhibit 2: Segmental Breakup: Tiles revenue declined by 0.3% YoY, with volume growth of 0.7% YoY**

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
<b>Revenues</b>								
Tiles	9,864	9,895	(0.3)	10,884	(9.4)	43,794	40,609	7.8
Others	1,180	1,242	(5.0)	1,382	(14.6)	5,286	5,175	2.1
<b>Sales Volumes (Tiles in mn sq. m)</b>								
Own Manufacturing	14.8	14.9	(0.9)	15.8	(6.6)	61.5	61.8	(0.4)
Subsidiaries	5.7	5.5	4.0	6.5	(11.1)	25.9	23.3	11.4
Outsource	6.7	6.6	1.8	7.9	(14.8)	31.9	29.6	7.6

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>44,740</b>	<b>46,351</b>	<b>49,080</b>	<b>52,692</b>
YoY gr. (%)	2.1	3.6	5.9	7.4
Cost of Goods Sold	18,945	19,655	20,368	21,762
Gross Profit	25,795	26,695	28,712	30,930
Margin (%)	57.7	57.6	58.5	58.7
Employee Cost	4,916	5,661	5,890	6,323
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>6,914</b>	<b>6,262</b>	<b>7,762</b>	<b>8,439</b>
YoY gr. (%)	(4.4)	(9.4)	24.0	8.7
Margin (%)	15.5	13.5	15.8	16.0
Depreciation and Amortization	1,476	1,654	1,726	1,857
<b>EBIT</b>	<b>5,439</b>	<b>4,608</b>	<b>6,036</b>	<b>6,582</b>
Margin (%)	12.2	9.9	12.3	12.5
Net Interest	173	200	189	166
Other Income	462	427	550	710
<b>Profit Before Tax</b>	<b>5,728</b>	<b>4,835</b>	<b>6,397</b>	<b>7,126</b>
Margin (%)	12.8	10.4	13.0	13.5
Total Tax	1,435	1,360	1,663	1,794
Effective tax rate (%)	25.0	28.1	26.0	25.2
<b>Profit after tax</b>	<b>4,293</b>	<b>3,475</b>	<b>4,734</b>	<b>5,333</b>
Minority interest	101	57	48	48
Share Profit from Associate	(12)	8	(25)	(12)
<b>Adjusted PAT</b>	<b>4,181</b>	<b>3,426</b>	<b>4,661</b>	<b>5,273</b>
YoY gr. (%)	(12.2)	(18.0)	36.0	13.1
Margin (%)	9.3	7.4	9.5	10.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>4,181</b>	<b>3,426</b>	<b>4,661</b>	<b>5,273</b>
YoY gr. (%)	(13.6)	(18.0)	36.0	13.1
Margin (%)	9.3	7.4	9.5	10.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,181	3,426	4,661	5,273
<b>Equity Shares O/s (m)</b>	<b>159</b>	<b>159</b>	<b>159</b>	<b>159</b>
<b>EPS (Rs)</b>	<b>26.2</b>	<b>21.5</b>	<b>29.3</b>	<b>33.1</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>25,037</b>	<b>27,496</b>	<b>29,496</b>	<b>31,796</b>
Tangibles	25,027	27,488	29,488	31,788
Intangibles	10	8	8	8
<b>Acc: Dep / Amortization</b>	<b>8,987</b>	<b>10,641</b>	<b>12,368</b>	<b>14,224</b>
Tangibles	8,987	10,641	12,368	14,224
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>16,050</b>	<b>16,855</b>	<b>17,128</b>	<b>17,572</b>
Tangibles	16,040	16,847	17,120	17,564
Intangibles	10	8	8	8
Capital Work In Progress	679	1,087	1,087	1,087
Goodwill	327	319	319	319
Non-Current Investments	148	302	302	302
Net Deferred tax assets	(839)	(891)	(891)	(891)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	37	37	37	37
Inventories	5,322	6,181	6,365	6,800
Trade receivables	6,194	5,702	6,733	7,229
Cash & Bank Balance	5,141	5,829	8,252	11,033
Other Current Assets	648	571	571	571
<b>Total Assets</b>	<b>35,429</b>	<b>37,562</b>	<b>41,514</b>	<b>45,722</b>
<b>Equity</b>				
Equity Share Capital	159	159	159	159
Other Equity	26,006	27,284	30,710	34,586
<b>Total Networth</b>	<b>26,165</b>	<b>27,443</b>	<b>30,870</b>	<b>34,746</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	635	714	714	714
Provisions	-	-	-	-
Other non current liabilities	533	779	825	886
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1,071	1,046	846	646
Trade payables	2,933	3,381	3,498	3,737
Other current liabilities	2,663	2,651	3,213	3,445
<b>Total Equity &amp; Liabilities</b>	<b>35,429</b>	<b>37,562</b>	<b>41,514</b>	<b>45,722</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	5,870	3,345	4,661	5,273
Add. Depreciation	1,476	1,654	1,726	1,857
Add. Interest	(138)	134	127	111
Less Financial Other Income	462	427	550	710
Add. Other	1,276	1,037	(1,227)	(1,112)
Op. profit before WC changes	8,483	6,170	5,286	6,129
Net Changes-WC	260	12	575	512
Direct tax	(1,385)	(1,172)	(1,663)	(1,794)
<b>Net cash from Op. activities</b>	<b>7,359</b>	<b>6,182</b>	<b>5,862</b>	<b>6,641</b>
Capital expenditures	(2,999)	(2,205)	(2,000)	(2,300)
Interest / Dividend Income	23	-	-	-
Others	5	(1,515)	-	-
<b>Net Cash from Invst. activities</b>	<b>(2,972)</b>	<b>(3,721)</b>	<b>(2,000)</b>	<b>(2,300)</b>
Issue of share cap. / premium	11	14	-	-
Debt changes	(393)	100	(200)	(200)
Dividend paid	(1,394)	(1,752)	(1,235)	(1,397)
Interest paid	(129)	-	-	-
Others	(219)	(447)	-	-
<b>Net cash from Fin. activities</b>	<b>(2,124)</b>	<b>(2,086)</b>	<b>(1,435)</b>	<b>(1,597)</b>
<b>Net change in cash</b>	<b>2,263</b>	<b>376</b>	<b>2,427</b>	<b>2,744</b>
Free Cash Flow	4,359	3,977	3,862	4,341

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	26.2	21.5	29.3	33.1
CEPS	35.5	31.9	40.1	44.8
BVPS	164.3	172.3	193.8	218.2
FCF	27.4	25.0	24.2	27.3
DPS	5.8	4.7	6.4	7.3
<b>Return Ratio(%)</b>				
RoCE	22.2	17.6	21.4	21.3
ROIC	19.0	14.6	19.8	21.2
RoE	16.9	12.8	16.0	16.1
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.2)	(0.3)
Net Working Capital (Days)	70	67	71	71
<b>Valuation(x)</b>				
PER	47.3	57.7	42.4	37.5
P/B	7.6	7.2	6.4	5.7
P/CEPS	35.0	38.9	31.0	27.7
EV/EBITDA	28.1	30.9	24.6	22.3
EV/Sales	4.3	4.2	3.9	3.6
Dividend Yield (%)	0.5	0.4	0.5	0.6

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Net Revenue</b>	<b>11,793</b>	<b>11,556</b>	<b>12,219</b>	<b>11,027</b>
YoY gr. (%)	5.1	0.3	1.1	0.6
Raw Material Expenses	5,115	4,717	5,395	4,425
Gross Profit	6,678	6,839	6,824	6,603
Margin (%)	56.6	59.2	55.8	59.9
<b>EBITDA</b>	<b>1,589</b>	<b>1,533</b>	<b>1,384</b>	<b>1,869</b>
YoY gr. (%)	(11.6)	(14.2)	(20.0)	9.3
Margin (%)	13.5	13.3	11.3	16.9
Depreciation / Depletion	406	397	434	436
<b>EBIT</b>	<b>1,183</b>	<b>1,137</b>	<b>949</b>	<b>1,432</b>
Margin (%)	10.0	9.8	7.8	13.0
Net Interest	47	74	60	52
Other Income	99	103	125	132
<b>Profit before Tax</b>	<b>1,205</b>	<b>1,156</b>	<b>1,084</b>	<b>1,522</b>
Margin (%)	10.2	10.0	8.9	13.8
Total Tax	350	307	344	396
Effective tax rate (%)	29.0	26.6	31.8	26.0
<b>Profit after Tax</b>	<b>855</b>	<b>849</b>	<b>740</b>	<b>1,126</b>
Minority interest	13	12	7	13
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>872</b>	<b>846</b>	<b>663</b>	<b>1,103</b>
YoY gr. (%)	(19.4)	(19.0)	(37.3)	13.1
Margin (%)	7.4	7.3	5.4	10.0
Extra Ord. Income / (Exp)	(29)	(10)	70	9
<b>Reported PAT</b>	<b>843</b>	<b>836</b>	<b>733</b>	<b>1,112</b>
YoY gr. (%)	(21.9)	(19.7)	(30.3)	16.8
Margin (%)	7.1	7.2	6.0	10.1
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>843</b>	<b>836</b>	<b>733</b>	<b>1,112</b>
Avg. Shares O/s (m)	159	159	159	159
<b>EPS (Rs)</b>	<b>5.5</b>	<b>5.3</b>	<b>4.2</b>	<b>6.9</b>

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	02-Jul-25	Accumulate	1,171	1,075
2	07-May-25	Accumulate	878	800
3	08-Apr-25	BUY	966	785
4	05-Feb-25	BUY	1,224	960
5	08-Jan-25	BUY	1,545	1,061
6	24-Oct-24	Accumulate	1,604	1,259
7	08-Oct-24	Accumulate	1,651	1,421
8	24-Jul-24	Hold	1,488	1,468

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	Accumulate	1,630	1,494
2	Avalon Technologies	Accumulate	927	838
3	Bajaj Electricals	Hold	641	610
4	Cello World	BUY	746	621
5	Century Plyboard (I)	Hold	775	749
6	Cera Sanitaryware	Accumulate	7,389	6,788
7	Crompton Greaves Consumer Electricals	BUY	423	350
8	Cyient DLM	Accumulate	546	480
9	Finolex Industries	Hold	222	217
10	Greenpanel Industries	BUY	310	271
11	Havells India	Accumulate	1,645	1,532
12	Kajaria Ceramics	Accumulate	1,171	1,075
13	Kaynes Technology India	Hold	6,068	6,176
14	KEI Industries	BUY	4,455	3,841
15	Polycab India	BUY	8,091	6,926
16	R R Kabel	Accumulate	1,485	1,393
17	Supreme Industries	Hold	4,346	4,376
18	Syrma SGS Technology	Hold	625	607
19	Voltas	Hold	1,350	1,367

**PL's Recommendation Nomenclature (Absolute Performance)**

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

## **ANALYST CERTIFICATION**

### **(Indian Clients)**

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