

May 7, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		BUY	
Target Price	878		966	
Sales (Rs. m)	50,384	55,235	52,185	58,446
% Chng.	(3.5)	(5.5)		
EBITDA (Rs. m)	6,920	7,755	7,327	8,352
% Chng.	(5.6)	(7.1)		
EPS (Rs.)	24.8	29.3	26.8	32.2
% Chng.	(7.4)	(9.1)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	44,740	46,351	50,384	55,235
EBITDA (Rs. m)	6,914	6,262	6,920	7,755
Margin (%)	15.5	13.5	13.7	14.0
PAT (Rs. m)	4,181	3,426	3,950	4,661
EPS (Rs.)	26.2	21.5	24.8	29.3
Gr. (%)	(12.2)	(18.0)	15.3	18.0
DPS (Rs.)	5.8	4.7	5.5	6.4
Yield (%)	0.7	0.6	0.7	0.8
RoE (%)	16.9	12.8	13.7	14.5
RoCE (%)	22.2	17.6	18.4	19.3
EV/Sales (x)	2.8	2.7	2.4	2.2
EV/EBITDA (x)	17.9	19.7	17.5	15.3
PE (x)	30.5	37.2	32.2	27.3
P/BV (x)	4.9	4.6	4.2	3.8

Key Data

KAJR.BO | KJC IN

52-W High / Low	Rs.1,579 / Rs.745
Sensex / Nifty	80,641 / 24,380
Market Cap	Rs.127bn / \$ 1,508m
Shares Outstanding	159m
3M Avg. Daily Value	Rs.344.56m

Shareholding Pattern (%)

Promoter's	47.48
Foreign	16.04
Domestic Institution	27.91
Public & Others	8.57
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(0.5)	(35.3)	(31.7)
Relative	(7.0)	(35.5)	(37.4)

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Subdued volumes amidst margin pressure

Quick Pointers:

- Tiles volume grew 1.8% in Q4FY25
- EBITDA margin contracted by ~300bps YoY with reduction in realization.

We have revised our FY26/27 earnings estimates downward by 7.4%/9.1% due to weak demand, the discontinuation of the Kajaria Plywood business, and margin contraction. We had downgraded our rating to 'Accumulate' from 'BUY', we value the stock at 30x FY27E EPS to arrive at revised TP of Rs878 (earlier Rs 966). The management has refrained from providing guidance due to prevailing low demand conditions but expects to outperform the industry in FY26. KJC expects margins of ~14% in FY26, However, Q4FY25 margins were impacted due to losses in the bathware segment, product mix changes, and scaling down of UK operations. We have considered 7.7% CAGR in tiles volume over FY25-27E with cons. EBITDA margin of 14.0% 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 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 9.2%/11.3%/16.6% over FY25-27E. Downgrade to Accumulate.

Revenues grew by 1.1% YoY, PAT declined by 37.3% YoY: Revenues grew by 1.1% YoY to Rs 12.2bn (PLe: Rs 12.5bn), mainly due to single digit growth in volume (1.8% YoY). Tiles segment revenue remains flat YoY at Rs 10.9bn (contributes 89%sales) and other segment revenues declined by 7.3% YoY. Bathware division (contributes. 10%rev.) grew by 8.1% YoY. Plywood segment declined by 85.5% YoY to Rs 47mn and Adhesives segment grew by 61.2% YoY to Rs 230mn. Gross margin expanded by ~170bps YoY to 55.8% YoY. EBITDA declines by 20.0% YoY to Rs1.4bn (PLe: Rs1.7bn). EBITDA margin contracted by ~300bps YoY to 11.3% (PLe: 13.4%). Fuel expenses % sales reported 17.5% in Q4FY25 from 19.5% in Q4FY24. PBT declined 23.8% YoY to Rs1.1bn (PLe: Rs1.3bn). PAT declined by 37.3% YoY to Rs 663mn (PLe: Rs 944mn).

Con call highlights: **1)** KJC has refrained from providing guidance for FY26, given the soft demand expected in the near term, but remains confident of outperforming the industry. **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. **3)** The company entered into two joint ventures, one in the UAE and the other in the UK; however, it subsequently exited the UK operations due to the high expenses associated with maintaining showrooms. **4)** Kajaria Plywood Pvt. Ltd., a wholly owned subsidiary of KJC, established the plywood division in 2017 with the expectation that GST would shift demand from unorganised to branded products. However, as this did not materialize, the

company has decided to close the plywood division. **5)** Fuel prices for North/South/West stood at Rs 38/39/37SCM. **6)** Tier1/Tier2/Tier3/Tier4 cities contributed 15-18%/30%/30%/22-25% revenue in Q4FY25. **7)** KJC has 1,850 dealers, with 1,450 exclusive dealers selling only KJC tiles. The target is to increase the number of dealers in the exclusive club. **8)** Retail: Institution ratio stood at 70:30 in Q4FY25. **9)** KJC plans to invest Rs 2000mn in Capex for FY26, including Rs 750mn for the corporate office, Rs 150-200mn for the Nepal plant, and Rs 1000mn for maintenance capex. **10)** In FY25, government projects contributed 6% to KJC's revenue, primarily from the northern region. For FY26, the company is expanding focus across other parts of India and expects to contribute 8-10%.

Exhibit 1: Q4FY25 Result Overview: Sales increase by 1.1% YoY, PAT declines by 37.3% YoY

Y/e March (Rs mn)	Q4FY25	Q4FY24	YoY er. (%)	Q3FY25	QoQ er. (%)	FY25	FY24	YoY er. (%)
Net Sales	12,219	12,082	1.1	11,556	5.7	46,351	44,740	3.6
Expenditure								
Operating & Manufacturing Expenses	5,395	5,535	(2.5)	4,717	14.4	19,655	18,945	3.7
% of Net Sales	44.2	45.8		40.8		40.8	250.7	
Gross Profit	6,824	6,547	4.2	6,839	(0.2)	26,695	25,795	3.5
% of Net Sales	55.8	54.2		59.2		59.2	(3.9)	
Personnel Cost	1,433	1,255	14.2	1,473	(2.7)	5,661	4,916	15.2
% of Net Sales	11.7	10.4		12.7		12.7	(46.8)	
Other Expenses	1,667	1,444	15.5	1,421	17.3	5,649	5,304	6.5
% of Net Sales	13.6	12.0		12.3		12.3	302.7	
Total Expenditure	10,835	10,352	4.7	10,023	8.1	40,089	37,826	6.0
EBITDA	1,384	1,730	(20.0)	1,533	(9.8)	6,262	6,914	(9.4)
Margin (%)	11.3	14.3		13.3		13.3	(170.3)	
Other income	125	174	(28.5)	103	21.0	427	462	(7.5)
Depreciation	434	421	3.1	397	9.6	1,654	1,476	12.1
EBIT	949	1,309	(27.5)	1,137	(16.5)	5,035	5,901	(14.7)
Interest	60	53	13.2	74	(18.9)	200	173	15.8
PBT	1,084	1,423	(23.8)	1,156	(6.2)	4,835	5,728	(15.6)
Total Taxes	344	354	(2.7)	307	12.0	1,360	1,435	(5.2)
ETR (%)	31.8	24.9		26.6		26.6	(192.5)	
Adjusted PAT	663	1,058	(37.3)	846	(21.6)	3,475	4,293	(19.0)

Source: Company, PL

Exhibit 2: Segmental Breakup: Tiles revenue remain Flat YoY, with a volume growth of 1.8% YoY

Y/e March (Rs mn)	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Revenues								
Tiles	10,884	10,917	(0.3)	10,407	4.6	41,720	40,609	2.7
Others	1,382	1,492	(7.3)	1,231	12.3	5,112	5,175	(1.2)
Sales Volumes (Tiles in mn sq. m)								
Own Manufacturing	15.8	16.1	(1.7)	15.4	2.3	62	60	3.1
Subsidiaries	6.5	6.1	5.7	5.9	10.1	23	21	10.6
Outsource	7.9	7.4	6.4	7.6	3.4	30	27	9.1
Realisation (Rs/Sqm)								
Own Manufacturing	371	377	(1.7)	368	0.6	1,490	1,533	(2.8)
Subsidiaries	352	369	(4.7)	352	(0.1)	1,424	1,402	1.6
Outsource	351	352	(0.4)	349	0.5	1,408	1,514	(7.0)

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	44,740	46,351	50,384	55,235
YoY gr. (%)	2.1	3.6	8.7	9.6
Cost of Goods Sold	18,945	19,655	21,366	23,199
Gross Profit	25,795	26,695	29,018	32,036
Margin (%)	57.7	57.6	57.6	58.0
Employee Cost	4,916	5,661	6,348	7,015
Other Expenses	-	-	-	-
EBITDA	6,914	6,262	6,920	7,755
YoY gr. (%)	(4.4)	(9.4)	10.5	12.1
Margin (%)	15.5	13.5	13.7	14.0
Depreciation and Amortization	1,476	1,654	1,794	1,930
EBIT	5,439	4,608	5,125	5,825
Margin (%)	12.2	9.9	10.2	10.5
Net Interest	173	200	189	166
Other Income	462	427	500	650
Profit Before Tax	5,728	4,835	5,436	6,309
Margin (%)	12.8	10.4	10.8	11.4
Total Tax	1,435	1,360	1,413	1,588
Effective tax rate (%)	25.0	28.1	26.0	25.2
Profit after tax	4,293	3,475	4,023	4,721
Minority interest	101	57	48	48
Share Profit from Associate	(12)	8	(25)	(12)
Adjusted PAT	4,181	3,426	3,950	4,661
YoY gr. (%)	(12.2)	(18.0)	15.3	18.0
Margin (%)	9.3	7.4	7.8	8.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,181	3,426	3,950	4,661
YoY gr. (%)	(13.6)	(18.0)	15.3	18.0
Margin (%)	9.3	7.4	7.8	8.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,181	3,426	3,950	4,661
Equity Shares O/s (m)	159	159	159	159
EPS (Rs)	26.2	21.5	24.8	29.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	25,037	27,496	29,496	31,796
Tangibles	25,027	27,488	29,488	31,788
Intangibles	10	8	8	8
Acc: Dep / Amortization	8,987	10,641	12,436	14,366
Tangibles	8,987	10,641	12,436	14,366
Intangibles	-	-	-	-
Net fixed assets	16,050	16,855	17,060	17,430
Tangibles	16,040	16,847	17,052	17,422
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	-	-	-	-
Current Assets				
Investments	37	37	37	37
Inventories	5,322	6,181	6,677	7,249
Trade receivables	6,194	5,702	6,912	7,578
Cash & Bank Balance	5,141	5,829	7,608	9,880
Other Current Assets	648	571	571	571
Total Assets	35,429	37,562	41,311	45,263
Equity				
Equity Share Capital	159	159	159	159
Other Equity	26,006	27,284	30,188	33,614
Total Network	26,165	27,443	30,347	33,773
Non-Current Liabilities				
Long Term borrowings	635	714	714	714
Provisions	-	-	-	-
Other non current liabilities	533	779	847	928
Current Liabilities				
ST Debt / Current of LT Debt	1,071	1,046	846	646
Trade payables	2,933	3,381	3,669	3,984
Other current liabilities	2,663	2,651	3,340	3,669
Total Equity & Liabilities	35,429	37,562	41,311	45,263

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	5,870	3,345	3,950	4,661
Add. Depreciation	1,476	1,654	1,794	1,930
Add. Interest	(138)	134	127	111
Less Financial Other Income	462	427	500	650
Add. Other	1,276	1,037	(1,651)	(1,419)
Op. profit before WC changes	8,483	6,170	4,220	5,284
Net Changes-WC	260	12	787	666
Direct tax	(1,385)	(1,172)	(1,413)	(1,588)
Net cash from Op. activities	7,359	6,182	5,007	5,949
Capital expenditures	(2,999)	(2,205)	(2,000)	(2,300)
Interest / Dividend Income	23	-	-	-
Others	5	(1,515)	-	-
Net Cash from Inv. activities	(2,972)	(3,721)	(2,000)	(2,300)
Issue of share cap. / premium	11	14	-	-
Debt changes	(393)	100	(200)	(200)
Dividend paid	(1,394)	(1,752)	(1,046)	(1,235)
Interest paid	(129)	-	-	-
Others	(219)	(447)	-	-
Net cash from Fin. activities	(2,124)	(2,086)	(1,246)	(1,435)
Net change in cash	2,263	376	1,761	2,215
Free Cash Flow	4,359	3,977	3,007	3,649

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	26.2	21.5	24.8	29.3
CEPS	35.5	31.9	36.1	41.4
BVPS	164.3	172.3	190.5	212.0
FCF	27.4	25.0	18.9	22.9
DPS	5.8	4.7	5.5	6.4
Return Ratio(%)				
RoCE	22.2	17.6	18.4	19.3
ROIC	19.0	14.6	16.6	18.5
RoE	16.9	12.8	13.7	14.5
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.2)	(0.3)
Net Working Capital (Days)	70	67	72	72
Valuation(x)				
PER	30.5	37.2	32.2	27.3
P/B	4.9	4.6	4.2	3.8
P/CEPS	22.5	25.1	22.2	19.3
EV/EBITDA	17.9	19.7	17.5	15.3
EV/Sales	2.8	2.7	2.4	2.2
Dividend Yield (%)	0.7	0.6	0.7	0.8

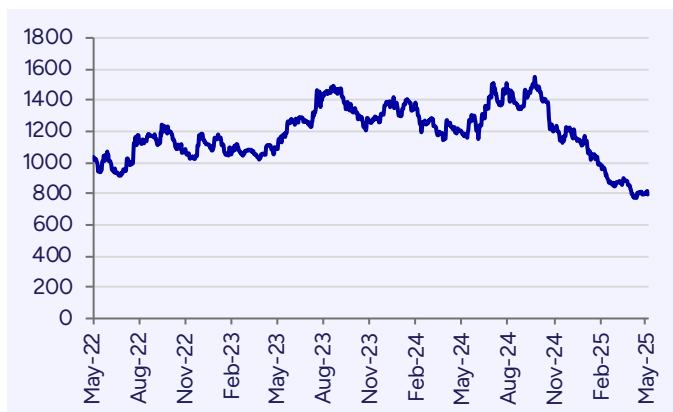
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	11,137	11,793	11,556	12,219
YoY gr. (%)	4.6	5.1	0.3	1.1
Raw Material Expenses	4,722	5,115	4,717	5,395
Gross Profit	6,415	6,678	6,839	6,824
Margin (%)	57.6	56.6	59.2	55.8
EBITDA	1,671	1,589	1,533	1,384
YoY gr. (%)	(1.3)	(11.6)	(14.2)	(20.0)
Margin (%)	15.0	13.5	13.3	11.3
Depreciation / Depletion	421	406	397	434
EBIT	1,249	1,183	1,137	949
Margin (%)	11.2	10.0	9.8	7.8
Net Interest	47	47	74	60
Other Income	102	99	103	125
Profit before Tax	1,281	1,205	1,156	1,084
Margin (%)	11.5	10.2	10.0	8.9
Total Tax	358	350	307	344
Effective tax rate (%)	27.9	29.0	26.6	31.8
Profit after Tax	923	855	849	740
Minority interest	25	13	12	7
Share Profit from Associates	-	-	-	-
Adjusted PAT	921	872	846	663
YoY gr. (%)	(14.3)	(19.4)	(19.0)	(37.3)
Margin (%)	8.3	7.4	7.3	5.4
Extra Ord. Income / (Exp)	(23)	(29)	(10)	70
Reported PAT	898	843	836	733
YoY gr. (%)	(16.4)	(21.9)	(19.7)	(30.3)
Margin (%)	8.1	7.1	7.2	6.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	898	843	836	733
Avg. Shares O/s (m)	159	159	159	159
EPS (Rs)	5.8	5.5	5.3	4.2

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	966	785
2	05-Feb-25	BUY	1,224	960
3	08-Jan-25	BUY	1,545	1,061
4	24-Oct-24	Accumulate	1,604	1,259
5	08-Oct-24	Accumulate	1,651	1,421
6	24-Jul-24	Hold	1,488	1,468
7	07-Jul-24	Hold	1,488	1,476
8	09-May-24	Accumulate	1,318	1,184

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	BUY	1,532	1,288
2	Avalon Technologies	Accumulate	900	807
3	Bajaj Electricals	Hold	552	551
4	Cello World	BUY	770	545
5	Century Plyboard (I)	BUY	806	668
6	Cera Sanitaryware	BUY	7,456	5,398
7	Crompton Greaves Consumer Electricals	BUY	440	339
8	Cyient DLM	Accumulate	546	494
9	Finolex Industries	Accumulate	202	176
10	Greenpanel Industries	BUY	330	233
11	Havells India	Hold	1,717	1,665
12	Kajaria Ceramics	BUY	966	785
13	Kaynes Technology India	Accumulate	5,528	4,956
14	KEI Industries	BUY	4,278	2,880
15	Polycab India	BUY	7,152	5,286
16	R R Kabel	BUY	1,292	1,024
17	Supreme Industries	Accumulate	3,803	3,512
18	Syrma SGS Technology	BUY	629	469
19	Voltas	BUY	1,593	1,345

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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