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Equity Research Desk ALPHA

Kajaria

India's No.1 Tile Company

Incorporated in **1985** and headquartered in **Gurugram**

India's **largest manufacturer of ceramic and vitrified tiles** and the **8th largest globally**

Tile capacity of **82.7 MSM p.a.** across 8 plants

Bathware portfolio includes **sanitaryware and faucets** under Kajaria and Kerovit brands

Tile adhesive capacity of **9,000 MT/month** across Gailpur and Erode

10 subsidiaries and 3 joint ventures as of FY26

Subsidiaries

As of FY26, the company has 10 subsidiaries and 3 joint ventures.

Growth Strategies

Capacity Expansion

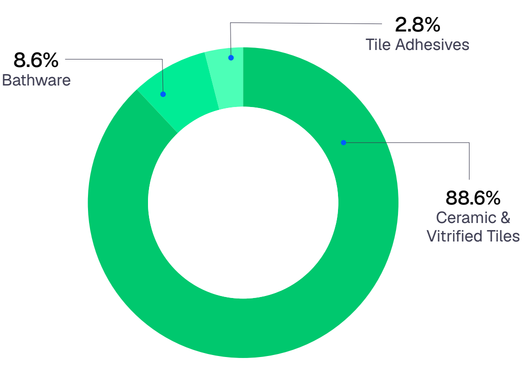
- **₹400 Cr FY27 capex** planned to support double-digit volume growth
- **₹210 Cr Srikalahasti expansion** and **₹165 Cr Bhiwadi expansion**
- **11 MSM additional capacity** approved at Gailpur
- **10 MSM high-value product line** being commissioned at Srikalahasti
- New capacity expected to improve product mix, technology adoption and cost efficiency

Industry Consolidation & Market Share Gains

- Morbi gas prices surged from **₹47–48 → ₹86–88/SCM**
- Morbi manufacturers have raised tile prices by **~40–45%**, versus **~10–11%** at Kajaria's North & South plants
- Price gap between organised and unorganised players has narrowed significantly
- Higher input costs could accelerate **industry consolidation and formalisation**

Revenue Breakup - FY26

Total Revenue (FY26) - ₹4,833 crore



Product Portfolio

Tiles: Ceramic wall & floor tiles, polished vitrified tiles and glazed vitrified tiles

Bathware: Sanitaryware and faucets under **Kajaria & Kerovit** brands

Tile Adhesives: Capacity of **9,000 MT/month** across Gailpur and Erode

Manufacturing: 82.70 MSM annual tile capacity across 8 plants

Edge: India's largest organised tile player with strong brand equity, manufacturing scale and distribution reach

Network: 8 tile manufacturing plants across Rajasthan, Gujarat, Uttar Pradesh, Andhra Pradesh and Telangana

Financial Highlights

Q1FY27

- **Revenue:** ₹1,328.08 Cr (↑ 20.4% YoY)
- **EBITDA:** ₹260.33 Cr (↑ 41.0% YoY)
- **EBITDA Margin:** 19.60%
- **Net Profit:** ₹169.49 Cr (↑ 55.5% YoY)
- **Net Cash:** ₹985 Cr
- **Working Capital:** 46 days vs 59 days a year earlier

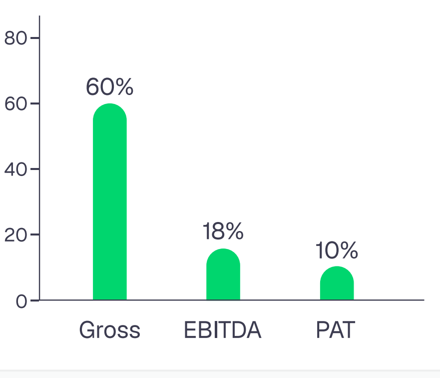
FY26

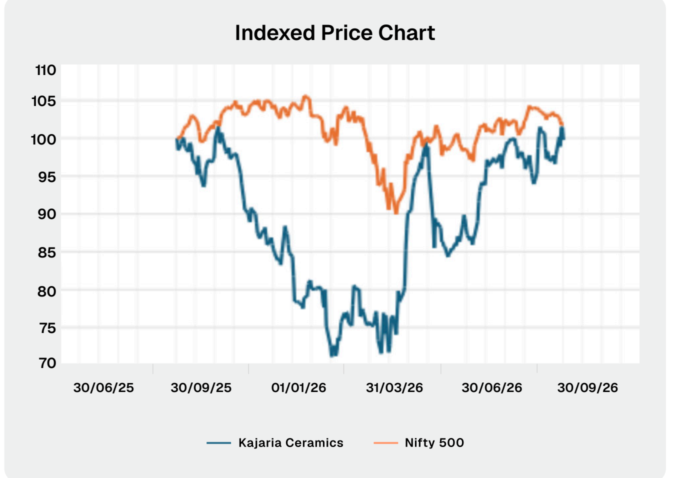
- **Revenue:** ₹4,832.50 Cr (↑ 3% YoY)
- **EBITDA:** ₹861.95Cr (↑ 44.3% YoY)
- **EBITDA Margin:** 17.84%
- **Net Profit:** ₹485.41 Cr (↑ 64.9% YoY)

Financial Performance (3 Years)

- **Revenue CAGR:** ~3%
- **Net Profit CAGR:** ~14%
- **FY26 Operating Cash Flow:** ₹664 Cr
- **FY26 Free Cash Flow:** ₹563 Cr
- **3 year Avg. ROE:** ~15%
- **3 year Avg. ROCE:** ~20%

Margins-FY26

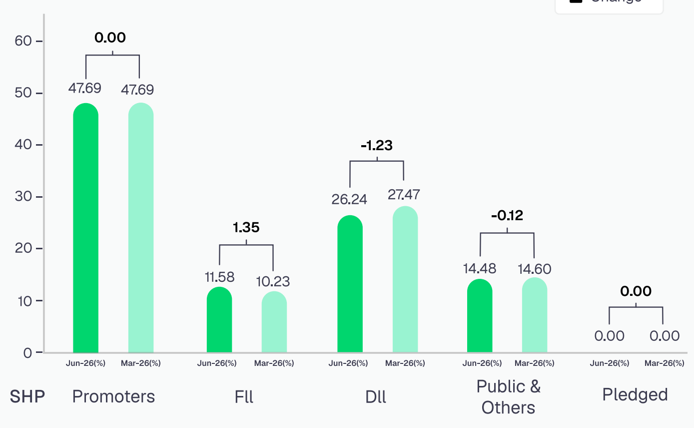




Market Data

CMP	₹1,240
Date	04-Sep-26
Target Price	₹1,488
Upside Potential	20%
52 Week High/Low	₹1294/870
NSE Code	KAJARIACER
Market Cap	Small
Sector	Consumer Durables
Rating	BUY

Shareholding Pattern



Ratios - FY26

ROE	17%
ROCE	24%
Div. Yield	1.13%
PE Ratio (x)	30.2
Face Value	1.00
EPS (₹)	30.48

Industry Outlook

India's real estate sector remains a key demand driver for tiles and building materials

Premium housing continues to gain traction, supporting demand for **higher-value tiles and large-format surfaces**

Rising urbanisation and housing demand provide structural growth opportunities

Government infrastructure and housing capex support construction activity

Higher Morbi gas prices are accelerating **formalisation and consolidation** in the tile industry

Industry Growth Drivers

Urbanisation & Premiumisation

- India's urban population is expected to reach **~600 Mn by 2036**, supporting long-term housing and renovation demand.

Government Capex & Housing

- FY27 public capex stands at **₹12.22 lakh Cr**, while housing-related spending remains a key construction-sector catalyst.

Formalisation

- Rising energy costs in Morbi are narrowing the price gap between branded and unorganised tiles, supporting potential market-share gains for organised players.

Export Opportunities

- Withdrawal of Chinese export subsidies and India's expanding FTA network could create new export opportunities for Indian tile manufacturers.

Competitive Advantage

Peers: Somany Ceramics Ltd | Cera Sanitaryware Ltd

- Largest organised player in India's tile industry
- Strong brand and extensive distribution network
- Superior profitability and return-profile versus key peers
- Net-cash balance sheet provides financial flexibility

Peer Analysis

Company	CMP(₹)	Mcap.(₹)	ROCE	ROE	3Yr Sales CAGR	P/E	EPS (₹)
Kajaria Ceramics	1240	19422	23.00%	18.00%	3.00%	36	34.27
Somany Ceramics	557	2285	13.00%	10.00%	4.00%	21	25.93
Cera Sanitaryware	5788	7468	19.00%	15.00%	4.00%	37	157.37

Outlook

Kajaria is well positioned to benefit from the **shift towards organised tile manufacturers** as higher Morbi gas prices narrow the price gap between branded and unorganised products.

The company is expanding capacity, strengthening its distribution network and increasing its presence in project business. Planned investments at **Srikalahasti, Gailpur and Bhiwadi** should support volume growth and improve cost efficiency.

Management expects **double-digit volume growth** over the next nine months of FY27, with **18–19% EBITDA margins and ₹1,000 Cr+ operating EBITDA** targeted for FY27.

Recommendation: BUY | Target Price: ₹1,488
20% Potential Upside
Valuation: 38x FY28E EPS
Maintain a 20% stop-loss from entry price

SWOT Analysis

Strength

- India's largest listed organised tile player
- Strong in-house manufacturing base with **82.7 MSM capacity**
- Extensive distribution network and strong brand presence

Weakness

- High dependence on the domestic market
- Profitability remains sensitive to natural gas and input costs

Opportunities

- Narrowing price gap can drive **market-share gains**
- Rising premium housing supports higher-value products
- New institutional and project orders

Threat

- Intense competition from organised and unorganised players
- Natural gas price volatility
- Geopolitical uncertainties affecting energy costs

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