

December 30, 2025

Kajaria Ceramics Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Fund-based - Cash credit	145.00	145.00	[ICRA]AA(Stable); outstanding
Short-term - Non-fund based limits	260.00	260.00	[ICRA]A1+; outstanding
Total	405.00	405.00	

*Instrument details are provided in Annexure-I

Rationale

Material Event

On December 19, 2025, Kajaria Ceramics Limited (KCL) informed the stock exchanges that the Chief Financial Officer of one of its subsidiaries - Kajaria Bathware Private Limited (KBPL), had perpetrated fraud over a period of approximately two years. The fraudulent activity involved misappropriation of funds from Kerovit Global Private Limited (KGPL), which is a wholly-owned subsidiary of KBPL. The estimated amount embezzled is around Rs. 20 crore.

Impact of the Material Event

ICRA has taken note of the above development. The fraud at KGPL was uncovered during an exercise aimed at strengthening the company's IT and internal control systems, including the vendor onboarding process. In response, KCL has taken corrective measures, which include terminating the subsidiary's CFO and filing a police complaint. The company has tightened internal controls and plans to implement additional measures to prevent recurrence. KCL's management has confirmed that a comprehensive review of all other subsidiaries has been completed, and no similar irregularities were detected. Nevertheless, ICRA will continue to monitor the situation and take appropriate action if required.

KCL has a strong financial profile with industry leading scale and profit margins, healthy net worth (Rs. 2,930 crore as on September 30, 2025). It has maintained a net debt-free position (with net debt¹ of - Rs. 593 crore as on September 30, 2025). While embezzlement will result in an exceptional loss for KCL (and KBPL), ICRA believes this is unlikely to have a material impact on its financial risk profile.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position and rating sensitivities: Click [here](#)

¹ Debt net of cash and cash equivalents, as reported by KCL in its investor presentation for Q2 FY2026, dated October 16, 2025

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of KCL. As on September 30, 2025, KCL had eight subsidiaries, two step-down subsidiaries and three joint ventures (JV) which are enlisted in Annexure-II.

About the company

Kajaria Ceramics Limited (KCL) was incorporated in 1985 as a manufacturer of floor and wall tiles by Mr. Ashok Kajaria, in technical collaboration with the Spain-based Todagres SA. It started operations in 1988, with a capacity of 1 million sq. metre (msm) per annum at its ceramic tiles manufacturing facility at Sikandrabad (Uttar Pradesh). Since then, the company has expanded its production capacities as well as product range. At present, it manufactures, outsources, and trades ceramic and vitrified tiles under the brand name Kajaria. In addition, KCL sells sanitaryware marketed under the Kerovit brand. The company's manufacturing facilities are in Sikandrabad (Uttar Pradesh), Gailpur and Malootana (Rajasthan), Morbi (Gujarat), Srikalahasti (Andhra Pradesh), Balanagar (Telangana) and Nawalparasi, Nepal. It also has capacity under various subsidiaries/joint ventures, which takes the cumulative capacity to 87.80 msm as on September 30, 2025. Apart from tiles, KCL has a sanitaryware plant at Morbi, Gujarat, and a faucet manufacturing facility at Gailpur, Rajasthan, under its step-down subsidiary KBPL. KCL went public in 1988 and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

Key financial indicators (audited)

KCL Consolidated	FY2024	FY2025	H1FY2026*
Operating income (Rs. crore)	4,474.0	4,635.1	2,288.8
PAT (Rs. crore)	433.4	299.2	242.9
OPBDIT/OI (%)	15.8%	13.7%	17.5%
PAT/OI (%)	9.7%	6.5%	10.6%
Total outside liabilities/Tangible net worth (times)	0.32	0.34	0.32
Total debt/OPBDIT (times)	0.3	0.4	0.4
Interest coverage (times)	40.9	31.7	36.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; *Limited financial statements; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	Dec 30, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long Term	145.00	[ICRA]AA (Stable)	Oct 30, 2024	[ICRA]AA (Stable)	Jun 13, 2023	[ICRA]AA (Stable)	Dec 09, 2022	[ICRA]AA (Stable)
				Dec 18, 2024	[ICRA]AA (Stable)	Mar 12, 2024	[ICRA]AA (Stable)	-	-
Non-fund based-Others	Short Term	260.00	[ICRA]A1+	Oct 30, 2024	[ICRA]A1+	Jun 13, 2023	[ICRA]A1+	Dec 09, 2022	[ICRA]A1+
				Dec 18, 2024	[ICRA]A1+	Mar 12, 2024	[ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Cash credit	Simple
Short-term – Non-fund based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based-Cash credit	NA	NA	NA	145.00	[ICRA]AA(Stable)
NA	Non-fund based	NA	NA	NA	260.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	KCL Ownership	Consolidation Approach
Kajaria Vitrified Pvt Ltd (formerly Jaxx Vitrified Pvt. Ltd.)	95%	Full Consolidation
Kajaria Infinity Pvt Ltd (formerly Cosa Ceramics Pvt. Ltd.)	85%	Full Consolidation
Kajaria Plywood Pvt Ltd	100%	Full Consolidation
South Asian Ceramics Tiles Pvt Ltd	60%	Full Consolidation
Kajaria Bathware Pvt Ltd (KBPL)	85%	Full Consolidation
Kajaria Sanitaryware Pvt Ltd (subsidiary of KBPL, Step-down subsidiary of KCL)	69%	Full Consolidation
Kerovit Global Pvt Ltd (subsidiary of of KBPL, Step-down subsidiary of KCL)	85%	Full Consolidation
Keronite Tiles Private Limited	90%	Full Consolidation
Kajaria International DMCC, Dubai	100%	Full Consolidation
Kajaria Adhesives private limited	75%	Full Consolidation
Kajaria RMF Trading LLC	50%	Equity Method
Kajaria Ramesh Tiles Limited	50%	Equity Method
Kajaria UKP Limited	50%	Equity Method

Source: Company disclosures

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