August 3, 2018

BSE Limited
P.J. Towers,
Dalal Street, Fort,
Mumbai 400001

Dear Sir,

We wish to inform you that the 32nd Annual General Meeting ('AGM') of the Company will be held on Monday, August 27, 2018 at 3:00 P.M. at Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001. In this regard, we enclose a copy of the Notice of the 32nd AGM (alongwith Annual Report for the financial year 2017-18), being despatched to the shareholders of the Company.

In terms of Regulation 42 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 91 of the Companies Act, 2013 including rules made thereunder, the Register of Members / Share Transfer Books of the Company will remain closed from Tuesday, August 21, 2018 to Monday, August 27, 2018 (both days inclusive), for the purpose of AGM and determining eligibility of shareholders for dividend, subject to the approval of members at the AGM.

The Dividend on equity shares @ Rs.3 per equity share of Re.1 each, as recommended by the Board of Directors, if declared at the AGM, will be paid on or before Tuesday, September 25, 2018 to those members whose names appear as:

(a) Beneficial Owners as at the end of business hours on Monday, August 20, 2018 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited ; and

(b) Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before Monday, August 20, 2018.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Kajaria Ceramics Limited

KAJARIA CERAMICS LIMITED

R. C. Rawat
COO (A&T) & Company Secretary

Encl.: as above

KAJARIA CERAMICS LIMITED

CIN : L26924HR1985PLC056150
Registered Office: SF-11, Second Floor, JMD Regent Plaza, Mehrauli-Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana-122001
Phone: +91-124-4081281
Corporate Office : J-1/B-1 (Extn), Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110044
Phone: +91-11-26946409 **Fax:** +91-11-26946407
E-Mail: investors@kajariaceramics.com **Website:** www.kajariaceramics.com

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the members of Kajaria Ceramics Limited (the 'Company') will be held on Monday, August 27, 2018 at 3:00 P.M. at Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana-122001, to transact the following businesses:-

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company (including Audited Consolidated Financial Statements) for the financial year ended March 31, 2018 and Reports of Board of Directors and Auditors thereon:

   "RESOLVED THAT the audited standalone financial statements of the Company including the Balance Sheet as at March 31, 2018, the statement of profit and loss, the cash flow statement for the year ended on that date, notes to financial statements, reports of the Board and Auditors' thereon and the audited consolidated financial statements of the Company including the Balance Sheet as at March 31, 2018, the statement of profit and loss, the cash flow statement for the financial year ended March 31, 2018, notes to financial statements, along with the auditors' report thereon be and are hereby received, considered and adopted."

2. To declare a dividend of Rs. 3/- per equity share:

   "RESOLVED THAT a final dividend of Rs.3/-per equity share of Re. 1/- each fully paid up for the financial year 2017-18 be and is hereby approved and declared."

3. To appoint a Director in place of Mr. Chetan Kajaria (DIN: 00273928),who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment:

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Chetan Kajaria (DIN: 00273928), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as the Director of the Company, liable to retire by rotation."

4. To appoint a Director in place of Mr. Rishi Kajaria (DIN: 00228455), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment:

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Rishi Kajaria (DIN: 00228455), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as the Director of the Company, liable to retire by rotation."

5. To ratify appointment of the Statutory Auditors and to fix their remuneration:

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the rules made thereunder (including any statutory amendment(s) / re-enactment(s) thereto, for the time being in force) and pursuant to the resolution passed by the members of the Company in the Annual General Meeting ('AGM') held on August 10, 2017 for appointing M/s Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration Number 001076N/N500013) as the Statutory Auditors of the Company, for a term of five consecutive years, to hold the office from the conclusion of the 31st AGM until the conclusion of the 36th AGM, subject to annual ratification by the members of the Company at every Annual General Meeting, on such remuneration as may be decided by the Board of Directors of the Company, the members of the Company hereby ratify the appointment of M/s Walker Chandiok & Co LLP, Chartered Accountants, (Firm Registration Number 001076N/N500013) as the Statutory Auditors of the Company to hold office from the conclusion of the 32nd AGM of the Company until the conclusion of the 33rd AGM,on such remuneration as may be determined by the Board of Directors of the Company.

   RESOLVED FURTHER THAT the annual ratification of appointment of the Statutory Auditors at every AGM, for their remaining term shall be done, if so required under the Act."

Special Business:

6. To re-appoint Mr. Chetan Kajaria (DIN: 00273928), as Joint Managing Director of the Company

   To consider, and if thought fit, to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152, 188, 190, 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V of the Companies Act, 2013 ('the Act') and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), the Nomination and Remuneration Policy of the Company, the Articles of Association of the Company, on the recommendations of the Nomination and Remuneration Committee, Audit Committee and the Board of Directors of the Company and subject to approvals, consents, permissions and sanctions of the concerned authorities, if any, approval of the members of the Company be and is hereby accorded to re-appoint Mr. Chetan Kajaria (DIN: 00273928) as the Joint Managing Director of the Company for the period of 3 years w.e.f. April 1, 2018 to March 31, 2021, being liable to retire by rotation, on such term(s) and condition(s) (including remuneration) as set out in the Contract of Service dated January 31, 2018 entered into by the Company with him and details of which are specified in the explanatory statement which forms part of this resolution.

   RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise the powers conferred by this resolution) be and are hereby authorized to vary, alter, enhance or widen (collectively referred to as 'Variation') the scope of remuneration payable to the Joint Managing Director during his tenure to the extent permitted under Section 197 read with Schedule V and other applicable provisions, if any, of the Act, without being required to seek any further consent or approval of the members of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, provided, however, that any such Variation shall not exceed any amount permitted to be paid to the Joint Managing Director under applicable law.

   RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Joint Managing Director shall be paid the remuneration (including any revision thereof) as specified in the explanatory statement of this notice and the Contract of Service dated January 31, 2018, subject to the limits and conditions specified under Section 197 read with Schedule V and other applicable provisions, if any of the Act or as may be approved by the concerned authority(ies), if required.

   RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution(s), the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion thinks necessary and desirable."

7. To re-appoint Mr. Rishi Kajaria (DIN: 00228455), as Joint Managing Director of the Company

   To consider, and if thought fit, to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152, 188, 190, 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V of the Companies Act, 2013 ('the Act') and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), the Nomination and Remuneration Policy of the Company, the Articles of Association of the Company, on the recommendations of the Nomination and Remuneration Committee, Audit Committee and the Board of Directors of the Company and subject to approvals, consents, permissions and sanctions of the concerned authorities, if any, approval of the members of the Company be and is hereby accorded to re-appoint Mr. Rishi Kajaria (DIN: 00228455) as the Joint Managing Director of the Company for the period of 3 years w.e.f. April 1, 2018 to March 31, 2021, being liable to retire by rotation, on such term(s) and condition(s) (including remuneration) as set out in the Contract of Service dated January 31, 2018 entered into by the Company with him and details of which are specified in the explanatory statement which forms part of this resolution.

   RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise the powers conferred by this resolution) be and are hereby authorized to vary, alter, enhance or widen (collectively referred to as 'Variation') the scope of remuneration payable to the Joint Managing Director during his tenure to the extent permitted under Section 197 read with Schedule V and other applicable provisions, if any, of the Act, without being required to seek any further consent or approval of the members of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, provided, however, that any such Variation shall not exceed any amount permitted to be paid to the Joint Managing Director under applicable law.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Joint Managing Director shall be paid the remuneration (including any revision thereof) as specified in the explanatory statement of this notice and the Contract of Service dated January 31, 2018, subject to the limits and conditions specified under Section 197 read with Schedule V and other applicable provisions, if any of the Act or as may be approved by the concerned authority(ies), if required.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution(s), the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion thinks necessary and desirable."

8. To re-appoint Mr. H. Rathnakar Hegde (DIN: 05158270) as an Independent Director of the Company

   To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions, if any, read with Schedule IV of the Companies Act, 2013 ('the Act'), the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), on the recommendations of the Nomination and Remuneration Committee and the Board of Directors, and the Nomination and Remuneration Policy of the Company, Mr. H. Rathnakar Hegde (DIN:05158270), whose term of office shall expire on March 31, 2019 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company for the term of five consecutive years w.e.f April 1, 2019 upto March 31, 2024, who shall not be liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary or desirable to give effect to the above resolution."

By Order of the Board
For **Kajaria Ceramics Limited**

Regd. Office: SF-11, Second Floor, JMD Regent Plaza,
Mehrauli-Gurgaon Road, Village Sikanderpur Ghosi,
Gurgaon, Haryana-122001

Ram Chandra Rawat
COO (A&T) & Company Secretary
(FCS No. 5101)

Place: New Delhi
Dated: May 8, 2018

NOTES:

1. The Explanatory Statement, pursuant to the provisions of Section 102 of the Companies Act, 2013 (the 'Act'), in respect of Special Business to be transacted at the 32nd Annual General Meeting (the 'AGM' or 'Meeting'), is annexed and forms part of this Notice.

2. Brief resume and other particulars of Mr. Chetan Kajaria, Mr. Rishi Kajaria and Mr. H. Rathnakar Hegde, pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Secretarial Standard on General Meetings ('SS-2'), are annexed herewith as Annexure A.

3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.**

   THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.

   A PERSON CAN ACT AS PROXY ON BEHALF OF THE MEMBERS NOT EXCEEDING FIFTY (50) IN NUMBER AND HOLDING, IN AGGREGATE, NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY, CARRYING VOTING RIGHTS. HOWEVER, A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, MAY APPOINT SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. A PROXY FORM IS ENCLOSED WITH THIS NOTICE.

4. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send to the Company a Certified True Copy of the Board Resolution / Power of Attorney authorizing their representative(s) to attend and vote on their behalf at the Meeting.

5. Proxy form(s) must be duly completed, signed and stamped. Incomplete proxy forms are considered to be as invalid and the proxy so appointed shall not be entitled to vote on the resolution(s) in the AGM. A proxy holder needs to show his identity at the time of attending the Meeting. Further, in case if the Company receives multiple proxies for the same holding of a member, the proxy which is dated last shall be considered valid, if it is not dated then all the proxies so send by the member shall considered to be as invalid. During the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days of notice in writing is given to the Company.

6. Members, Proxies and Authorised Representative(s) are requested to bring the duly filled and signed Attendance Slips (enclosed), complete in all respect at the venue of AGM in order to enable us to register your attendance at the venue of the AGM. Members are requested to bring their Folio No. / DP ID-Client ID along with their shareholding to enable us to provide the Attendance slips for your signature and participation at the Meeting.

7. In case of joint holders attending the Meeting, only the member whose name appears to be first will be entitled to vote.

8. Only bonafide members of the Company whose names appear on the Register of Members / Proxy holders, in possession of valid Attendance slips duly filled and signed will be permitted to attend the Meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the AGM.

9. As per the provision of Section 72 of the Act, the facility for making Nomination is available for the members in respect of their shareholding in the Company either in single or with joint names. The members are requested to submit the complete and signed form SH-13 with their Depository Participant ('DP') who holds the shares in dematerialized form and those who are holding physical shares shall send the same to the Registrar and Share Transfer Agent i.e; MCS Share Transfer Agent Limited, F-65, Okhla Industrial Area, 1st Floor, Phase-1, New Delhi 110020 (the 'RTA').

10. Members holding shares in physical form are requested to notify/send the following to the RTA of the Company:

    i) Any change in their mailing address;

    ii) Particulars of their PAN, bank account & e-mail ids in case the same have not been sent earlier;

    iii) Members who hold shares in physical form in multiple folios in identical names are requested to send the share certificate for consolidation into single folio.

    Further, please note that Members holding equity shares in electronic form are requested to contact to their DP with whom they are maintaining the demat accounts for updation in address, e-mail ids, PAN, Bank details, Bank mandate, ECS mandate, etc. Members holding shares in physical form are also requested to dematerialize your shareholding as the equity shares of the Company are under compulsory demat trading.

11. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act will be available for inspection at the AGM.

    All the documents referred to in the accompanying Notice and the Explanatory Statement, are open for inspection at the Registered Office of the Company during the business hours on all working days and upto & including the date of AGM and copies thereof shall also be made available for inspection at the Corporate Office of the Company.

12. A Route Map along with Prominent Landmark for easy location to reach the venue of the AGM is annexed with the Notice of AGM and is also available on the website of the Company.

13. The Registers of Members and the Share Transfer Books of the Company will remain closed from Tuesday, August 21, 2018 to Monday, August 27, 2018 (both days inclusive) in terms of the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the purpose of the AGM and determining names of the Members eligible for dividend on equity shares, if declared.

14. The dividend as recommended by the Board of Directors of the Company (Rs. 3/- per equity share of Re. 1/- each), if declared at the AGM, will be paid on or before the 30th day from the date of declaration, to those members or their mandates:

    a) Whose names appear in the list of Beneficial Owners as at the end of business hours on Monday, August 20, 2018, in the lists of Beneficial Owners furnished by the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') immediately before commencement of the Book closure in respect of shares held in electronic form; and

    b) Whose names appear as member in the Register of Members of the Company after giving effect to the valid transfers in physical forms lodged with the Company and the RTA of the Company on or before Monday, August 20, 2018.

15. Members, who have not encashed their dividend for the financial year 2011-12 and/or the dividend for any subsequent financial years so far, are requested to make their claim to the Company or the RTA of the Company or send an email to investors@kajariaceramics.com or helpdeskdelhi@mcsregistrars.com. However, all the unclaimed dividend pertaining to

the financial years before the financial year 2011-12 have been transferred to the Investor Education and Protection Fund ('IEPF') as per the provision of Sections 124 &125 of the Act. Members may please note that no claim shall lie against the Company in respect of dividend which remains unclaimed/unpaid for a period of seven years from the date it is lying in the unpaid dividend account.

Unclaimed dividend information is available on the website of IEPF viz. www.iepf.gov.in and also on the website of the Company viz. www.kajariaceramics.com

16. In accordance with the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, including modifications and re-enactments thereof from time to time (the 'Rules'), shares in respect of which dividend has not been claimed by the Members for 7 consecutive years or more are required to be transferred to IEPF Authority, within 30 days of expiry of the said period of 7 years.

    In compliance of the Rules, during the year 2017-18, the Company had transferred 3,63,732 equity shares of Re. 1/- each fully paid up, in respect of which dividend had not been claimed by the Members for 7 consecutive years (i.e. Financial Year 2009-10 to 2015-16), to IEPF Authority.

    Further, in compliance of the Rules, the Company has communicated individually to the concerned Members and through newspaper advertisement on March 22, 2018, in respect to transfer of shares against which the dividend has not been paid/claimed by such Member for 7 consecutive years (F.Y. 2010-11 to 2016-17). The Company has uploaded the details of such Members and shares due to be transferred to IEPF Authority on its Website i.e. www.kajariaceramics.com. The Members may kindly note that both the unclaimed dividend and corresponding shares transferred to IEPF Authority including all benefits accruing on such shares, if any, can be claimed back by them from IEPF Authority after following the procedure prescribed by the Rules.

    The Members are requested to claim their unclaimed/unpaid dividend well within the permissible time period.

17. The SEBI has mandated the submission of Permanent Account Number ('PAN') by every participant in the securities market. However, the members having their shareholding in the Demat form are requested to provide their PAN details to their respective DPs and those who have shares in physical mode are requested to provide their PAN details to the Company or the RTA of the Company. Further, the SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as the transferor(s) shall furnish a copy of their PAN card to the Company or to its RTA for registration of transfer of shares.

18. (a) The electronic copy of the Annual Report with the Notice of the AGM (alongwith Proxy Form, Attendance Slip and Route Map to the AGM Venue) for the financial year ended March 31, 2018 is being sent to all the members whose email IDs are registered with the Company / DPs unless any member has requested for a physical copy of the same. For Members, who have not registered their email address, physical copies of the Annual Report with the Notice of the AGM (alongwith Proxy Form, Attendance Slip and Route Map to the AGM Venue) is being sent through permitted mode.

    (b) To support the 'Green Initiative', the members who are yet to register / update their email address with the Company or DPs are once again requested to register / update the same for receiving the Notices, Annual Reports and other documents / communications through electronic mode.

19. Certificate from the Statutory Auditors of the Company that the Kajaria Ceramics Employee Stock Option Plan 2015 has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 shall be placed at the AGM.

20. The Notice of AGM (alongwith Proxy Form, Attendance Slip and Route Map to the AGM Venue) and the Annual Report for the year ended March 31, 2018 are available at the Company's website www.kajariaceramics.com. The Notice of the AGM is also available on www.evoting.nsdl.com

21. The Company has dedicated E-mail address investors@kajariaceramics.com for members to mail their queries or lodge complaints, if any. We will endeavor to reply to your queries at the earliest.

22. Members desirous of getting any information about the Financial Statements and operations of the Company are requested to address their queries to the Company Secretary at the Corporate Office of the Company at J-1/B-1(Extn.), Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110044, ten (10) days before the AGM enabling the Company to keep the information ready.

23. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendment thereto, the Company is pleased to provide facility to the members to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the items of business given in the Notice of the AGM may be transacted through e-voting services. The facility of casting vote through e-voting system from a place other than venue of the AGM (the 'remote e-voting') will be provided by National Securities Depository Limited ('NSDL').

The facility of the remote e-voting through electronic means is as an alternate to all members to enable them to cast their votes electronically instead of casting their vote physically at the Meeting. The facility for voting through Ballot Paper shall also be made available at the AGM and the member attending the AGM who have not cast their vote by remote e-voting shall be able to exercise their vote at the Meeting through Ballot Paper at the AGM.

24. The remote e-voting period commences at 9:00 a.m. (IST) on Friday, August 24, 2018 and ends at 5:00 p.m. (IST) on Sunday, August 26, 2018. During this period, members of the Company holding shares either in physical form or in dematerialized form, as on Cut-off date of Monday, August 20, 2018 ('Cut-off date'), may cast their vote by remote e-voting. No remote e-voting shall be allowed beyond the aforesaid date and time and the remote e-voting module shall be disabled for voting upon expiry of the aforesaid period. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

25. The instructions for e-voting are as under:

The way to vote electronically on NSDL e-voting system consists of 'Two Steps' which are as under:

<u>Step - 1 - Process to login to NSDL e-voting website</u>:

(i) Please visit at the e-voting website of NSDL, either on a personal computer or on a mobile and open the web browser by typing the URL: https://www.evoting.nsdl.com/.

(ii) Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholders' section.

(iii) A new screen will open. Please enter User ID, password and Verification code as shown on the screen.

Alternatively, If you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to cast your vote electronically.

(iv) User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
For Members who hold shares in demat account with NSDL	8 character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12******, then User ID is IN300***12******
For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12**************, then User ID is 12**************
For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001*** and EVEN is 101456, the User ID is 101456001***

(v) Password details are given below:

(a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

(b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which is communicated to you at your registered E-mail ID as specified in the demat account consisting of 'pdf file'.

The password for opening the 'pdf file' is your 8 digit Client ID for NSDL account and the last 8 digit Client ID for CDSL account, if you are holding shares in demat form and if you are holding shares in physical form, then your folio number is your password. The 'pdf file' contains your 'User ID' and your 'Initial password.

If your email Id is not registered with the Company, your initial password will be communicated to you on your postal address.

Once you enter the 'initial password', the system will force you to change your password.

(vi) If the you are unable to retrieve the password or have not received the 'initial password' or have forgotten your password:

- Click on '**Forget User Details/Password?**', option available at www.evoting.nsdl.com (if your demat account is with NSDL/CDSL)

- Click on ‘**Physical User Reset password?’**, option available at www.evoting.nsdl.com (if you are holding shares in physical form)
- If you are still unable to retrieve your password through above said options, you can send a request at evoting@nsdl.co.in, mentioning your demat account number/folio number, your PAN, your name and your registered address.

(vii) After entering your password, tick on Agree to ‘Terms and Conditions’ by selecting on the check box.

(viii) Now, click on ‘Login’ and the Home page of e-voting will open.

Step - 2 – Process to cast vote electronically on NSDL e-voting system:

(i) After successful login at Step -1, you will be able to see the Home Page of e-voting. Click on e-voting. Then click on Active Voting Cycles.

Now, you will be able to see all the companies ‘EVEN’ in which you are holding shares and whose voting cycle is in active status.

(ii) Select ‘EVEN’ (Electronic Voting Even Number) of Kajaria Ceramics Limited.

(iii) Now you are ready for e-voting as the voting page opens.

(iv) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on ‘Submit’ and also ‘Confirm’ when prompted.

(v) Upon confirmation, the message ‘Vote cast successfully’ will be displayed.

(vi) You can also take printout of the votes cast by you by clicking on the print option on confirmation page.

(vii) Once you confirm your vote on the resolution, you will be not allowed to modify your vote.

General Guidelines for e-voting:

(i) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority Letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at rupesh@cacsindia.com or investors@kajariaceramics.com or admin@mcsregistrars.com with a copy marked to evoting@nsdl.co.in

(ii) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the ‘Forgot User Details/Password?’ or ‘Physical User Reset Password?’ option available on www.evoting.nsdl.com to reset the password.

26. The voting rights (for voting through remote e-voting as well as polling through ballot paper) shall be reckoned on the paid up value of the shares registered in the name of the members of the Company as on Cut-off date i.e. Monday, August 20, 2018.

27. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM through ballot paper. However, a person who is not a member as on the cut-off date should treat this Notice for information purpose only.

28. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off date i.e. Monday, August 20, 2018, may obtain the login ID and password by sending a request (alongwith Name, Folio No. / DP ID & Client ID, as the case may be and shareholding) at evoting@nsdl.co.in or helpdeskdelhi@mcsregistrars.com or admin@mcsregistrars.com

    In case of any queries connected with voting by electronic means, you may refer the Frequently Asked Questions (FAQs) for Shareholders and the remote e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or contact Ms. Pallavi Mhatre, Assistant Manager, NSDL, Trade World, A Wing, Fourth and Fifth Floor, Kamla Mills Compound, Lower Parel, Mumbai- 400013 through email at evoting@nsdl.co.in or on Toll Free No.1800-222-990.

29. The members can opt for only one mode of voting i.e. remote e-voting or voting through Ballot Paper at the AGM Venue. In case of voting by both the modes, vote cast through remote e-voting will be considered final and voting through Ballot Paper will not be considered. The members who have cast their vote by remote e-voting may also attend the Meeting.

30. Please note that the members who have exercised their right to vote through electronic means as above shall not be eligible to vote by way of Ballot Paper at the AGM, but they may attend the AGM. Votes cast by way of Ballot Paper together with vote cast through remote e-voting shall be counted for the purpose of passing of resolution(s). No voting by show of hands will be allowed at the AGM.

31. The Board of Directors of the Company has appointed Dr. S. Chandrasekaran (Membership No. FCS 1644, CP No. 715) or failing him Mr. Rupesh Agarwal (Membership No. ACS 16302, CP No. 5673), Partners of M/s Chandrasekaran Associates, Company Secretaries, having its office situated at 11F, Pocket-IV, Mayur Vihar, Phase-1, New Delhi 110091, as Scrutinizer to scrutinize the voting through remote e-voting and Ballot Paper process in a fair and transparent manner.

32. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot Paper(s) for all those eligible members / proxies who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

33. The Scrutinizer shall immediately after the conclusion of voting at the meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, within the time permissible under applicable laws, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him, who shall countersign the same.

34. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.kajariaceramics.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorised by him and the results shall also be communicated to the BSE Limited and National Stock Exchange of India Limited. The result will also be displayed at the Registered Office as well as at the Corporate Office of the Company.

35. Subject to receipt of requisite number of votes, the resolutions set out in the Notice of the AGM shall be deemed to be passed at the 32nd AGM scheduled to be held on Monday, August 27, 2018.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO: 6

Mr. Chetan Kajaria was appointed as the Joint Managing Director of the Company for a period of 3 years effective from April 1, 2015 to March 31, 2018.

Keeping in view the excellent performance of the Company under his dynamic leadership, the Board of Directors of the Company ('the Board'), on recommendations of the Nomination & Remuneration Committee and the Audit Committee and pursuant to the Nomination and Remuneration Policy of the Company, has re-appointed Mr. Chetan Kajaria as the Joint Managing Director of the Company for a further period of 3 years w.e.f. April 1, 2018 to March 31, 2021, He will be liable to retire by rotation. The said re-appointment is subject to provisions of the Companies Act, 2013 and rules made thereunder and approval of Members of the Company.

The terms and conditions of the said re-appointment of Mr. Chetan Kajaria as the Joint Managing Director of the Company w.e.f. April 1, 2018 to March 31, 2021 for a period of 3 years are as follows:

Mr. Chetan Kajaria, in the capacity of the Joint Managing Director of the Company, will be entitled to the following revised remuneration w.e.f. April 1, 2018:

1) Salary

Rs. 19,50,000 – Rs. 3,25,000 – Rs. 26,00,000 per month.

2 Commission

1% of net profit before tax of the Company as calculated under the provisions of Sections 197 & 198 of the Companies Act, 2013.

In addition to the salary and commission, the Joint Managing Director shall be entitled to the following perquisites:

3) Perquisites:

Perquisites are classified into three categories 'A' 'B' & 'C' as follows:

CATEGORY 'A'

Housing

Residential accommodation (furnished or otherwise) or house rent allowance at the rate of 60% of the Salary.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Act and rules made thereunder. This, however, will be subject to a ceiling of 10% of the Salary.

Medical Allowance / Reimbursement of Medical Expenses

Not exceeding one month's Salary per year.

Insurance

As per the policy of the Company for Directors and other senior employees, the Company may take an Employer-Employee Policy on his life. The policy may be assigned in his name in future. In such an event of assignment of the policy the same shall be treated as perquisite in his hands.

CATEGORY 'B'

i. Contribution to Provident Fund, Superannuation Fund or Annuity Fund, if any, will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.

ii. Gratuity payable at a rate not exceeding half a month's Salary for each completed year of service.

CATEGORY 'C'

Provision of Car with Driver and Telephone at the Residence will not be considered as perquisites.

Other Terms and Conditions:

1. The Joint Managing Director will not be entitled to sitting fee for attending the meetings of the Board of Directors (the 'Board') or its Committee.

2. If during the currency of tenure of the Joint Managing Director, the Company has no profits or profits are inadequate, in any financial year, the Joint Managing Director shall be entitled to remuneration by way of Salary and perquisites as per the provisions of the Companies Act, 2013.

3. The Joint Managing Director holds office as such, subject to the provisions of the Section 167 of the Companies Act, 2013.

4. That the Joint Managing Director shall be liable to retire by rotation.

5. That the Joint Managing Director shall not become interested or otherwise concerned directly or through his relatives as defined under the Companies Act, 2013 in any selling/buying agency of the Company without the prior approval of the Board so long as he functions in such capacity.

6. That the Joint Managing Director shall not, during the continuance of his employment or any time thereafter, divulge or disclose to any person, firm, company, body corporate or concern whatsoever or make any use for his own or for whatsoever purpose of any confidential information, or knowledge obtained by him during his employment of the business or affairs of the Company or of any trade secrets or secret processes of the Company and the Joint Managing Director shall, during the continuance of his employment hereunder, also use his best endeavour to prevent any other person, firm, company, body corporate or concern from doing so.

7. That the Joint Managing Director shall, throughout the said term, devote his full attention and abilities to the business of the Company and shall comply with the directions issued from time to time and in all respects conform to the regulations made by the Board and shall diligently promote the interest of the Company.

8. In the event of the Joint Managing Director being found guilty of misconduct or negligence in the discharge of his duties or in the conduct of the Company's business or of any other act or omission inconsistent with his duties as the Joint Managing Director or any breach of the Contract of Service dated January 31, 2018, which in the opinion of the Board requires termination from the office of the Joint Managing Director, the Company shall be entitled to terminate the said Contract of Service without any notice and compensation.

9. That the Joint Managing Director shall have powers as delegated by the Board, from time to time, for the management and control of the Company.

10. That the Joint Managing Director acting as an officer of the Company as defined under the Companies Act, 2013 shall have powers to act, do such things on behalf of the Company in respect of the affairs and business of the Company and as are not forbidden by the provisions of the Companies Act, 2013 or any other statute for the time being to be done by the Joint Managing Director or required to be done by the Company in general meeting or by the Directors.

11. That the Joint Managing Director shall have power on behalf of the Company to institute, conduct and defend suits, prefer appeals and sign all plaints, written statement, engage solicitors, employ and discharge the officers, staff, workers and other person for the business of the Company and to pay their remuneration.

12. Unless otherwise contained in Point No. 8 above, the Company can at its discretion terminate the Contract of Service dated January 31, 2018 by giving three months' notice of such termination or on payment of three months' Salary and no compensation will be payable to the Joint Managing Director for the unexpired portion of the above referred Contract of Service.

13. That the Joint Managing Director can also terminate the above referred Contract of Service by giving three months' notice in writing to the Company at the Corporate Office. In that event he undertake to peacefully handover the charge including all necessary documents, files and papers to such person or persons as may be informed by the Managing Director in writing.

14. The Board may revise the terms and conditions from time to time, subject to applicable compliances under the Companies Act, 2013.

15. This appointment is subject to the approval of the members of the Company. In case the appointment is not approved by the members, he will immediately vacate the office.

16. For all other terms and conditions not specifically spelt out above, the policy, rules and orders of the Company shall apply.

The disclosures prescribed under Regulation 36 of the Listing Regulations read with the provisions of the Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India are provided in **Annexure-A** of the Notice.

The Contract of Service dated January 31, 2018 setting out the terms and conditions of re-appointment of Mr. Chetan Kajaria including remuneration are available for inspection by the Members at the Registered Office and Corporate Office of the Company, during the working hours on all working days and upto & including the date of the AGM.

Accordingly, the Board recommends the resolution in relation to the re-appointment of Mr. Chetan Kajaria as the Joint Managing Director, for the approval by the Members of the Company.

Except Mr. Ashok Kajaria, Mr. Chetan Kajaria, Mr. Rishi Kajaria and their relatives to the extent of their shareholding, if any, in the Company, none of the other Directors / Key Managerial Personnel and their relatives is, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

ITEM NO: 7

Mr. Rishi Kajaria was appointed as the Joint Managing Director of the Company for a period of 3 years effective from April 1, 2015 to March 31, 2018.

Keeping in view the excellent performance of the Company under his dynamic leadership, the Board of Directors of the Company ('the Board'), on recommendations of the Nomination & Remuneration Committee and the Audit Committee and pursuant to the Nomination and Remuneration Policy of the Company, has re-appointed Mr. Rishi Kajaria as the Joint Managing Director of the Company for a further period of 3 years w.e.f. April 1, 2018 to March 31, 2021, He will be liable to retire by rotation. The said re-appointment is subject to provisions of the Companies Act, 2013 and rules made thereunder and approval of Members of the Company.

The terms and conditions of the said re-appointment of Mr. Rishi Kajaria as the Joint Managing Director of the Company w.e.f. April 1, 2018 to March 31, 2021 for a period of 3 years are as follows:

Mr. Rishi Kajaria, in the capacity of the Joint Managing Director of the Company, will be entitled to the following revised remuneration w.e.f. April 1, 2018:

1) Salary

Rs. 19,50,000 – Rs. 3,25,000 – Rs. 26,00,000 per month.

2) Commission

1% of net profit before tax of the Company as calculated under the provisions of Sections 197 & 198 of the Companies Act, 2013.

In addition to the salary and commission, the Joint Managing Director shall be entitled to the following perquisites:

3) Perquisites:

Perquisites are classified into three categories 'A' 'B' & 'C' as follows:

CATEGORY 'A'

Housing

Residential accommodation (furnished or otherwise) or house rent allowance at the rate of 60% of the Salary.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Act and rules made thereunder. This, however, will be subject to a ceiling of 10% of the Salary.

Medical Allowance / Reimbursement of Medical Expenses

Not exceeding one month's Salary per year.

Insurance

As per the policy of the Company for Directors and other senior employees, the Company may take an Employer-Employee Policy on his life. The policy may be assigned in his name in future. In such an event of assignment of the policy the same shall be treated as perquisite in his hands.

CATEGORY 'B'

i. Contribution to Provident Fund, Superannuation Fund or Annuity Fund, if any, will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.

ii. Gratuity payable at a rate not exceeding half a month's Salary for each completed year of service.

CATEGORY 'C'

Provision of Car with Driver and Telephone at the Residence will not be considered as perquisites.

Other Terms and Conditions:

1. The Joint Managing Director will not be entitled to sitting fee for attending the meetings of the Board of Directors (the 'Board') or its Committee.
2. If during the currency of tenure of the Joint Managing Director, the Company has no profits or profits are inadequate, in any financial year, the Joint Managing Director shall be entitled to remuneration by way of Salary and perquisites as per the provisions of the Companies Act, 2013.
3. The Joint Managing Director holds office as such, subject to the provisions of the Section 167 of the Companies Act, 2013.
4. That the Joint Managing Director shall be liable to retire by rotation.
5. That the Joint Managing Director shall not become interested or otherwise concerned directly or through his relatives as defined under the Companies Act, 2013 in any selling/buying agency of the Company without the prior approval of the Board so long as he functions in such capacity.
6. That the Joint Managing Director shall not, during the continuance of his employment or any time thereafter, divulge or disclose to any person, firm, company, body corporate or concern whatsoever or make any use for his own or for whatsoever purpose of any confidential information, or knowledge obtained by him during his employment of the business or affairs of the Company or of any trade secrets or secret processes of the Company and the Joint Managing Director shall, during the continuance of his employment hereunder, also use his best endeavour to prevent any other person, firm, company, body corporate or concern from doing so.
7. That the Joint Managing Director shall, throughout the said term, devote his full attention and abilities to the business of the Company and shall comply with the directions issued from time to time and in all respects conform to the regulations made by the Board and shall diligently promote the interest of the Company.
8. In the event of the Joint Managing Director being found guilty of misconduct or negligence in the discharge of his duties or in the conduct of the Company's business or of any other act or omission inconsistent with his duties as the Joint Managing Director or any breach of the Contract of Service dated January 31, 2018, which in the opinion of the Board requires termination from the office of the Joint Managing Director, the Company shall be entitled to terminate the said Contract of Service without any notice and compensation.
9. That the Joint Managing Director shall have powers as delegated by the Board, from time to time, for the management and control of the Company.
10. That the Joint Managing Director acting as an officer of the Company as defined under the Companies Act, 2013 shall have powers to act, do such things on behalf of the Company in respect of the affairs and business of the Company and as are not forbidden by the provisions of the Companies Act, 2013 or any other statute for the time being to be done by the Joint Managing Director or required to be done by the Company in general meeting or by the Directors.
11. That the Joint Managing Director shall have power on behalf of the Company to institute, conduct and defend suits, prefer appeals and sign all plaints, written statement, engage solicitors, employ and discharge the officers, staff, workers and other person for the business of the Company and to pay their remuneration.
12. Unless otherwise contained in Point No. 8 above, the Company can at its discretion terminate the Contract of Service dated January 31, 2018 by giving three months' notice of such termination or on payment of three months' Salary and no compensation will be payable to the Joint Managing Director for the unexpired portion of the above referred Contract of Service.
13. That the Joint Managing Director can also terminate the above referred Contract of Service by giving three months' notice in writing to the Company at the Corporate Office. In that event he undertake to peacefully handover the charge including all necessary documents, files and papers to such person or persons as may be informed by the Managing Director in writing.
14. The Board may revise the terms and conditions from time to time, subject to applicable compliances under the Companies Act, 2013.

15. This appointment is subject to the approval of the members of the Company. In case the appointment is not approved by the members, he will immediately vacate the office.

16. For all other terms and conditions not specifically spelt out above, the policy, rules and orders of the Company shall apply.

The disclosures prescribed under Regulation 36 of the Listing Regulations read with the provisions of the Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India are provided in **Annexure-A** of the Notice.

The Contract of Service dated January 31, 2018 setting out the terms and conditions of re-appointment of Mr. Rishi Kajaria including remuneration are available for inspection by the Members at the Registered Office and Corporate Office of the Company, during the working hours on all working days and upto & including the date of the AGM.

Accordingly, the Board recommends the resolution in relation to the re-appointment of Mr. Rishi Kajaria as the Joint Managing Director, for the approval by the Members of the Company.

Except Mr. Ashok Kajaria, Mr. Chetan Kajaria, Mr. Rishi Kajaria and their relatives to the extent of their shareholding, if any, in the Company, none of the other Directors / Key Managerial Personnel and their relatives is, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

ITEM NO. 8

Mr. H. Rathnakar Hegde is an Independent Director and joined the Board w.e.f. January 17, 2012. Under the Companies Act, 2013 ('the Act'), he has been appointed as the Independent Director of the Company w.e.f. April 1, 2014 and his current term will expire on March 31, 2019.

Section 149(10) of the Act provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for re-appointment on passing of a special resolution by the company.

The Board considers that continued association of Mr. Hegde would be of immense benefit to the Company and it is desirable to continue to avail his services as the Independent Director of the Company. The Board has also carried out the evaluation of his performance through structured evaluation process and in line with the criteria specified in the Nomination and Remuneration Policy of the Company and the Board expressed their satisfaction with his performance and contribution made to the Company in the capacity of the Independent Director of the Company. In the opinion of the Board of Directors, Mr. Hegde fulfils the conditions specified in the Act and the rules made thereunder read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') for his re-appointment as Independent Director of the Company and he is independent of the management of the Company.

Keeping in view of his rich experience and contributions throughout his tenure and on the recommendation of the Nomination & Remuneration Committee, it is proposed to re-appoint Mr. H. Rathnakar Hegde as Independent Director of the Company for the second term of five consecutive years w.e.f. April 1, 2019 to March 31, 2024.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Hegde for the office of Director of the Company. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act and the Company has also received a declaration from Mr. Hegde that he meets the criteria of independence as stipulated under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and his consent to act as a Director.

The terms and conditions of re-appointment of Mr. Hegde shall be open for inspection by the members at the Registered Office and the Corporate Office of the Company, during the working hours on all working days and upto & including the date of AGM. The said terms and conditions are also available at the Company's website www.kajariaceramics.com. The disclosures prescribed under Regulation 36 of the Listing Regulations read with the provisions of the Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India are provided in **Annexure-A** of the Notice.

Accordingly, the Board recommends the resolution in relation to the re-appointment of Mr. H. Rathnakar Hegde as an Independent Director, for the approval by the Members of the Company.

Mr. H. Rathnakar Hegde, the proposed appointee, may be deemed to be concerned or interested in this resolution for his re-appointment. None of the other Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

Annexure A

Information pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the provisions of the Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India regarding the Directors proposed to be appointed/re-appointed:

Name of Directors	Mr. Chetan Kajaria (DIN: 00273928)	Mr. Rishi Kajaria (DIN: 00228455)	Mr. H. Rathnakar Hegde (DIN: 05158270)
Date of Birth	24.12.1974	14.10.1978	06.11.1950
Age as on March 31, 2018	43 Years	40 Years	68 Years
Date of first appointment	15.01.2000	26.07.2003	17.01.2012
Qualification	B.Engg. (Petrochem) from Pune University and MBA from Boston College (USA).	B.Sc. in Business Administration from Boston University (USA).	B.Sc.
Experience	He started his journey at Kajaria Ceramics Limited in the year 2000 and has been instrumental in giving a new dimension to the Company by opening international standard tile showrooms across the country which has today become an industry trend. Mr. Kajaria is spearheading the ceramic tile vertical. He is responsible for the first ever acquisition in the Company's history- acquiring a ceramic tile plant in Gujarat for feeding the Western and Southern markets in February 2011. He spread the concept of value added tiles in the ceramic tile vertical using digital technology from Spain by displaying at dealers' showroom across the country. He had also led the acquisition of a ceramic tile plant in Vijayawada, Andhra Pradesh in April 2012, marking the Company's entry into the growing markets of South India. He has played a key role in making Kajaria Ceramics Limited a leading manufacturer of ceramic wall & floor tiles in India.	Mr. Rishi Kajaria joined Kajaria Ceramics in the year 2003 and spearheads the vitrified tile vertical. Initially, he opted for trading vitrified tiles rather than joining the race of setting up capacities. After importing for 5 years, he decided to manufacture them. The first production unit for vitrified tile was started in Sikandrabad in 2010. Subsequently, Kajaria Ceramics commissioned a huge expansion of vitrified tiles at Gailpur in 2011. The next capacity addition came through joint ventures in Morbi, Gujarat. With this strategy, he added capacity without any gestation period and acquired reach. Today the total production capacity of vitrified tiles is 38.90 MSM per annum. Mr. Rishi Kajaria identified the opportunity in the Bathware segment and started Kajaria Bathware. He is also responsible for spearheading the lateral shift of the Company into Sanitaryware and faucets in keeping with the overall growth master plan.	He has served the banking industry for four decades. His most recent position was as the Executive Director of the Oriental Bank of Commerce ('OBC'), a premier public sector bank in India. Mr. Hegde assumed his responsibilities at OBC on May 16, 2008. Prior to this, Mr. Hegde held the position of General Manager (Credit, Human Resource, Treasury, and Marketing) at Vijaya Bank that was the culmination of 38 years of exemplary service in various capacities.
Terms and conditions of appointment/re-appointment	As per the terms of the Contract of Service which are specified in the explanatory statement of the Notice.	As per the terms of the Contract of Service which are specified in the explanatory statement of the Notice.	As mentioned in explanatory statement of the Notice.
Remuneration sought and last drawn	<u>Remuneration sought as Joint Managing Director:</u> As per the terms and conditions specified in the explanatory statement of the Notice. <u>Remuneration last drawn as Joint Managing Director</u>: As specified in the Corporate Governance Report	<u>Remuneration sought as Joint Managing Director:</u> As per the terms and conditions specified in the explanatory statement of the Notice. <u>Remuneration last drawn as Joint Managing Director:</u> As specified in the Corporate Governance Report	<u>Remuneration sought:</u> No remuneration will be payable except sitting fees for attending Board and its Committees meetings. <u>Remuneration last drawn as Independent Director:</u> As specified in the Corporate Governance Report
Shareholding in the Company as on March 31, 2018	1339880 Equity Shares	1805716 Equity Shares	Nil

Relationship with other Directors and Key Managerial Personnel of the Company	Mr. Ashok Kajaria, Chairman & Managing Director is the father of Mr. Chetan Kajaria and Mr. Rishi Kajaria. Mr. Rishi Kajaria is the brother of Mr. Chetan Kajaria. Other than above, Mr. Chetan Kajaria is not related to other Directors and Key Managerial Personnel of the Company.	Mr. Ashok Kajaria, Chairman & Managing Director is the father of Mr. Rishi Kajaria and Mr. Chetan Kajaria. Mr. Chetan Kajaria is the brother of Rishi Kajaria. Other than above, Mr. Rishi Kajaria is not related to other Directors and Key Managerial Personnel of the Company.	Not related to other Directors and Key Managerial Personnel of the Company.
Nos. of Board Meetings attended during the year 2017-18	6	7	4
Directorships held in other Public Limited Companies including other Listed Companies	Nil	Nil	1. Sical Logistics Limited 2. Sical Iron Ore Terminal Limited 3. Sical Iron-Ore Terminal (Mangalore) Limited 4. Sical Multimodal and Rail Transport Limited 5. Norsea Offshore India Limited 6. Sical Infra Assets Limited 7. Sical Saumya Mining Limited
Chairmanships/Memberships of the Committee of Board of Directors of the Company*	He is a member in Stakeholders Relationship Committee of the Company	Nil	He is a member in Audit Committee of the Company
Chairmanships/Memberships of the Committee of Board of Directors of other Public Limited Companies*	Nil	Nil	Chairman of Audit Committee: 1. Sical Logistics Limited 2. Sical Iron-ore Terminal Limited 3. Sical Infra Assets Limited 4. Sical Mutimodal & Rail Transport Limited Chairman of Stakeholder Relationship Committee: 1. Sical Logistics Limited Member of Audit Committee: 1. Sical Iron-ore Terminal (Mangalore) Limited 2. Sical Saumya Mining Limited 3. Noresea Offshore India Limited.

Note:

* The Committee of Board of Directors includes only Audit committee and Stakeholders Relationship Committee as per Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

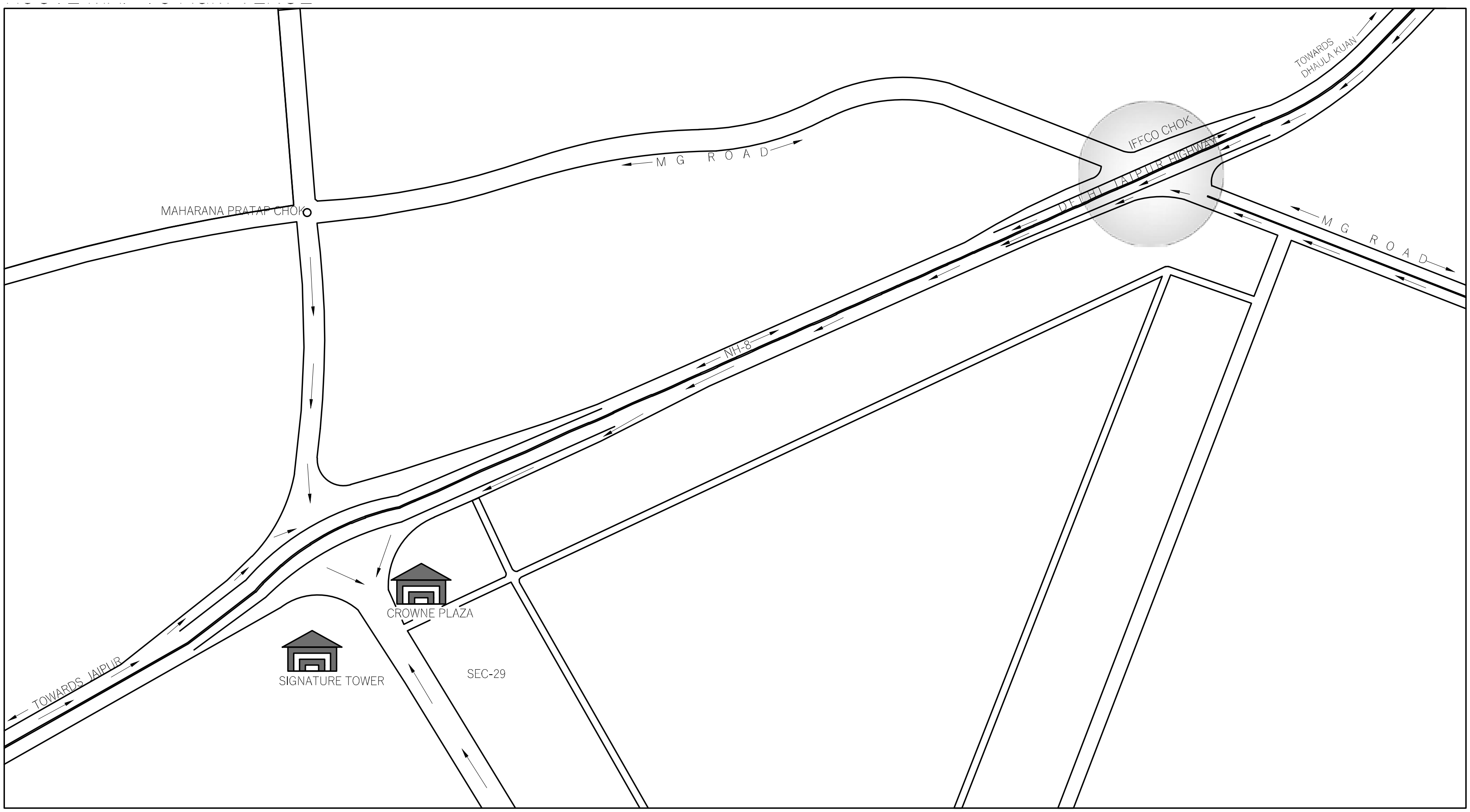
By Order of the Board
For **Kajaria Ceramics Limited**

Regd. Office: SF-11, Second Floor, JMD Regent Plaza,
Mehrauli-Gurgaon Road, Village Sikanderpur Ghosi,
Gurgaon, Haryana-122001

Ram Chandra Rawat
COO (A&T) & Company Secretary
(FCS No. 5101)

Place: New Delhi
Dated: May 8, 2018

ROUTE MAP TO AGM VENUE



KAJARIA CERAMICS LIMITED

CIN : L26924HR1985PLC056150

Registered Office: SF-11, Second Floor, JMD Regent Plaza, Mehrauli-Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana-122001
Phone: +91-124-4081281
Corporate Office : J-1/B-1 (Extn), Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110044
Phone: +91-11-26946409 **Fax:** +91-11-26946407
E-Mail: investors@kajariaceramics.com **Website:** www.kajariaceramics.com

FORM NO. MGT-11
Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)	
Registered address	
E-mail ID	
Folio No/ Client ID*/ DP ID*	

I/We, being the member(s) holding _____________ Equity Shares of KAJARIA CERAMICS LIMITED, hereby appoint

1. Name ....
   Address...
   ....
   E-mail ID ....
   Signature.............................., or falling him
2. Name ....
   Address...
   ....
   E-mail ID ....
   Signature.............................., or falling him
3. Name ....
   Address...
   ....
   E-mail ID ....
   Signature..

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on Monday, August 27, 2018 at 3:00 P.M. at Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana – 122001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution(s)	Vote (Optional, see Note 4) *(Please mention no. of shares)*		
		For	Against	Abstain
Ordinary Business				
1	To receive, consider and adopt Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the financial year ended March 31, 2018 and Reports of the Board of Directors and Auditors thereon			
2	To declare a dividend of Rs. 3/- per equity share			
3	To re-appoint Mr. Chetan Kajaria (DIN: 00273928), who retires by rotation			
4	To re-appoint Mr. Rishi Kajaria (DIN: 00228455), who retires by rotation			
5	To ratify appointment of M/s Walker Chandiok & Co LLP, Chartered Accountants, as the Statutory Auditors of the Company and to fix their remuneration			
Special Business				
6	To re-appoint Mr. Chetan Kajaria (DIN: 00273928) as Joint Managing Director of the Company			
7	To re-appoint Mr. Rishi Kajaria (DIN: 00228455) as Joint Managing Director of the Company			
8	To re-appoint Mr. H. Rathnakar Hegde (DIN: 05158270) as Independent Director of the Company			

Signed this…………………………………………………… day of……………………………. 2018

Affix Revenue Stamp of Re. 1/-

Signature of Proxy holder .... Signature of member..

Note:

1. This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. A member entitled to attend and vote is entitled to appoint proxy to attend and on poll, to vote instead of himself/herself. A proxy need not be a member of the Company.
3. If the Company receives multiple proxies for the same holdings of a member, the proxy which is dated last shall be considered valid and if they are not dated or bear the same date without specific mention of time, all such multiple proxies shall be treated as invalid.
4. It is optional to indicate your preference. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
5. Signature of member should be across a Revenue Stamp of Re. 1.
6. *Applicable for members holding shares in dematerialized form.

KAJARIA CERAMICS LIMITED

CIN : L26924HR1985PLC056150
Registered Office: SF-11, Second Floor, JMD Regent Plaza, Mehrauli-Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana-122001
Phone: +91-124-4081281
Corporate Office : J-1/B-1 (Extn), Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110044
Phone: +91-11-26946409 **Fax:** +91-11-26946407
E-Mail: investors@kajariaceramics.com **Website:** www.kajariaceramics.com

ATTENDANCE SLIP

32nd ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the 32ND Annual General Meeting of the Company being held on Monday, August 27, 2018 at 3:00 P.M. at Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana – 122001.

ELECTRONIC VOTING (E-VOTING) PARTICULARS

REVEN (Remote Electronic Voting Event Number)	USER ID	PASSWORD / PIN

....	....	....
Members Folio/DP ID-Client ID No.* (to be filled by the member)	Member's/Proxy's Name in Block Letters (to be filled by the member)	Member's/ Proxy's Signature (to be filled by the member/proxy)

The remote e-voting facility will be available for the following period:

Commencement of e-voting	From 09:00 A.M. (IST) on Friday, August 24, 2018
Ending of e-voting	Upto 05:00 P.M. (IST) on Sunday, August 26, 2018

Note:

1. Please complete the Folio/ DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING.
2. * For shares held in dematerialized form.
3. Electronic copy of the Annual Report for 2017-18 and the Notice of Annual General Meeting along with the Attendance Slip, Proxy Form & Route Map to AGM venue are being sent to all the members whose email address is registered with the Company/ Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
4. Physical Copy of Annual Report for the financial year 2017-18 and Notice of the Annual General Meeting along with Attendance Slip, Proxy Form and Route Map is being sent through permitted mode to all Members whose email is not registered.

Kajaria

Kajaria Ceramics Limited | Annual Report 2017-18

forward looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to fully appreciate our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set our anticipated results based on management plans and assumptions. We have tried, where possible, to identify such statements by using words such as 'anticipate', 'expect', 'project', 'intend', 'plan', 'believe', and words of similar substance in connection with any discussion of future performance.

We cannot, of course, guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. Achievement of results is subject to risks, uncertainties, and potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

CONTENTS

Being a forerunner is never a one-time effort.

One cannot just keep implementing, without pioneering.
One cannot simply choose to exist, without growing.
One cannot just go after success, without sustaining it.
One cannot simply focus on being strong, without being flexible.

In other words, one cannot afford to be unidirectional, complacent, or shortsighted if one is to hold on to one's ground. Because there'd always be newer, bigger grounds to cover, and more contenders vying for the top spot.

What is needed is a core philosophy that is as idealistic as it is realistic.
As powerful as it is sustainable.

At Kajaria, the operative words are

Robust & Resilient

2800+

SKU's

THE LARGEST PRODUCT BASKET
OF TILES IN INDIA

In this aesthetics-led business space, appeal and diversity are the essential growth catalysts.

And for Kajaria, its product diversity - that caters to the multi-regional, multi-cultural 1.3 bn aspiring Indians – is its key strength.

- For its extensive range attracts eyeballs and draws extra footfalls.
- For its sizes make the large seem even more spacious and the small appear increasingly stylish.
- For its innovation delivers products yet not conceived in the consumer's mind.
- For its value-quotient services the aspiring and those who have arrived.

And with each passing day, Kajaria works on rejuvenating its product basket to increase its appeal-quotient to the upwardly mobile customers.

In 2017-18, Kajaria...

... launched the Designer Series and Impression Series (70 concepts) and the New Luxury Collection (98 concepts) in ceramic wall and floor tiles.

...launched the Ultima Luxury collection comprising 181 designs in glazed vitrified tiles.

1400

DEALERS & 5000 TOUCH POINTS

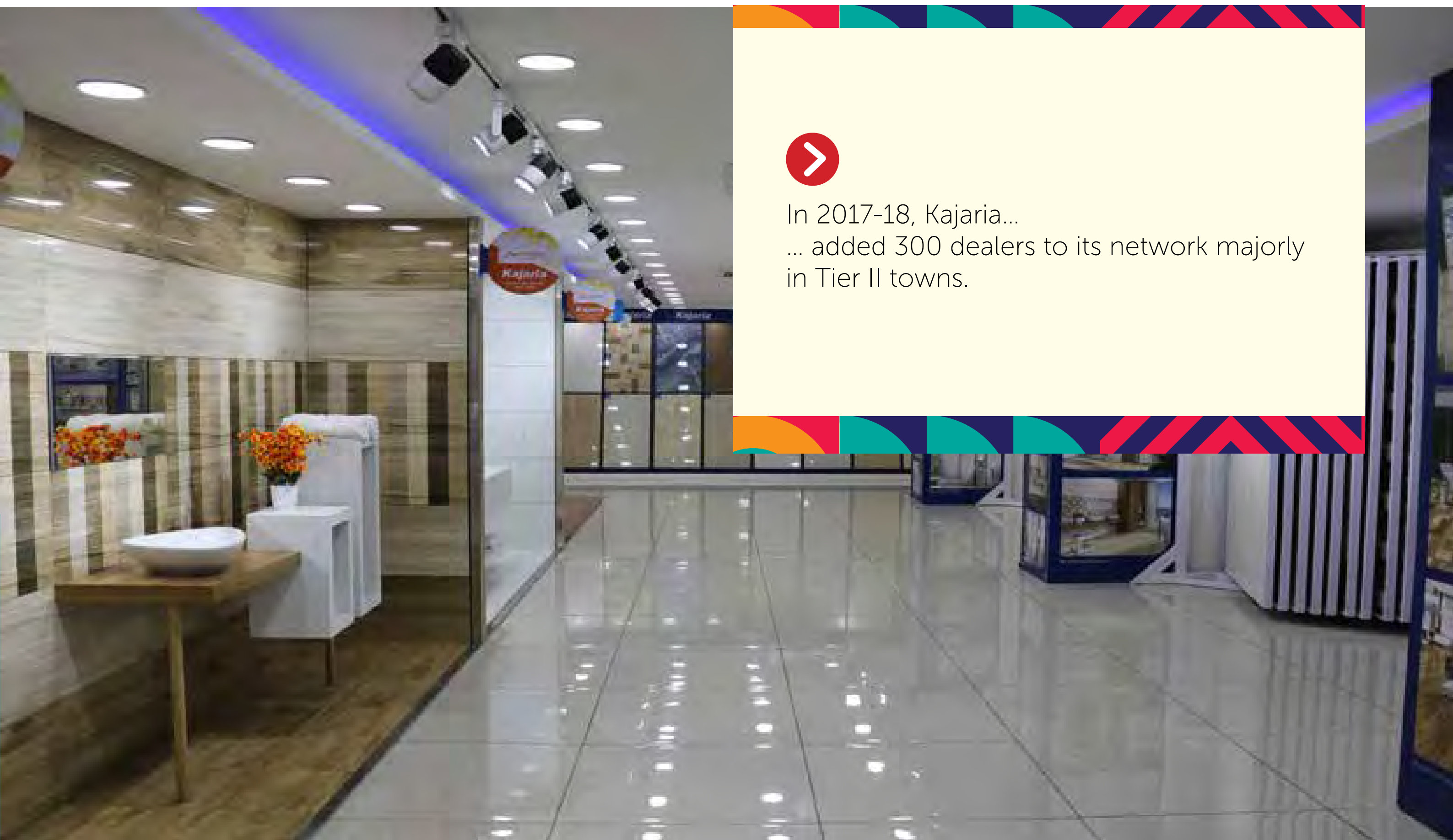
THE LARGEST DISTRIBUTION NETWORK
IN INDIA'S TILES SECTOR

In this shelf space dominated business, reach results in higher returns.

Kajaria's well-entrenched distribution network, which addresses almost the entire 3.3 mn sq. km Indian landmass, is its critical differentiator.

- For its extensive presence across destination layers (metros, urban cities, tier I and II towns) enables it to capitalise on growing demand pan India.
- For its presence in unheard of towns (considered new-age growth drivers) provides it the critical first-mover advantage.
- For its focus on upgrading its display with aspirational products and new-age solutions makes it a must visit destination for every home maker.
- For its ability to provide every customer across the societal spectrum an unforgettable experience, imprints a lasting recall.

And Kajaria continues to explore pin codes in every Indian state for extending its presence into every emerging opportunity pocket.



In 2017-18, Kajaria...
... added 300 dealers to its network majorly in Tier II towns.

No.1

BRAND

THE MOST RESPECTED TILE BRAND IN INDIA

In today's increasingly brand-conscious age, being at the top arouses aspiration and generates pride. In doing so, it emerges as the silent yet critical value driver.

And for Kajaria, its ability to imprint lasting recall in diverse stakeholders across ages, societal status and occupations, is its differentiator.

- For its dealers, Kajaria has emerged as a knowledge institute that mentors them to showcase as opposed to sell.
- For the affluent, the Kajaria brand is like their shadow – in their homes and work places, from airports and malls.
- For the masses, the Kajaria brand flashes prominently in most stadiums that host crowd-pulling national events.
- For the homemakers, Kajaria intermittently flashes on the small screen (which over time has become quite large) endorsed by celebrities they can relate to.
- For the trend-setting millennials (Generation Y and Z), Kajaria always seems to pop-up in every go-to website and on the silver screens of prominent malls in leading urban cities.
- For the young enthusiast, Kajaria engages them with contests such as IPL #playwithKajaria campaign.
- For business houses, Kajaria participates in various trade exhibitions across the country.

And Kajaria is only increasing its efforts to build upon this invisible yet rock solid pillar (its brand) that continues to reinforce confidence – that if it's Kajaria, you can be sure!

In 2017-18, Kajaria...
...invested ₹105 crore in branding and awareness campaigns across the nation.
...Apart from Akshay Kumar, the tile brand ambassador, it has now tied up with the youth icon Anushka Sharma to make her the brand ambassador for its Kerovit brand (faucets and sanitaryware).
... extended its prestige presence to 30 airports (Tier I, II and III) as on March 31, 2018.
...aggressively built on its social media presence having about 1 million followers as on March 31, 2018.

A name that transforms
a product into a
style statement.

A tag that arouses
aspiration and
generates pride.

A brand that stands
for TRUST.

KAJARIA

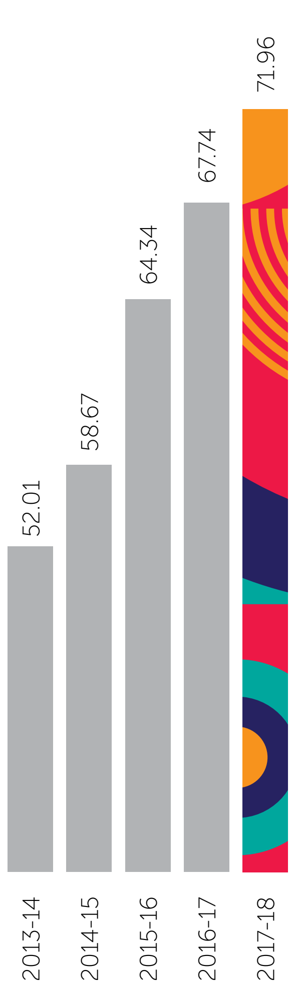
The visionary entrepreneur Mr. Ashok Kajaria heads Kajaria Ceramics, ably assisted by his sons, Mr. Chetan Kajaria and Mr. Rishi Kajaria. The Company's management team comprising eminent and experienced members makes it possible for the Company to stay ahead of the curve through proactive capacity creation, competitive cost of manufacture, world-class quality and distribution synergies.

The Company is headquartered in New Delhi. Its state-of-the-art manufacturing facilities at Sikandrabad (Uttar Pradesh), Gailpur and Malutana (Rajasthan), Morbi (Gujarat) and Vijayawada (Andhra Pradesh) produce ceramic wall and floor tiles, glazed and polished vitrified tiles, faucets and sanitaryware.

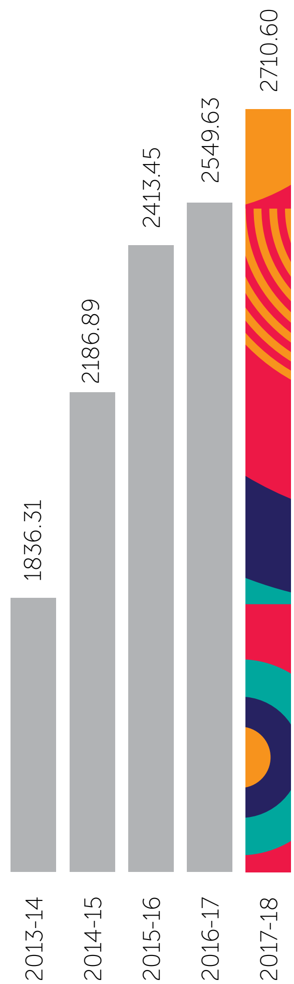
Through its large customer-interfacing distribution network, the Company offers the largest product range across all price points, providing customers the widest choice, positioning the brand as a preferred one-stop shop for all tiles and bathroom solutions.

Kajaria is the only Indian company to feature among the Top - 10 global tile manufacturers.

Kajaria: pivoted on a solid foundation



Sales volume
(MSM)



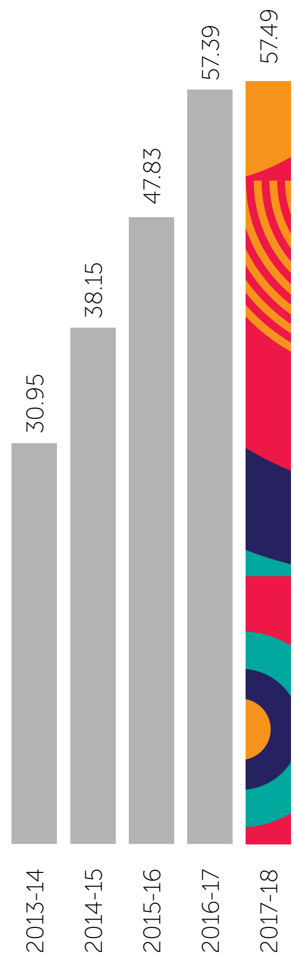
Revenue
(Net Sales)
(₹ crores)

EBITDA
(₹ crores)

FY 2013-14 and FY 2014-15 are as per IGAAP

Net Profit
(₹ crores)

Debt-equity
(x)



Dividend*
(₹ crores)

**including Dividend Distribution Tax*

Statement from the Management

"The current year holds the promise for healthy business growth owing to internal efficiencies supported by favourable policy tailwinds".

Dear Shareholders,

Fiscal 2017-18 was a year of validation. When the Company's performance is viewed through the prism of the challenging external environment, it highlights the determined resolve of the entire Kajaria team to take the organisation forward.

Fiscal 2017-18 was an outlier as it truly tested the robustness of the business model and the resilience of the organisation to withstand challenging adversities that derailed sectoral growth into the negative zone.

It gives us immense pleasure to state that we came through the strong headwinds with great composure. In our view, this indicates that Kajaria continues to be a learning organisation, learning and imbibing ways to overcome adversities – a key ingredient for sustainable business growth.

Let us give you a brief outline of our journey in 2017-18 before we reflect upon what the future holds in store for us.

The period under review

We consider ourselves fortunate to have witnessed the roll out of the most decisive and path-breaking fiscal change in post-Independence India – the ONE NATION, ONE TAX regime with the launch of Goods and Services Tax.

But this transformation resulted in anxiety for a number of business establishments (largely the MSME sector) who were impacted by this policy change. As a result, this sector, which forms the crux of our retail sales, postponed their purchases of tiles –impacting our sales volumes.

Gas prices increased significantly during the year under review. Unfortunately, the dampened sentiments prevailing in the tile sector thwarted our ability to pass this cost inflation to consumers, thus impacting margins.

The premium GVT segment faced intense competition due to significant capacity addition by Morbi-based players. This resulted in a drop in prices of this niche product, impacting business profitability.

Some of our subsidiaries, owing to lower capacity utilisation and other operational inefficiencies, registered losses in 2017-18, impacting our consolidated bottom-line.

And despite these issues, we registered a small yet satisfying growth. Our revenue grew by 6.31% over the previous year, largely mirroring our volume growth at 6.23%.

To widen our growth horizon, we are creating a new yet synergic vertical – Plywood. We are making a small beginning in this ₹180 billion market, which is overcrowded with unorganised players. Kajaria Plywood will operate on an outsourcing model akin to our bathware venture.

The new venture will leverage the Kajaria brand to establish recall in the minds of discerning customers.

This will help us gain a larger share of the home interior budget of homemakers.

The other important highlight for the year was the investment of ₹645 million by Aravali Investment Holdings (wholly owned subsidiary of West Bridge Crossover Fund, LLC.) for a 15% stake in Kajaria Bathware, our faucet and sanitaryware subsidiary - a strong vindication of the relevance of our business model.

The period of promise

Having provided an overview of the previous year, we feel it would be increasingly pertinent to share our plans to improve our performance.

One, we are setting up a 5 MSM GVT (glazed vitrified tile) facility in Andhra Pradesh, which will allow us to effectively service the value-accretive markets in South and West India.

Two, Kajaria Bathware, our sanitaryware and faucets subsidiary registered a healthy performance in 2017-18 – revenue grew by about 25% and losses declined owing to increasing product awareness and acceptance. We have drawn up a blueprint to help achieve healthier growth during the current year.

- We will continue to focus our efforts on introducing a number of functionally and aesthetically superior products.
- We plan to intensify our efforts to enhance consumer awareness of our products, and have earmarked ₹15 crore towards branding and advertisement.

Three, we are resolute on making our joint venture alliances an important growth and profitability contributor to the organisation. To meet this objective, we are working with our joint-venture partners to arrive at the optimum product mix that will improve their capacity utilisation. We are also striving to identify ways to improve shop-floor efficiencies.

And while we focus on achieving healthier business growth, the only constant at Kajaria, we are optimistic that favourable policy tailwinds add further impetus to our efforts.

With GST rate reduced to 18%, tiles and sanitaryware have become more affordable for the aspiring Indian. Further, the implementation of the e-way bill promises to make GST more effective. This will create a level-playing field between the informal segment and the branded players and shall assist organised tile players to capture a larger share of the total domestic market over the medium term.

Looking forward

At Kajaria, the excitement is visible. A number of initiatives are rolling out simultaneously – course corrections, new initiatives in existing verticals and the creation of a new vertical altogether. The bottom-line then is ... we are seizing the day, to emerge better tomorrow; we are strengthening our core to make our business operations more flexible. And as we are working to break out of the challenges that constrained earlier, sectoral tailwinds (for the tile sector) should help in accelerating business growth.

We take this opportunity to extend our gratitude to our valued customers, joint-venture partners, suppliers, employees, dealers and sub-dealers, shareholders, bankers and the State and Central Governments for the support, encouragement and motivation extended to us. We also thank our colleagues on the Board for their valuable advice and guidance.

The Kajaria Management Team

Management Discussion and Analysis

Global economy

The global economic upswing that began around mid-2016 became broader and stronger in 2017. As a result, global GDP growth touched 3.8% in 2017, the fastest since 2011. Consequently, economic activity in 2017 ended on a high note, with growth in the second half of the year above 4%, the strongest since the second half of 2010, supported by a recovery in investment.

Financial conditions remained supportive, despite the recent volatility in equity markets and increase in bond yields following signs of hardening inflation in advanced economies. With broad-based momentum and expectations of sizable fiscal expansion in the United States over this year and the next, global growth is now projected at 3.9% for 2018–19.

(Source: www.imf.org)

Indian economy

Even as the impact of demonetisation was slow to allow consumer confidence to revive, India completely reset its indirect tax system to a comprehensive GST regime. While these reforms took the foot off India's economic progress in the first half of 2017-18, the nation bounced back with a 7%-plus GDP growth in the second half of the year. India's GDP growth of 7.7% in the last quarter of 2017-18 was its fastest in seven quarters, signaling a strong turnaround.

Nominal GDP (gross domestic product at market prices) grew at 9.5%, slower than the 11.75% growth assumed in the 2017-18 budget. The lower-than-anticipated nominal GDP growth has led to a slip in the fiscal deficit target for 2017-18, from 3.24% of GDP estimated in the budget to 3.29%.

The turnaround in the economy was led by robust growth in agriculture (4.5%) and manufacturing (9.1%), as well as double-digit growth in construction activities (11.5%) in the March quarter.

The economy also received a boost from higher government spending (13.3%) in the March quarter. Gross fixed capital formation at constant prices, a proxy for investment demand in the economy, expanded at a double-digit pace (14.4%) after a gap of seven quarters, signaling a revival in investment activities.

From a global perspective, India jumped up 30 notches into the top 100 rankings in the World Bank's 'Ease Of Doing Business' index, consequent to major improvements in indicators such as resolving insolvency, paying taxes, protecting minority investors, and getting credit.

Going forward, economic experts suggest that India would maintain its growth momentum. According to World Bank's India Report, India's GDP growth rate is expected to increase to 7.3% in 2018-19 and 7.5% in 2019-20.

Source: www.mospi.gov.in (Ministry of Statistics and Programme Implementation)

Optimism over the medium-term

As India moves forward, there appears to be considerable promise over the horizon. This optimism is based on important realities.

The Government is determined to position India as a Good Governance business destination. This is showcased in its strong-willed policy initiatives, such as the GST regime and implementation of the e-way bill.

Moreover, the Government is also determined to strengthen the financial system in India through the introduction of the Insolvency Act, new NPA rules and tightening of banking norms for more disciplined lending, steps in the right direction. While this could lead to short-term disruption, it is expected to have a positive impact on the economy going forward.

Crude shock for India

The price of oil has hit its highest level since November 2014, reaching US$80 per barrel (May 2018), as geopolitical fears (Iran and Venezuela) caused concern over potential disruptions in supplies.

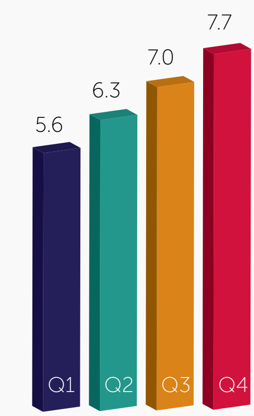
As per ICRA, as India relies meets more than 80% of its oil needs through imports, a rise of every dollar per barrel in crude oil prices impacts the import bill by ₹823 crore (US$0.13 billion). The same is also the impact when currency exchange rate fluctuates by ₹1 per US dollar.

According to the former Chief Economist Adviser to the Government Dr. Arvind Subramanian, every US$10 per barrel rise in oil price brings down GDP growth by around 0.2-0.3 percentage points and worsens the Current Account Deficit by about US$9-10 billion dollars.

Economy at a glance

6.7%
GDP growth in 2017-18 against 7.1% in 2016-17

160
Trade deficit for 2017-18 (US$ billion)



GDP growth in 2017-18 (%)
(at constant prices)

2.61
Gross Domestic Product (US$ trillion)

1.9%
Current account deficit (2017-18)

4.3%
Growth in IIP over 2016-17

3.53%
Fiscal deficit (2017-18)

422
Forex reserves as on March 31, 2018 (US$ billion)

5.4%
Growth in per capita income income in 2017-18 (₹)

2.74%
Wholesale Price Index (WPI) inflation index (2017-18)

100th
Position in 'Ease of Doing Business' ranking by World Bank billion)

Source: www.rbi.org.in / www.mospi.gov.in

Global tile sector

The Calendar Year 2016 had delivered improved fortunes as global production and consumption of ceramic tiles grew by 5.7% and 5.0%, respectively.

Global tile production crossed the 13.00 billion sq. mtr. mark, while consumption stood at 12.78 billion sq. mtr. In 2016, world exports increased by 48.00 million sq. mtr to 2.79 billion sq. mtr, maintaining a fairly limited growth trend for the last many years.

In 2016, India overtook Brazil to become the world's second largest tile producer and consumer. While production jumped by 12.40%, the increase in consumption was modest at 2.90%. Low domestic consumption growth was however compensated by a healthy uptick in exports, primarily from Morbi tile producers.

Global ceramic tile production, CY 2016

13,056 Global production (MSM)	
	1,304 European Union (28) (MSM) 10% of world production +7.1% variance 2016/2015
	573 Other European (MSM) 4.4% of world production +1.1% variance 2016/2015
	358 North America (MSM) 2.7% of world production +8.5% variance 2016/2015
	1,086 Central & South America (MSM) 8.3% of world production -9.0% variance 2016/2015
	9,331 Asia (MSM) 71.5% of world production +8.1% variance 2016/2015
	399 Africa (MSM) 3.1% of world production -3.4% variance 2016/2015
	5 Oceania (MSM) 0.0% of world production 0.0% variance 2016/2015

Source: Ceramic World Review

Indian tile sector

During the last two decades, the Indian Ceramic Tile Industry has recorded phenomenal growth in product profile, geographical spread and value-added products. The growth was mainly driven by the transformation of ceramic tiles from being typically hygiene products into adornment and aesthetic solutions for every household.

But 2017-18 was a particularly challenging year for the tile industry as its progress was thwarted by significant road blocks. While the real estate sector continued to be in a quagmire due to a sluggish environment (impacting institutional offtake of tiles), the newly launched GST regime impacted the MSME sector, resulting in a drop in tile demand.

In addition, the industry also faced pressures on its profitability margin owing to a surge in gas prices, which could not be passed on to the consumers.

Important growth drivers

The low per capita consumption of tiles, rapid urbanisation, increasing disposable income of nuclear families, untapped rural market and stable replacement demand all continue to augur well for the Indian tile industry. In addition, forecast of a normal monsoon, improved consumer sentiment and implementation of the e-way bill promise healthier performance, going forward.

product profile Geographical
GST transformation per capita
rural Gas prices MSME sector
urbanization e-way bill GST

Business performance

Kajaria enjoys a broad sectoral presence covering ceramic wall & floor tiles, polished vitrified tiles, glazed vitrified tiles, and bathware. The Company offers more than 2,800 SKUs in different sizes in tiles and more than 250 SKUs in bathware. It delivers on its promise via the largest tile dealer network, translating into a dominant market share.

Ceramic wall and floor tiles

Sales volumes (MSM)

2015-16	31.31
2016-17	32.14
2017-18	34.68

Business overview

The Ceramic Division has catered to its key product segment for more than three decades keeping pace with growing aspirations across the consumption pyramid. The Company's 29.47 MSM ceramic wall and floor tile capacity rolls out tile sizes, designs and finishes, which address all customer price-points. It markets its large product basket comprising more than 1,800 SKUs through its wide and entrenched pan-India dealer network. The Company created a highly successful new distribution channel, 'Kajaria Prima Plus' exclusively for marketing its ceramic wall and floor tiles.

Business in 2017-18

Kajaria worked on a multi-pronged strategy to enhance business volumes not just for itself but also for the extended Kajaria family (its dealers).

One, it introduced new value added products, namely the Designer Collection and the Impression Series, in the 30x60 cms size with 70 new concepts. The Designer Collection comprised a set of wall and floor tiles, with state-of-the-art third firing highlighters being the eye catcher (owing to its exquisite design), to generate volume. The Impression Series comprised two finishes – one that provided an embossed look on the tile surface; the other, a sparkling effect on the tile surface. Towards the end of the fiscal, the Company launched its New Luxury Collection, consisting of 98 concepts in multiple sizes.

Two, the Company widened its opportunity canvas by launching new bigger sizes namely Grestough slabs, an authentic replacement of high-end marble (80 x 120 cm range) and Grestough planks, with the feel and finish of authentic wood (20 x 120 cm and 20 x 100 cm), the first of its kind in the Indian tile market, which were very well received by the customers.

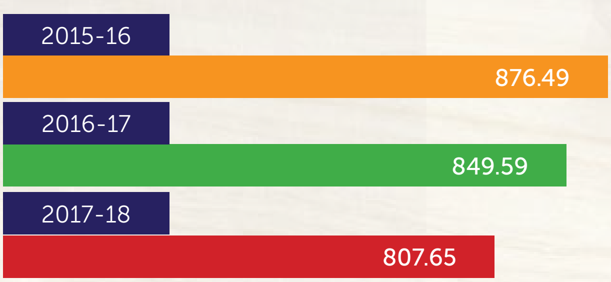
Three, the Company organised the Caravan shows in key consuming markets to increase customer awareness of its innovation and creative capabilities. The first show was organised in May 2017 in 20 cities, the second was organised in January 2018. These campaigns provided the perfect platform for launching its above mentioned product series.

Business forward

By enriching its portfolio with eye-catching concepts and pioneering finishes that attract discerning customers by rolling out the new sizes 20x20 and 80x120 - this will bring presence in all segments from commodity to high value. Also planning to increase the network of "Prima Plus" showrooms, which showcases ceramics wall & floor tiles exclusively to give customers new experience of buying tiles.

Polished vitrified tiles

Revenue (Net Sales) (₹ crores)



Business overview

Kajaria possesses a manufacturing infrastructure of 22.40 MSM, at four facilities in Rajasthan and Morbi, rolling out soluble salts and double charge vitrified tiles in diverse sizes, designs and finishes. The Company's more than 173 SKUs, marketed through its multi-format distribution channel, address every price point pan India.

Business in 2017-18

The team took up the challenge of strengthening business profitability even as it continued to focus on growing business revenue. The Company adopted a multi-pronged strategy, which comprised improving internal efficiencies, expanding the product basket and widening product awareness and reach.

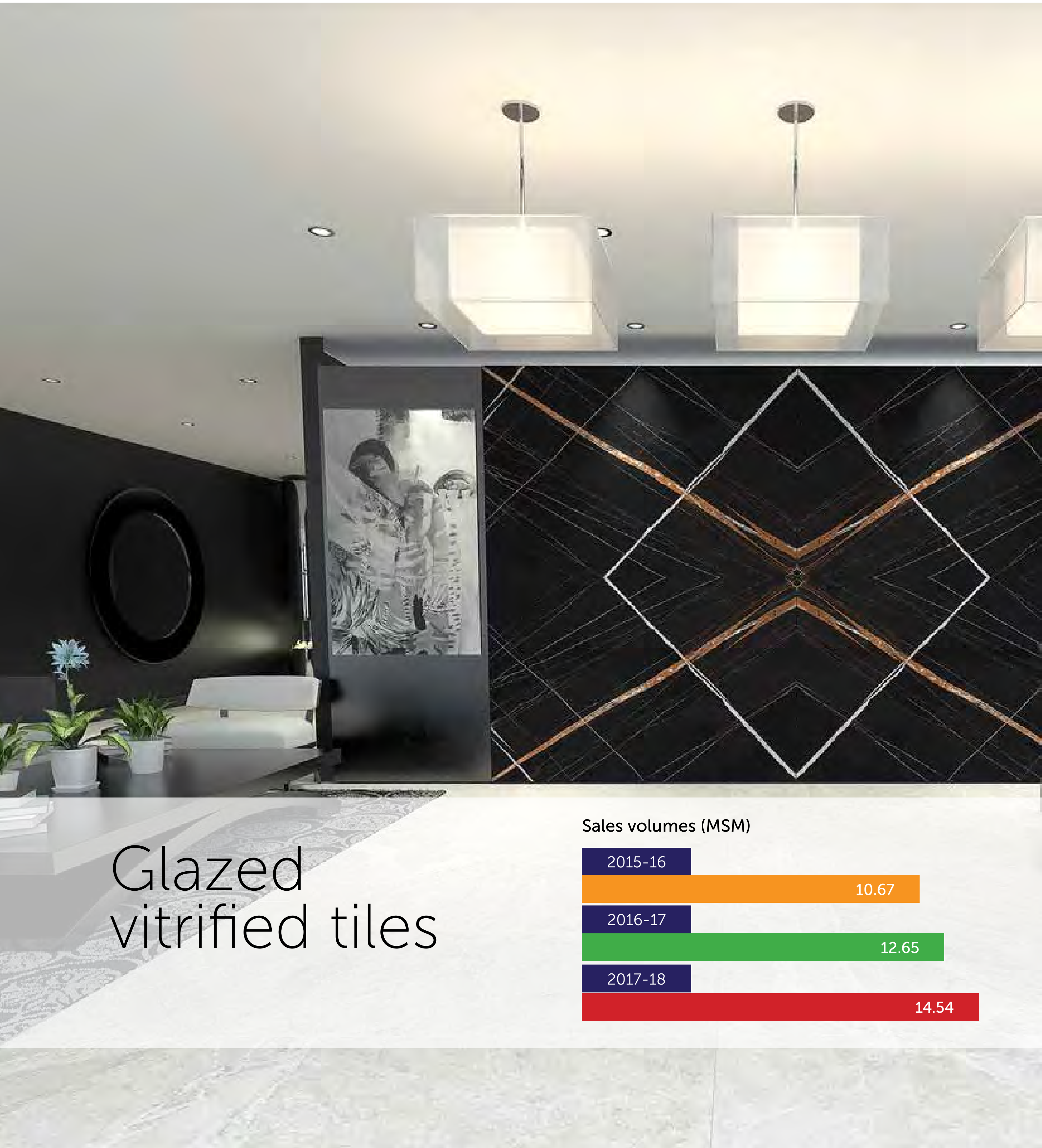
One, the Company pioneered the 80 x 160 cm size in the double-charge segment – this is the biggest size available in polished vitrified tiles in the double charge format in India. It also launched, for the first time in India, the 60x120 cm double-charge tile for indoor applications. In addition, an entire range of penetrative products (different sizes and designs) were launched, filling in product gaps in the price chain for this particular segment.

Two, it successfully introduced another value-added tile variant - Stone Art – which complements its existing product Sandune. This has further enhanced the product portfolio with natural elegance and value addition.

Three, the team replaced the existing feeder system in Jaxx Vitrified, a joint venture partner, with a contemporary variant, which facilitated the manufacture of a value-added range from the same line, with superior cost-effective designs, enhancing man-machine productivity.

Business forward

To focus on improving utilisation and increasing market penetration, we are enhancing product-mix and the market base of value added tiles. The team plans on launching the full-body vitrified tiles both in Salt & Pepper and Solid Colours- a popular concept in high traffic areas. Further, we are introducing large size showrooms under the KAJARIA AMBIANCE format, an international buying experience, showcasing large sized tiles and other value added products.



Glazed vitrified tiles

Business overview

Kajaria is the dominant player in the glazed vitrified tiles market in India, with a manufacturing capacity of 16.50 MSM, housed in its two manufacturing units at Gailpur and Sikandrabad. The Company offers the largest product basket in terms of designs and sizes. The Company's array of products, comprising around 890 SKUs in 15 sizes, are marketed under the 'Kajaria Eternity' brand through an entrenched network of dealers (Kajaria Eternity World, Kajaria Galaxy and Kajaria Boutique chains). The Company offers the largest number of tiles in various finishes in the large format.

Business in 2017-18

The team continued its efforts to strengthen its competitive advantages.

One, it focused on enriching its product basket with a greater number of aspirational products. It launched The 'Ultima' – a Luxury collection comprising 181 designs in five sizes (120x180 cm, 120x120 cm, 80x160 cm, 20x180 cm and 29x180 cm); it also added a new size (80x160 cm) to the Ultima range. The range is being positioned as an alternative to Italian marble / granite. The team also introduced large planks with a wooden appeal (20x180 cm and 29x180 cm) as an alternative to wooden planks (use for wooden flooring).

Two, even as it continued to rejuvenate its product basket through innovative designs and sizes, it worked towards expanding its product reach and increasing awareness of its products among end-consumers and opinion influencers.

Business forward

With growing acceptance of the Eternity brand pan-India, the Company is working on establishing a manufacturing facility (through the joint-venture route) for glazed vitrified tiles in South India. This would strengthen its capability to cater to customers in South, West and Central India. In addition, the team will continue to draw customers to its dealer showrooms through novel designs and concepts.

Faucets & Sanitaryware

Business overview

Kajaria's presence in the sanitaryware and faucets space is through its wholly-owned subsidiary Kajaria Bathware Pvt Ltd. The Company's 1-mn piece faucet manufacturing facility at Gailpur (Rajasthan) manufactures more than 250 SKUs, bucketed in 15 different product ranges that address various price points.

The Company sources key components from globally respected players in the space to ensure that its products deliver on the performance promised. The Company's sanitaryware facility at Morbi (Gujarat) is capable of manufacturing 5.40 lac pieces per annum in diverse designs and colours aligned to customer preferences.

Business in 2017-18

The Company focused on strengthening this business vertical, as it is an important contributor to business growth and profitability. To this end, the Company made significant investments in strengthening its capacity and capability to meet customer aspiration.

One, the team invested in a new technology, enabling it to manufacture single-piece toilets which were earlier outsourced – widening its growth potential. In addition, the team launched aesthetically and functionally superior products – faucets and sanitaryware, which received a heartening response from urban customers.

Two, the management invested in enhancing the capacity of its sanitaryware unit from 5.40 lacs pieces per annum to 6.00 lacs pieces per annum (with an ability to produce more value-added products), which will come onstream in July, 2018.

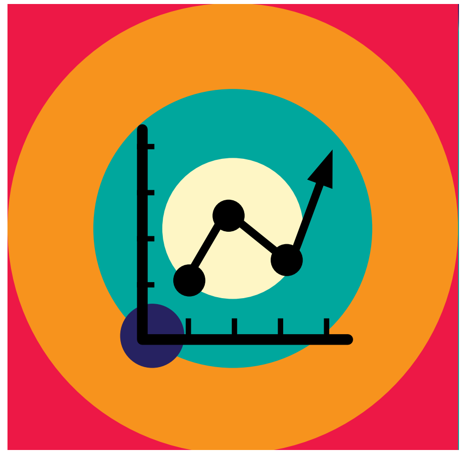
Three, the team enlisted many new dealers in its distribution channel to widen its presence in the growing Indian market place. In addition, the Company has also created around 300 dealers dedicated to these products.

Four, the team signed up celebrity youth icon Anushka Sharma as the brand ambassador for the Kerovit brand; launched a TV ad featuring the new brand ambassador, which was beamed on key national channels and other media platforms.

Business forward

Compared to the other business verticals, this revenue vertical is still a fledgling. It, however, has the potential to become an important business driver over the coming years. To translate the vision into reality, the team has adopted a two-pronged strategy – one, it would optimise its operating costs and two, it would drive sales volumes. The combination of these two factors would enable the Company to achieve its articulated goal.

Analysis of financial statements



"When the external environment is impacted by strong and multifarious adversities, every sectoral participant will be tested for their organisational resilience to face these headwinds. For some it could mean their start towards their end. For others, it would emerge as an opportunity to strengthen their robust core."

Ashok Kajaria

Statement of Profit and Loss

Despite the challenging environment that impacted tile demand, Kajaria registered a 6.31% revenue growth, from ₹2,549.63 crore in 2016-17 to ₹2,710.60 crore in 2017-18. This improvement is owed to the launch of innovative products and new sizes, strengthening the distribution network, and the branding initiatives.

Even as revenue improved, business profitability declined marginally. EBIDTA declined by 8.05% from ₹496.33 crore in 2016-17 to ₹456.36 crore in 2017-18. This was primarily a consequence of the increase in gas prices, which could not be passed on to the end consumer owing to tepid demand. In addition, the decline in realisation of GVT products and operational issues at some joint-venture units further impacted business margins. As a result, the EBIDTA margin declined by 263 bps, from 19.47% in 2016-17 to 16.84% in 2017-18.

Interest liability declined by 29.12% from ₹34.00 crore in 2016-17 to ₹24.10 crore in 2017-18 owing to a drop in interest rates and prudent utilisation of operating cash flow to lower the Company's debt burden.

Net Profit (after minority interest) for the year declined by 7.07% from ₹252.81 crore in 2016-17 to ₹234.96 crore in 2017-18 while net profit margins stood at 8.67% in 2017-18 against 9.92% in 2016-17.

Despite a decline in profits the Company maintained a dividend payout of ₹3 per share in line with the payout in the previous year.

₹3

Dividend payout in 2017-18 (per share)

0.12x

Debt-equity ratio as on March 31, 2018

Balance Sheet

Even though performance during the year was impacted, the Company continued to strengthen its Balance Sheet. The Company's net worth grew by 15% as a result of the plough back of business surplus and issue of shares (12,300 shares), pursuant to exercise of options under the Employee Stock Option Plan. Net Worth increased from ₹1,175.12 crore as on March 31, 2017 to ₹1,350.38 crore as on March 31, 2018.

The Company's gross debt declined from ₹213.16 crore as on March 31, 2017 to ₹170.33 crore as on March 31, 2018, strengthening its debt equity ratio from 0.17x as on March 31, 2017 to 0.12x as on March 31, 2018.

The subdued business environment resulted in growing inventories and receivables – this expanded the working capital cycle from 46 days as on March 31, 2017 to 60 days as on March 31, 2018 (off from a peak of 71 days in December 2017).

If you don't invest in risk management, it doesn't matter what business you're in, it's a risky business. – *Gary Cohn*

Kajaria's risk management framework encompasses strategy and operations and seeks to proactively identify, address and mitigate existing and emerging risks. The risk management framework goes far beyond traditional boundaries and seeks to involve all key managers of the Company.

COMPETITION RISK

01 Growing competition from the unorganised segment could hamper the Company's progress, going forward.

Relevance: The tile industry is witnessing rising competition from unorganised players at Morbi, Gujarat, which could affect margins.

Mitigation: In India, the vast disparity in affordability has resulted in two distinct customer categories - the brand conscious and the cost conscious. Both these categories would prevail in all sectors and scenarios. The tile segment is no exception to this trend. It is expected though that the share of the branded players would increase. This optimism is based on the following factors:

- The reduction of tax under GST and the recent implementation of the e-way bill are expected to create a level playing field among all tile manufacturers.
- Given the promise that India's economic resurgence will result in an increase in disposable income in the hands of the average Indian, it appears that the preference towards branded products would increase over the medium term.

BRAND CLUTTER RISK

02 New brands cluttering the tile sector could impact sales offtake.

Relevance: Some tile manufacturers from Morbi cluster are increasing their focus on branding and advertisement – a threat to branded players.

Mitigation: A brand is not just a name, it's an emblem of trust. Trust to deliver quality products, deliver a value-proposition and deliver with speed.

Through their investment in branding and advertisement, Morbi-based tile manufacturers could at best become regional players primarily because of their ability to offer a value proposition to customers; however, their pan-India reach would be limited owing to their locational disadvantage (manufacturing facility in the West only).

Kajaria is much better placed than most others in the tile manufacturing industry because of its multi-locational manufacturing base (closer to key consuming clusters), its largest dealer network and the highest brand recall.

INVESTMENT RISK

03 The joint-venture companies are appearing to be a drag on the Company's performance.

Relevance: Kajaria's subsidiaries have been a drag on its bottom-line in the recent past as they have incurred losses in the last two financial years.

Mitigation: While spreading its manufacturing presence across geographies, to serve the growing landmass better, is regarded as a step in the right direction, the management remains committed to transforming its subsidiary units into profitable operations – individually and collectively. To do so, the team has worked passionately to improve shop floor efficiency. It is expected that the Company will achieve its goal in the current financial year.

COST RISK

04 Rising fuel costs could impact the Company's margins.

Relevance: Liquefied Natural Gas (LNG) prices have increased significantly over the previous year; subdued demand has thwarted the Company's efforts to pass on increased costs to customers.

Mitigation: Increase in gas prices is an external phenomenon which has impacted every tile manufacturing player, and Kajaria is part of this universe. In the past, the tile industry was able to pass on the increased gas cost to its customers. While this did not happen in 2017-18 owing to subdued demand for tiles, the team believes that improving customer sentiments would enable the industry to pass on this cost going forward, which should help protect its margin.

Directors' Report

DIRECTORS' REPORT

Dear shareholders,

Your Directors are pleased to present the 32nd Annual Report together with the audited financial statements of your Company for the financial year ended 31st March 2018.

FINANCIAL RESULTS

The Company's financial performance for the year ended 31st March 2018 is summarised below:

(₹ in crores)

Particular	Standalone		Consolidated	
	Year ended 31st March 2018	Year ended 31st March 2017	Year ended 31st March 2018	Year ended 31st March 2017
Revenue from Operations (net of Excise)	2581	2528	2711	2550
Profit Before Other Income, Depreciation, Interest and taxes	424	439	456	496
Profit before Tax	382	407	355	396
Tax Expense	129	137	127	142
Profit After Tax (before Minority interest)	252	270	229	254
Minority Interest	-	-	(6)	1
Profit After Tax (after Minority interest)	252	270	235	253
Transferred to General Reserve	-	75	-	75

Financial highlights & State of Affairs of the Company

(The financial discussion is based on Standalone Financial Statements)

The overhang of policy disruptions and upheaval in the banking sector continued to dampen consumer sentiment across India which resulted in postponing discretionary expenditure. Tiles purchases happen to feature in this basket. As a result, offtake of tiles remained subdued during 2017-18.

Against these headwinds, your Company registered a 6% growth in sales volumes while net revenue increased by 2% (not comparable due to inclusion of excise duty in outsourced products) from ₹2528 crore in 2016-17 to ₹2581 crore in 2017-18 – an increase driven by a prudent mix of growing volume and increasing value derived from the successful launch of innovative designs and larger sizes.

The Company reported an EBIDTA of ₹424 crore in 2017-18 against ₹439 crore in 2016-17. The profit after tax stood at ₹252 crore in 2017-18 against ₹270 crore in 2016-17.

The State of affairs of the Company is detailed in the "Management Discussion & Analysis" section which forms part of this report.

Outlook

The Government's efforts to improve lives and livelihood through employment generating initiatives coupled with an estimate for normal monsoon augurs well for uplifting consumer sentiment for discretionary purchases. In addition, the reduction in GST rates on tiles and implementation of the e-way bill is expected to improve prospects for national brands.

Growth drivers

India is forging ahead as the world's fastest growing major economy. Urban clusters are driving this growth, more consumers and more purchasing power is emerging beyond the metros, particularly in Tier II/III cities. A report by Ernst & Young titled 'India's Growth Paradigm – How Markets Beyond Metros Have Transformed' recognises 42 'new wave' cities – of these, there are two new metros – Jaipur and Surat, followed by 10 high potential cities and 30 emerging markets. Widening of the market potential across the expansive Indian landmass augurs well for the tile industry in general and the organised sector in particular.

During the year under review, there are no material changes and commitments affecting the financial position of the Company and also no change in the nature of business of the Company.

Dividend

Your Directors have recommended a dividend of ₹3 (i.e. 300%) on equity shares (previous year ₹3 per equity share) of a face value of ₹1 each fully paid up for the financial year ended on 31st March 2018. If approved, the total payout is expected to be ₹57.49 crore (including dividend distribution tax of ₹9.80 crore). The dividend payout for the year under review has been formulated in accordance with the Company's Policy, to pay sustainable dividend keeping in mind linked to its long-term growth aspiration of the Company.

Consolidated Financial Statements

The Company adopted Indian Accounting Standard (Ind-AS) from April 1, 2016 and accordingly, the Consolidated Financial Statements have been prepared in accordance with the Accounting Standard notified under Section 133 of the Companies Act, 2013 and the relevant rules issued thereunder read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ('SEBI (LODR) Regulations, 2015') and the other accounting principles generally accepted in India. The Consolidated Financial Statements form part of the Annual Report.

Holding, Subsidiaries, Associate, Joint Venture Companies and their performance

During the year under review, Taurus Tiles Private Limited ceased to be the subsidiary of the Company and no new company has become subsidiary of the Company.

A report on performance and financial position (Form AOC-1) of each of the subsidiaries as per the Companies Act, 2013 is provided as **Annexure-1.**

Share Capital

During the year under review, pursuant to the Scheme of Arrangement between Kajaria Securities Private Limited ('KSPL') and Kajaria Ceramics Limited (the 'Company') and their respective shareholders and creditors, as approved by the Hon'ble National Company Law Tribunal, Chandigarh Bench ('NCLT') on February 6, 2018, the Authorised Share Capital of the Company has been increased to ₹129,10,00,000 (Rupees One Hundred Twenty Nine Crore Ten Lakh only) divided into 52,00,00,000 (Fifty Two Crore) Equity Shares of ₹1/- each (Rupee One Only) aggregating to ₹52,00,00,000 (Rupees Fifty Two Crore Only) and 77,10,000 (Seventy Seven Lakh Ten Thousand) Redeemable Preference Shares of ₹100/- each (Rupees One Hundred Only) aggregating to ₹77,10,00,000 (Rupees Seventy Seven Crore Ten Lakh Only).

During the year under review, the paid up share capital of the Company is increased to 15,89,50,300 equity shares of ₹1 each (In previous year, the paid up share capital was 15,89,38,000 equity shares of ₹1/- each) due to allotment of 12,300 equity shares of ₹1 each, pursuant to the Kajaria Ceramics Employee Stock Option Plan 2015.

The Company has not issued shares with differential voting rights. As on 31st March 2018, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

Employee Stock Option Scheme

Kajaria Ceramics Employee Stock Option Plan 2015 ('The ESOP Plan 2015') was approved by the Board of Directors and the shareholders on 7th September, 2015 for issue and allotment of options exercisable into not more than 10,62,000* equity shares of ₹1 each (Originally ESOP Plan 2015 was for 5,31,000 equity shares of ₹2 each) to eligible employees of the Company and its subsidiaries. The ESOP Plan 2015 is administered by the Nomination and Remuneration Committee of the Board of Directors of the Company. On 20th October 2015, the Nomination and Remuneration Committee of the Company had granted 4,58,000* equity shares of ₹1 each (Originally granted equity shares were 2,29,000 equity shares of ₹2 each) stock options to the employees of the Company and its subsidiaries. 53,000 equity shares of ₹1 each (40,000 equity shares during the year 2016-17 and 13,000 equity shares during the year 2017-18) had been forfeited due to resignation of ESOP Option holders. Details regarding the ESOP Plan 2015 are given at Note No. 40 to the financial statements.

During the year under review, there are no material changes in ESOP Plan 2015 and the ESOP Plan 2015 is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 ('ESOP Regulations') and options for 12,300 equity shares of ₹1 each were exercised and allotted pursuant to the ESOP Plan 2015. The disclosures under Regulations 14 of ESOP Regulations is uploaded on the Company's website viz; www.kajariaceramics.com

* During the year 2016-17, equity shares of the Company had been sub-divided from ₹2 per share to ₹1 per share.

Transfer to Reserves

During the year under review, there is no transfer of fund to the Company's General Reserve Account.

Directors' Responsibility Statement

In terms of the provisions of the Companies Act, 2013, the Directors confirm that:

i) In the preparation of the annual accounts for the year ended on 31st March, 2018, the applicable accounting standards have been followed and no material departures have been made from the same;

ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2018 and the profit and cash flow of the Company for the period 31st March 2018;

iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) The annual accounts have been prepared on a going concern basis;

v) The Company is following up the proper Internal financial controls and such internal financial controls are adequate and are operating effectively; and

vi) The Company has devised proper system to ensure the Compliance with the provisions of all the applicable laws and that such systems are adequate and operating effectively.

Corporate Governance

The Company has complied with the Corporate Governance requirements as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulation'). A separate section on corporate governance, along with a certificate from the Practicing Company Secretary confirming the compliance, is annexed and forms part of the Annual Report.

Management Discussion and Analysis Report

Management Discussion and Analysis on matters related to the business performance as stipulated in the Listing Regulations is given as a separate section in the Annual Report.

Related Party Transactions

For all related party transactions, prior omnibus approvals of the Audit Committee and the Board of Directors are obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature and such approval is in the interest of the Company. The transactions entered into, pursuant to the omnibus approvals so granted, are audited and a statement giving details of all related party transactions is also placed before the Audit Committee for their review. All related party transactions are disclosed in Note No. 37 to the financial statements. Material related party transactions with subsidiaries which are at arm's length price are disclosed in Form AOC-2 annexed as **Annexure- 2.**

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website i.e. https://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf

Corporate Social Responsibility Initiatives

In terms of provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Corporate Social Responsibility (CSR) Committee has formulated a CSR Policy indicating the activities to be undertaken by the Company. The constitution of CSR Committee is disclosed in Corporate Governance Report.

The CSR policy may be accessed on the Company's website i.e. https://www.kajariaceramics.com/pdf/CSR_Policy.pdf

Your Company strives to make a difference in the lives of people with a special focus on neighboring and local areas of the Company's manufacturing locations. Your Company has implemented various CSR programmes / projects which made positive impacts mainly in the areas of health, sanitation, conservation of natural resources, sports and promoting education. During the year under review, the CSR programmes initiated by the Company includes taking steps for Swatch Bharat, preventive health care, constructing sanitation facilities in the schools near the manufacturing facilities, contributing to the education and social economic development of under privileged children and for slum area / rural area development. These CSR initiatives are implemented directly and through various trusts / societies / NGOs.

These projects are in accordance with Schedule VII of the Companies Act, 2013.

The Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as **Annexure-3** forming part of this Report. The Company has incurred CSR expenditure of ₹3.98 crore during the current financial year being about 59.40% of ₹6.70 crore (i.e. the amount to be spent during the year). The shortfall of 40.60% in the required expenditure on CSR was due to non-identification of appropriate projects / activities / programmes in line with the CSR policy of the Company.

Scheme of Arrangement

During the year 2016-17, the Board of Directors had adopted a Scheme of Arrangement, which provides for, inter-alia, the amalgamation of Kajaria Securities Private Limited ('KSPL') with the Company with appointed date as closing hours of business on 31st March, 2017 ('Scheme') and the same was filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench ('NCLT') vide application dated 16th March, 2017, for approval under Sections 230-232 and 66 read with other applicable provisions of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

During the year under review, the Scheme has been approved by the NCLT on February 6, 2018. Pursuant to the Scheme, KSPL amalgamated into the Company and 6,46,69,867 fully paid up equity shares of face value ₹1 each of the Company held by KSPL, have been cancelled/extinguished. Further, 6,46,69,867 fully paid up equity shares of face value ₹1 each have been allotted, to the shareholders of KSPL, in proportion of their respective shareholding in KSPL. However, there is no change in the paid up share capital of the Company, after the above said cancellation/allotment.

Pursuant to the Scheme, all the properties, assets, rights, claims and obligations of KSPL have been transferred and vested in the Company on a going concern basis with effect from the Appointed Date, i.e. closing hours of business on 31st March, 2017.

Risk Management

Your Company understands the importance of various risks faced by it and has adopted a Risk Management Policy which establishes various levels of accountability within the Company. The Company had also constituted a Risk Management Committee which ensures that the Company has appropriate and effective risk management systems which carries out risk identification, assessment and ensures that risk mitigation plans are in place. The Risk Management Committee has identified various risks to which the Company is subject to and has accordingly aligned the concerned departments to take the necessary mitigating steps. Risk management has been interlinked with the annual planning exercise where each function and business carries out fresh risk identification, assessment and draws up treatment plans.

A Risk Management Policy in terms of provisions of Section 134(3)(n) of the Companies Act, 2013 is in place and is uploaded on the website of the Company i.e. www.kajariaceramics.com

Internal Control Systems and their adequacy

The Company believes that a strong internal control framework is necessary for business efficiency, management effectiveness and safeguarding assets. The Company has a well-defined internal control system in place, which is designed to provide reasonable assurance related to operation and financial control. The Management of the Company is responsible for ensuring that Internal Financial Control has been laid down in the Company and that controls are adequate and operating adequately.

Internal Audit is carried out by external auditors and periodically covers all areas of business. The audit scope, methodology to be used and the reporting framework is defined in charter of the Internal Audit, which is approved by the Audit Committee. The Internal Auditors evaluates the efficacy and adequacy of internal control system, its compliance with operating systems and policies of the Company and accounting procedures at all the locations of the Company. Based on the report of the Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are placed before the Audit Committee. The Internal Audit also continuously evaluates the various processes being followed by the Company and suggests value addition, to strengthen such processes and make them more effective.

Internal Controls with respect to financial statements

The Company has an adequate system of internal financial control in place with reference to financial statements. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Directors and Key Managerial Personnel

Mr. Chetan Kajaria and Mr. Rishi Kajaria, who are liable to retire by rotation, offered themselves for re-appointment at the ensuing Annual General Meeting ('AGM'). The Board recommends for their re-appointments in the ensuing Annual General Meeting.

The term of Mr. Chetan Kajaria and Rishi Kajaria as the Joint Managing Directors of the Company expired on 31st March, 2018. The Board has re-appointed them as the Joint Managing Directors of the Company for the further period of 3 years w.e.f. 1st April, 2018 to 31st March, 2021, subject to the approval of members of the Company at the ensuing Annual General Meeting.

The tenure of Mr. H. Rathnakar Hegde as the Independent Director of the Company will expire on 31st March, 2019. Subject to the approval of shareholders by way of a special resolution, it is proposed to re-appoint Mr. H. Rathnakar Hegde as the Independent Director for a further period of 5 consecutive years effective from 1st April, 2019 to 31st March, 2024. The requisite disclosures/declarations including a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, have been received.
The Nomination and Remuneration Committee and

the Board have also recommended re-appointment of Mr. H. Rathnakar Hegde for the second term for a period of 5 consecutive years effective from 1st April, 2019 upto 31st March, 2024.

All other Independent Directors have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations.

Mr. Dev Datt Rishi resigned from the position of 'Director-Technical' and continued to be the Non-executive Director of the Company effective form 1st July, 2017.

Further, there is no change in the composition of Key Managerial Personnel of the Company.

Board Evaluation

The Board has carried out an annual performance evaluation of its own performance, its Committees and the Directors including Chairman.

The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Nomination and Remuneration Policy

On the recommendation of the Nomination and Remuneration Committee, the Board has framed a policy for selection and appointment of Directors, Senior Management including Key Management Personnel and other Senior Management and their remuneration. The Nomination and Remuneration Policy including the criteria for determining qualification, positive attributes & independence is placed on the website of the Company i.e. http://www.kajariaceramics.com/pdf/nomination_remuneration_policy.pdf

Details of remuneration under Section 197 of the Companies Act, 2013 and read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is stated in **Annexure- 4** which forms part of this report.

Statutory Audit

The report given by M/s Walker Chandiok & Co. LLP, Chartered Accountants, (Firm Registration Number 001076N/N500013), the Statutory Auditors of the Company on the financial statements of the Company for the financial year ended 31st March, 2018 is a part of the Annual Report. There has been no qualification, reservation, adverse remark, comments, observations or disclaimer given by the Auditors in their report. There were no frauds reported by the Statutory Auditors under sub-section 12 of Section 143 of the Companies Act, 2013.

In compliance with the applicable provisions of the Companies Act, 2013 and rules made thereunder (including statutory modification (s) or re-enactment(s) thereof, for the time being in force, the Board recommends for ratification of appointment of M/s Walker Chandiok & Co LLP as the Statutory Auditors of the Company to hold the office from the conclusion of the ensuing Annual General Meeting ('AGM') till the conclusion of the 33rd AGM and they have consented for the said ratification of appointment and confirmed their eligibility under Sections 139 & 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Chandrasekaran Associates, a firm of Company Secretaries in Practice, were appointed, to undertake the Secretarial Audit of the Company for the year ended 31st March 2018. The Report of the Secretarial Audit is annexed herewith as **Annexure 5.**

There are no qualifications, reservations, adverse remarks, comments, observations or disclaimer made by the Secretarial Auditors in their report.

Disclosures under the Companies Act, 2013 and rules thereunder:

Extract of Annual Return

The extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure- 6.**

Compliance of the Secretarial Standards

During the year under review, the Company has complied with the applicable provisions of the Secretarial Standard on meetings of the Board of Directors ('SS-1') and the Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India.

Particulars of Loans, Guarantee and Investments

Particulars of Loans, Guarantees and Investments, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes Nos. 6, 7, 35 to the Financial Statements.

Conservation of energy, technology absorption and foreign exchange earnings/ outgo

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed under the Companies Act, 2013 are provided in **Annexure - 7** to this report.

Meetings of Board

The Board of Directors met 7 (Seven) times during the financial year 2017-18 on 15th May 2017, 29th June 2017, 10th August 2017, 30th October 2017, 8th December 2017, 31st January 2018 and 14th March 2018. Details of the meetings of the Board of Directors held during the financial year 2017-18 and attendance thereof is disclosed in the Corporate Governance Report.

Audit Committee

The Composition of Audit Committee is disclosed in the Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism

The Company has established a Vigil Mechanism for directors and employees by adopting the Whistle Blower Policy to report genuine concerns or grievances. The Whistle Blower Policy may be accessed on the website of the Company i.e. https://www.kajariaceramics.com/pdf/whistel_blowing_policy.pdf

Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal), Act, 2013

The Company has in place a Policy on Prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. This policy may be accessed on the Company's website i.e. https://www.kajariaceramics.com/pdf/prevention_of_sexual_harassment_at_workplace.pdf

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, Contractual, Temporary, Trainees) are covered under this Policy. The Company has not received any sexual harassment complaints during the year 2017-18.

Particulars of Employees

The information required pursuant to Section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is attached as **Annexure- 8** to the Directors Report.

Deposits

The Company did not invite/accept any deposit within the meaning of Section 73 of the Companies Act, 2013, and the rules made thereunder.

Significant and material orders passed by the regulators or courts

There is no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

Cautionary Statement

Statements in this 'Director's Report' & 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations including raw material/ fuel availability and its prices, cyclical demand and pricing in the Company's principle markets, changes in the Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

Appreciation and Acknowledgement

The Directors take this opportunity to express their deep sense of gratitude to the Banks, Central and State Governments and their Departments and the Local Authorities for their continued guidance and support.

Your Directors would also like to record their appreciation for the support and cooperation your Company has been receiving from its suppliers, dealers, business partners and others associated with the Company.

Your Directors place on record their sincere appreciation to the employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain as industry leader.

And to you, our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and on behalf of the Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: May 8, 2018

AOC-1

(ANNUAL PERFORMANCE OF SUBSIDIARIES)

(Pursuant to first provision of sub-section (3) of section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014

(₹ in crores)

Name of the Subsidiary Company	Soriso Ceramic Pvt. Ltd. (CIN U26930GJ 2006PTC048010)		Jaxx Vitrified Pvt. Ltd. (CIN U26933GJ 2010PTC062933)		Vennar Ceramics Ltd. (CIN U26919TG 1994PLC031858)		Cosa Ceramics Pvt. Ltd. (CIN U26933GJ 2010PTC063444)		Kajaria Bathware Pvt. Ltd.* (CIN U26943DL 2013PTC252495)		Kajaria Floera Ceramics Pvt. Ltd.^ (CIN U26933AP 2014PTC095460)	
Date since when subsidiary were acquired	25-02-2011		15-01-2012		09-04-2012		17-10-2012		15-05-2014		23-09-2015	
AS AT	31 Mar-18	31 Mar-17	31 Mar-18	31 Mar-17	31 Mar-18	31 Mar-17	31 Mar-18	31 Mar-17	31 Mar-18	31 Mar-17	31 Mar-18	31 Mar-17
Capital	3.00	3.00	14.95	14.95	24.00	15.00	9.10	9.10	25.00	25.00	10.00	10.00
Reserves	17.57	15.88	-3.90	14.59	8.66	15.21	59.22	53.26	-19.69	-9.85	0.15	-0.48
Total Assets	41.08	36.86	199.87	213.82	84.25	90.37	129.25	137.10	159.13	134.41	24.61	9.56
Total Liabilities	20.51	17.98	188.82	184.28	51.59	60.16	60.93	74.74	153.82	119.26	14.46	0.04
Investments	-	-	0.09	0.09	-	-	-	-	-	-	-	-
Gross Turnover	58.63	75.68	229.06	311.46	63.06	79.46	163.22	181.59	141.20	120.07	-	-
Profit before Taxation	2.35	4.82	-18.50	0.92	-10.06	1.60	5.86	11.46	-9.77	-19.14	-	0.03
Provision for Taxation	0.66	1.61	-0.01	-0.01	-3.40	0.61	-0.10	3.19	-	-	-	-
Profit After Taxation	1.69	3.21	-18.49	0.93	-6.66	0.99	5.96	8.28	-9.77	-19.14	-	0.03
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% of Shareholding	51%	51%	82.37%	61%	51%	51%	51%	51%	100%	100%	70%	51%

*Consolidated figures including performance of its subsidiary Kajaria Sanitaryware Private Limited.

^ Name changed to Kajaria Floera Ceramics Private Limited from Floera Ceramics Private Limited.

Note:

1. There is no Associate or JV Company other than those mentioned above.
2. As on 31st March 2018, Kajaria Floera Ceramics Private Limited had not commenced operations.
3. Taurus Tiles Private Limited ceased to be a subsidiary of the Company during the year 2017-18.

For and on Behalf of Board

Ashok Kajaria
Chairman & Managing Director
(DIN : 00273877)

Chetan Kajaria
Joint Managing Director
(DIN : 00273928)

Rishi Kajaria
Joint Managing Director
(DIN : 00228455)

Ram Chandra Rawat
COO (A&T) & Company Secretary
(FCS No. 5101)

Sanjeev Agarwal
CFO

Annexure – 2

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of Contracts/ Arrangements / transactions not at arm's length as on 31.03.2018

Sl. No.	Name(s) of the Related Party and Nature of Relationship	Nature of Contract / Arrangement / Transactions	Duration of the Contract / Arrangement / Transactions	Salient terms of contract / Arrangement / Transactions including the value, if any	Justification for entering into such contract / Arrangement / Transactions	Date of Approval by the Board	Amount paid as advance	Date on which the Special Resolution was passed in the General Meeting under first proviso to Section 188
NIL								

2. Details of material contracts or arrangement or transactions at arm's length basis as on 31.03.2018

Sl. No.	Name(s) of the Related Party and Nature of Relationship	Nature of Contract / Arrangement / Transactions	Duration of the Contract / Arrangement / Transactions	Salient terms of Contract / Arrangement / Transactions	Date of Approval by the Board, if any	Amount paid as advance (Rupees in crores)	Total Amount (Rupees in crores)
1	Jaxx Vitrified Private Limited (Subsidiary)	Purchase of tiles	Continuous in nature and not for a specific period	In ordinary course of business	15.05.2017	NIL	227.52

For and on Behalf of Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: May 8, 2018

ANNUAL REPORT ON CSR ACTIVITIES

Annexure – 3

1. **A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the weblink to CSR policy and project and programs:**

   In compliance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, the Company has framed a CSR Policy which is uploaded on the website of the Company i.e. https://www.kajariaceramics.com/pdf/CSR_Policy.pdf

   Your Company strives to make difference in the lives of people with a special focus on local / neighbouring areas. Your Company has implemented various CSR programmes / projects which made positive impacts mainly in the areas of sports, health, sanitation, conservation of natural resources, sports and promoting education. The CSR programmes initiated by the Company includes taking steps for preventive health care, Swatch Bharat, constructing sanitation facilities in the schools near the manufacturing facilities, contributing to the education and social economic development of under privileged children and for slum area / rural area development. These CSR initiatives are implemented directly and through various trusts/ societies / NGOs.

2. **The composition of CSR committee:**
   Please refer to the Corporate Governance report for the composition of CSR Committee

3. **Average net profit of the Company for the last three financial years:**
   ₹335.07 crore

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above):**
   ₹6.70 crore

5. **Details of CSR spent during the financial year:** (In ₹)

a) Total amount to be spent for the financial year	6.70 crore
b) Total amount spent during the financial year	3.98 crore
c) Amount unspent, if any;	2.72 crore

d) Manner in which the amount spent during the financial year is detailed below:

(₹ in lakhs)

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period	Amount spend direct or through implementing agency*
1	Swatch Bharat: Construction / Renovation of Toilets in Government Schools	Cl-i.- Sanitation	Sikandrabad (U.P.), Gailpur (Rajasthan) Malutana (Rajasthan)	20.00 50.00 20.00	14.00 28.00 9.00	14.00 28.00 9.00	Direct
2	Social Relief	Cl- i - Preventive Health Care, Eradicating poverty and malnutrition		200.00	184.00	184.00	Through Trusts

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period	Amount spend direct or through implementing agency*
3	Safe Drinking Water	Cl- ii – Conservation of natural resources		20.00	5.00	5.00	Direct
4	Education	Cl-ii – Promoting Education		200.00	158.00	158.00	Direct / Through Trusts
	Grand Total			**510.00****		**398.00**	

* Some CSR activities have been carried out directly and some through support to several other Non-Government Organisation or Charitable institutions.

** ₹160 lakh remained unallocated due to unavailability of suitable CSR activities.

6. Reason for not spending the prescribed 2% amount:

The Company has incurred CSR expenditure of ₹3.98 crore during the current financial year being about 59.40% of ₹6.70 crore, to be spent during the year. The shortfall of 40.60% in the required expenditure on CSR was due to non-identification of appropriate projects / activities / programmes in line with the CSR policy of the Company.

7. Responsibility Statement:

We hereby affirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives & policy of the Company.

Place: New Delhi
Date: May 8, 2018

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

Sushmita Singha
Chairperson, CSR Committee
(DIN: 02284266)

Annexure – 4

STATEMENT OF DISCLOSURE OF REMUNERATION

under Section 197 of the Companies Act 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

I. Ratio of remuneration of each Executive Director to the median remuneration of Employees of the Company for the financial year 2017-18, the percentage increase in remuneration of Chairman & Managing Director, Joint Managing Directors, Executive Directors, Company Secretary and CFO during the financial year 2017-18:

Sl. No.	Name of Director / KMP	Designation	Ratio of Remuneration of each Director to median remuneration of employees	Percentage increase in Remuneration
1	Mr. Ashok Kajaria (DIN: 00273877)	Chairman & Managing Director	95:1	10.39%
2	Mr. Chetan Kajaria (DIN: 00273928)	Joint Managing Director	170:1	2.48%
3	Mr. Rishi Kajaria (DIN: 00228455)	Joint Managing Director	170:1	2.48%
4	Mr. Basant Kumar Sinha (DIN: 03099241)	Director - Technical	16:1	10.50%
5	Mr. Dev Datt Rishi* (DIN: 00312882)	Non-Executive Director	22:1	7.80%
6	Mr. Ram Chandra Rawat (FCS 5101)	COO (A&T) & Company Secretary	Not Applicable	6.73%
7	Mr. Sanjeev Agarwal	CFO	Not Applicable	7.61%

* Resigned from the position of 'Director-Technical' and continued to be the Non-executive Director effective from 1st July, 2017. Accordingly, the ratio/percentage relating to Mr. Dev Datt Rishi is calculated on annualised basis.

Note:

The Non-executive Directors of the Company are entitled for sitting fees. The detail of remuneration of Non-executive Directors is provided in Corporate Governance Report and is governed by the Nomination and Remuneration Policy, as stated herein below. The ratio of remuneration and percentage increase for Non-executive Directors' remuneration is, therefore, not considered for the purpose above.

II.

Sl. No.	Particulars	Details
1	% increase in the median remuneration of employee in the financial year 2017-18	12%
2	Total number of employees of the Company as on 31st March 2018 (on standalone basis)	2677
3	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2017-18 and comparison with the percentile increase in remuneration of Executive Director and justification thereof	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2017-18 was 9.4%. Whereas average increase in remuneration of Executive Directors was 6.73%.

III. Affirmation that the remuneration is as per the remuneration policy of the Company:
Remuneration is as per the Nomination and Remuneration Policy of the Company.

For and on Behalf of Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: May 8, 2018

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

As per Section 178 of the Companies Act, 2013 and Rules made thereunder and SEBI (LODR) Regulations 2015, the Nomination and Remuneration Policy of Kajaria Ceramics Ltd. (the "Company") is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

This policy applies to directors, senior management including its Key Managerial Personnel (KMP) and other senior management personnel of the Company.

2.OBJECTIVES

i.) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors and persons who may be appointed in Senior Management and Key Managerial positions.

ii) To determine remuneration based on the Company's size and financial position, cost of living, and trends and practices on remuneration prevailing in peer companies, in the tile industry.

iii) To carry out evaluation of the performance of Directors, as well as Key Managerial Personnel and Senior Management Personnel.

iv) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

3. DEFINITIONS

The definitions of some key terms used in this policy are as under:

i. Act means the Companies Act 2013 and Rules framed there under, as amended from time to time.

ii. Board or Board of Directors in relation to a Company means the collective body of the directors of the Company.

iii. Director means directors appointed to the Board of the Company.

iv. Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013 and SEBI (LODR) Regulations 2015.

v. Key Managerial Personnel in relation to a Company means:

a. The Managing Director and Joint Managing Director
b. Whole time Director
c. Chief Financial Officer
d. Company Secretary
e. Such other officer as may be prescribed.

vi. Nomination and Remuneration Committee or Committee shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

vii. Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

4. APPLICABILITY

The Policy is applicable to:

- Directors (includes Independent directors)
- Key Managerial Personnel (KMP)
- Senior Management Personnel

5. CONSTITUTION OF COMMITTEE

Members of the Nomination & Remuneration Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors. Chairman of the Committee shall be an Independent Director. Chairman of the Nomination and Remuneration Committee shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries. The Chairman of the Company may be appointed as member of the Committee.

The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations 2015 and other applicable statutory requirements.

6. ROLES AND POWERS OF THE NOMINATION AND REMUNERATION COMMITTEE

Terms of reference of the Committee, inter alia, include:

1. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

2. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

3. Formulating the criteria for evaluation of Independent Directors and the Board.

4. Ensuring that:
   (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

   (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

   (c) Remuneration to Directors, key managerial personnel and senior management (one level below the functional heads) involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

5. Devising a policy on Board Diversity.

6. To formulate the detailed terms and conditions of the Kajaria Ceramics Employee Stock Option Plan 2015 ('ESOP Plan 2015') including the following:

a. issuing and allotment of equity shares [including share certificate(s)] of the Company to the ESOP holders and all matters related thereto, from time to time, pursuant to the ESOP Plan 2015;

b. signing, execution and submission of necessary documents/papers for the listing of equity shares of the Company with the stock exchanges and all matters related thereto;

c. making a fair and reasonable adjustment to the number of options and to the exercise price, in case of rights issues, bonus issues and other corporate actions;

d. approval of list of employee(s) to whom ESOP options are to be granted under ESOP Plan 2015;

e. determining the procedure for winding up of the ESOP Plan 2015;

f. other matters which may be relevant for administration of ESOP Plan 2015, from time to time.

7. To do all other acts as may be delegated by the Board of Directors, from time to time

7. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

2. The Company shall not appoint or continue the employment of any person as Managing Director / Whole time Director who has attained the age of seventy years provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term / Tenure:

1. Managing Director/Whole-time Director:

   The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director, Joint Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

.

2. Independent Director:

   i) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

   ii) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

   iii) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.

3. KMP / Senior Management Employees
Term of appointment is governed by the letter of appointment issued to the respective KMP/ Employee.

Performance Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

The criteria for performance evaluation are as follows:

1. Role & Accountability
- Application of knowledge for rendering advice to management for resolution of business issues.
- Active engagement with the management and attentiveness to progress of decisions taken.

2. Objectivity
- Appraisal of issues.
- Own recommendations given professionally without tending to majority or popular views.

3. Leadership & Initiative
- Heading department / section/ Board Committees.
- Driving any function or identified initiative based on domain knowledge and experience.

4. Personal Attributes
- Commitment to role & fiduciary responsibilities.
- Active participation.
- Proactive, strategic and lateral thinking.

Removal:
Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or in accordance with the contract of service / letter of appointment, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel.

Retirement:
The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

8.POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR KMP AND SENIOR MANAGEMENT PERSONNEL

General:

(i) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company / Central Government, wherever required.

(ii) The remuneration and commission to be paid to the Whole- time Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the rules made there under.

(iii) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director only. Increments will be effective from 1st April.

(iv) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to the Whole-time Director KMP and senior Management Personnel
Remuneration to whole time Directors, KMP and Senior Management consists of the following components:

1. Salary & Perquisites:

   The Whole-time Director / MD / JMD, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, re-imbursement of gas electricity and water expenses, HRA, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Commission:

   MD/JMD would also be entitled for the commission in accordance with the provisions of the Companies Act, 2013

3. Minimum Remuneration:

   If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

4. Provisions for excess remuneration:

   If any MD/JMD/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

5. Stock Options:

   Director shall not be entitled to any stock option of the Company. However, KMP and Senior Management may be granted the ESOPs in accordance with the scheme as may be approved by the Committee from time to time.

Remuneration to Non- Executive / Independent Director

Remuneration to non- executive Directors / Independent directors consists of the following components:

1. Sitting Fees:

   The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committees thereof. Provided that the amount of such fees shall not exceed Rupees One lakh per meeting of the Board or Committee or such amount as may be prescribed under the Companies Act, 2013 from time to time.

2. Stock Options:

   An Independent Director shall not be entitled to any stock option of the Company.

9. SEVERANCE ARRANGEMENTS

Contract of employment with the executive director provide for compensation of 3 months' pay or advance notice period and for other KMP and Senior Management employees the notice period is 1 month or 1 month salary.

There will not be any severance fees.

10. DISCLOSURE OF INFORMATION

Information on the total remuneration of members of the Company's Board of Directors, Whole Time Directors and KMP/ senior management personnel will be disclosed in the Company's annual financial statements as per statutory requirements.

The Company's Remuneration Policy shall be posted on its website and disclosed in the Annual Report.

11. REVIEW

1. The Committee or the Board may review the Policy as and when it deems necessary.

2. This Policy may be amended or substituted by the Board as and when required.

Annexure – 5

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

The Members
Kajaria Ceramics Limited
SF-11, Second Floor
JMD Regent Plaza, Mehrauli Gurgaon Road,
Village Sikanderpur Ghosi
Gurgaon-122001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Kajaria Ceramics Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable**

(vi) As confirmed and certified by the management, there is no law specifically applicable to the Company based on the Sectors / Businesses.

We have also examined compliance with the applicable clauses/ Regulations of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors for the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following specific events / actions took place which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. Taurus Tiles Private Limited ceased to be the subsidiary of the Company;

2. approval of the amalgamation of Kajaria Securities Private Limited (KSPL) with the Company pursuant to the scheme of arrangement between KSPL and the Company and their respective shareholders and creditors as approved by the Chandigarh Bench of the Hon'ble National Company Law Tribunal.

3. cancellation/extinguishment of 6,46,69,867 equity shares of ₹1 each fully paid up of the Company held by Kajaria Securities Private Limited (KSPL), pursuant to the scheme of arrangement between KSPL and the Company and their respective shareholders and creditors as approved by the Chandigarh Bench of the Hon'ble National Company Law Tribunal;

4. allotment of 6,46,69,867 equity shares of ₹1 each fully paid up of the Company to the equity shareholders of Kajaria Securities Private Limited (KSPL) in the ratio as specified in the scheme of arrangement between KSPL and the Company and their respective shareholders and creditors as approved by the Chandigarh Bench of the Hon'ble National Company Law Tribunal;

5. allotment of 12,300 equity shares in respect of Kajaria Ceramics Employee Stock Option Plan 2015 of ₹1 each at a premium of ₹424 each;

6. amendment in the Memorandum of Association and Articles of Association of the Company;

7. change in holding from 61% to 82.37% by acquisition of 31,94,532 equity shares of ₹10 each in Jaxx Vitrified Private Limited;

8. Change in holding from 51% to 70% by acquisition of 1,90,000 equity shares of ₹100 each (presently 19,00,000 equity shares of ₹10 each) in Kajaria Floera Ceramics Limited.

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Partner
Membership No. A16302
Certificate of Practice No. 5673

Date: May 8, 2018
Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

Annexure – A

The Members

Kajaria Ceramics Limited

SF-11, Second Floor

JMD Regent Plaza, Mehrauli Gurgaon Road,

Village Sikanderpur Ghosi

Gurgaon-122001

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Partner
Membership No. A16302
Certificate of Practice No. 5673

Date: May 8, 2018
Place: New Delhi

FORM NO. MGT 9

Annexure – 6

EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2018

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014

I. Registration and Other details:

1.	CIN	L26924HR1985PLC056150
2.	Registration Date	20th December 1985
3.	Name of the Company	Kajaria Ceramics Limited
4.	Category/Sub-category of the Company	Public Company Limited by Shares
5.	Address of the Registered office & contact details	Kajaria Ceramics Limited SF-11, Second floor, JMD Regent Plaza, Mehrauli Gurgaon Road Village Sikanderpur Ghosi Gurgaon, Haryana- 122001 Telephone No.: +91-124-4081281 Email id: investors@kajariaceramics.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited F-65, Okhla Industrial Area, 1st Floor, Phase-1, New Delhi- 110020 Ph. No. +91-11-41406149-52; Fax No.: +91-11-41709881 Email Id : helpdeskdelhi@mcsregistrars.com

II. Principal Business Activities of the Company:

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacturing & trading of Ceramic Wall and Floor Tiles, Polished and Glazed Vitrified Tiles	23913	99.99%

III. Particulars of Holding, Subsidiary and Associate Companies

S. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate Company	% of Shares held	Applicable Section
1.	Soriso Ceramic Private Limited S.No 809-810, Lakhdirpar Road, At Ghuntu, Tal Morbi, Dist. Rajkot, Gujarat- 363642	U26930GJ2006PTC048010	Subsidiary	51%	2(87)
2.	Jaxx Vitrified Private Limited* S.No. 72/P1 & 72/P2, Near Max Ceramic Morbi, G'Dham Highway, Tal Morbi, Timbdi, Gujarat- 363642	U26933GJ2010PTC062933	Subsidiary	82.37%	2(87)
3.	Cosa Ceramics Private Limited S. No. 774P1, Near GSPC Gas Terminal Lakhdirpar Road, Ghuntu, Gujarat- 363642	U26933GJ2010PTC063444	Subsidiary	51%	2(87)

S. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate Company	% of Shares held	Applicable Section
4.	Vennar Ceramics Limited Sitha Nilayam, No. 6-3-347/21, Dwarkapuri Colony, Panjagutta, Hyderabad- 500082, Telangana	U26919TG1994PLC031858	Subsidiary	51%	2(87)
5	Kajaria Bathware Private Limited, J-1/B-1 (Extn.), Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi-110044	U26943DL2013PTC252495	Subsidiary	100%	2(87)
6.	Kajaria Floera Ceramics Private Limited**@ Survey No. 129, Industrial Park, Opp Bhavanisankarapuram, Thatiparthi, Chitoor, Andhra Pradesh- 517642	U26933AP2014PTC095460	Subsidiary	70%	2(87)

* During the year 2017-18, the Company has acquired additional 21.37% equity Shares of Jaxx Vitrified Private Limited ('Jaxx') and accordingly, the shareholding of the Company in Jaxx increased to 82.37% from 61%.

@ During the year 2017-18, the Company has acquired additional 19% equity shares of Kajaria Floera Ceramics Private Limited ('Floera') and accordingly, the shareholding of the Company in Floera increased to 70% from 51%.

** During the year 2017-18, name of Fleora Ceramics Private Limited changed to Kajaria Floera Private Limited.

During the year 2017-18, Taurus Tiles Private Limited, ceased to be a subsidiary of the Company.

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

(a) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April 2017]				No. of Shares held at the end of the year [As on 31st March 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
a) Individual/ HUF	10956364	0.00	10956364	6.89	10956364	0.00	10956364	6.89	0.00
b) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Bodies Corporate	64365138	0.00	64365138	40.50	0.00	0.00	0.00	0.00	-40.50
e) Banks / FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Any other (Specify): **Trust***									
Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust)	0.00	0.00	0.00	0.00	12933973	0.00	12933973	8.14	8.14

Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	0.00	0.00	0.00	0.00	25867947	0.00	25867947	16.27	16.27
Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)	0.00	0.00	0.00	0.00	25867947	0.00	25867947	16.27	16.27
Sub- Total (A)(1)	**75321502**	**0.00**	**75321502**	**47.39**	**75626231**	**0.00**	**75626231**	**47.58**	**0.18**
(2) Foreign									
a) NRI's - Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Others - Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Bank/FI's	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Any other (Specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub- Total (A)(2)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total Shareholding of Promoters (A) = (A)(1) + (A)(2)	**75321502**	**0.00**	**75321502**	**47.39**	**75626231**	**0.00**	**75626231**	**47.58**	**0.18**
(B) Public Shareholding									
(1) Institutions									
a) Mutual Funds	8289374	77300	8366674	5.26	12686003	76300	12762303	8.03	2.77
b) Banks / FIs	29127	11880	41007	0.03	186460	11880	198340	0.12	0.09
c) Central Govt	0.00	0.00	0.00	0.00	502161	0.00	502161	0.32	0.32
d) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Insurance Companies	738721	0.00	738721	0.47	1178220	0.00	1178220	0.74	0.27
g) Foreign Institutional Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
h) Foreign Venture Capital Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i)Qualified Foreign Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
j) Any Others (Foreign Portfolio Investors)	37164683	0.00	37164683	23.38	44646542	0.00	44646542	28.09	4.71
Sub-total (B)(1)	**46221905**	**89180**	**46311085**	**29.14**	**59199386**	**88180**	**59287566**	**37.30**	**8.16**
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	5806891	42000	5848891	3.68	5354620	22150	5376770	3.38	-0.30
ii) Overseas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	11956166	2410037	14366203	9.04	13547265	1693316	15240581	9.59	0.55
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	3895761	0.00	3895761	2.45	2285862	0.00	2285862	1.44	-1.01
c) Qualified Foreign Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) NBFCs Registered with RBI	2050	0.00	2050	0.00	20040	0.00	20040	0.01	0.01
e) Any others (Specify)									
i. Trust & Foundation	253174	0.00	253174	0.16	1852	0.00	1852	0.00	-0.16
ii. Cooperative Societies	0.00	0.00	0.00	0.00	5000	0.00	5000	0.00	0.00
iii. Educational Institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iv. Non Resident Indians	1085734	82760	1168494	0.74	712796	29870	742666	0.47	-0.27
v. Overseas Corporate Bodies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
vi. Foreign Companies	11770840	0.00	11770840	7.41	0.00	0.00	0.00	0.00	-7.41
vii. Investor Education & Protection Fund Authority**	0.00	0.00	0.00	0.00	363732	0.00	363732	0.23	0.23
Sub-total (B)(2)	**34770616**	**2534797**	**37305413**	**23.47**	**22291167**	**1745336**	**24036503**	**15.12**	**-8.35**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**80992521**	**2623977**	**83616498**	**52.61**	**81490553**	**1833516**	**83324069**	**52.42**	**-0.18**
(C) Shares held by Custodian for GDRs & ADRs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total (A)+(B)+(C)	**156314023**	**2623977**	**158938000**	**100.00**	**157116784**	**1833516**	**158950300**	**100.00**	**0.00**

* As per the Scheme of Arrangement between Kajaria Securities Private Limited ('KSPL') and Kajaria Ceramics Limited approved by the Hon'ble National Company Law Tribunal, Chandigarh Bench on February 6, 2018 ('Scheme), 6,46,69,867 equity shares of ₹1 each fully paid up of the Company held by KSPL has been cancelled and KSPL has been amalgamated into Kajaria Ceramics Limited. Further, pursuant to the Scheme, these equity shares of ₹1/- each fully paid up of the Company have been allotted on March 14, 2018, being the shareholders of KSPL in proportion of their respective shareholding in KSPL.

** 363,732 equity shares of ₹1 each have been transferred to IEPF Authority in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') and voting rights on these shares are frozen pursuant to the provision of IEPF Rules.

(b) Shareholding of Promoter & Promoter Group:

S. No.	Shareholder's Name	Shareholding at the beginning of the year (1st April, 2017)			Shareholding at the end of the year (31st March, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1	Kajaria Securities Private Limited #	64365138	40.50	0.00	0.00	0.00	0.00	-40.50
2	Ashok Kumar Kajaria	1047004	0.66	0.00	1047004	0.66	0.00	0.00
3	Versha Devi Kajaria	1778014	1.12	0.00	1778014	1.12	0.00	0.00
4	A.K Kajaria (HUF)	1967750	1.24	0.00	1967750	1.24	0.00	0.00
5	Chetan Kajaria	1339880	0.84	0.00	1339880	0.84	0.00	0.00
6	Rishi Kajaria	1805716	1.14	0.00	1805716	1.14	0.00	0.00
7	Rasika Kajaria	570000	0.36	0.00	570000	0.36	0.00	0.00
8	Shikha Kajaria	600000	0.38	0.00	600000	0.38	0.00	0.00
9	Kartik Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
10	Parth Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
11	Raghav Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
12	Vedant Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
13	Chetan Kajaria (HUF)	42000	0.03	0.00	42000	0.03	0.00	0.00
14	Rishi Kajaria (HUF)	6000	0.00	0.00	6000	0.00	0.00	0.00
15	Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust) @	0.00	0.00	0.00	12933973	8.14	0.00	8.14
16	Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)@	0.00	0.00	0.00	25867947	16.27	0.00	16.27
17	Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)@	0.00	0.00	0.00	25867947	16.27	0.00	16.27
TOTAL		**75321502**	**47.39**	**0.00**	**75626231**	**47.58**	**0.00**	**0.18**

During the year 2017-18, Kajaria Securities Private Limited had acquired 3,04,729 equity shares of ₹1 each from open market and accordingly, its shareholding increased to 6,46,69,867 equity shares of ₹1 each.

Further, 6,46,69,867 equity shares of the Company held by Kajaria Securities Private Limited (KSPL'), have been cancelled/ extinguished on March 14, 2018, pursuant to the Scheme of Arrangement between KSPL and Kajaria Ceramics Limited approved by the Hon'ble National Company Law Tribunal, Chandigarh Bench on February 6, 2018 ('Scheme) and Kajaria Securities Private Limited has been amalgamated into the Company.

@ Pursuant to the Scheme, 6,46,69,867 equity shares of ₹1 each of the Company have been allotted on March 14, 2018 to the shareholders of KSPL in proportion of their respective shareholding in KSPL.

(c) Change in Promoters shareholding* (please specify, if there is no change):

S. No.	Name of Promoters & person belongs to Promoter Group	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	75321502	47.39	-------	------
	Date Wise increase/Decrease in promoter's shareholding during the year specifying the reason for increase/decrease (e.g. Allotment/transfer/bonus/sweat equity etc.)	----	----	#	#
	At the end of the year	----	----	75626231	47.58

***Note:**
The change in the shareholding of the Promoter & Promoter Group is due to:

1. Purchase of additional 3,04,729 equity shares of ₹1 each of the Company by Kajaria Securities Private Limited (Promoter group) during the year.
2. 6,46,69,867 equity shares of the Company held by Kajaria Securities Private Limited (KSPL'), have been cancelled/ extinguished on March 14, 2018, pursuant to the Scheme of Arrangement between KSPL and Kajaria Ceramics Limited approved by the Hon'ble National Company Law Tribunal, Chandigarh Bench on February 6, 2018 ('Scheme) and Kajaria Securities Private Limited has been amalgamated into the Company.

Date-wise increase / decrease in promoter & promoter group's shareholding during the year:

S. No.	Name	Shareholding No. of shares at the beginning (1st April 2017) / end of the year (31st March 2018)	% of total shares of the Company	Date of Change in Shareholding	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year (1st April 2017 to 31st March 2018)	% of total Shares of the Company
1.	Kajaria Securities Private Limited	64365138	40.50	01-04-2017				
				17-08-2017	204729	Purchase	64569867	40.63
				21-08-2017	100000	Purchase	64669867	40.69
				14-03-2018	64669867	Cancellation/ Extinguishment pursuant to the Scheme of Arrangement		
		0.00	0.00	31-03-2018				
2.	Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust)	0.00	0.00	01-04-2017				

				14-03-2018	12933973	Allotted pursuant to the Scheme of Arrangement	12933973	8.14
		12933973	8.14	31-03-2018				
3	Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	0.00	0.00	01-04-2017				
				14-03-2018	25867947	Allotted pursuant to the Scheme of Arrangement	25867947	16.27
		25867947	16.27	31-03-2018				
4	Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)	0.00	0.00	01-04-2017				
				14-03-2018	25867947	Allotted pursuant to the Scheme of Arrangement	25867947	16.27
		25867947	16.27	31-03-2018				

(d) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name & Category	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2017 to 31st March 2018)	
		No. of shares at the beginning (1st April 2017)/ end of the year (31st March 2018)	% of total shares of the Company				No. of shares	% of total Shares of the Company
1.	GOVERNMENT PENSION FUND GLOBAL (IN30005410076881)	4900072	3.08	01-04-2017				
				22-09-2017	89621	Purchase	4989693	3.14
		4989693	3.14	31-03-2018				
2.	FIDELITY INVESTMENT TRUST FIDELITY INTERNATIONAL DISCOVERY FUND (IN30005410020162)*	0.00	0.00	01-04-2017				
				22-09-2017	778769	Purchase	778769	0.49
				29-09-2017	1665994	Purchase	2444763	1.54
		2444763	1.54	31-03-2018				

3.	FRANKLIN TEMPLETON INVESTMENT FUNDS (IN30343810004305)*	0.00	0.00	01-04-2017				
				14-04-2017	2240000	Purchase	2240000	1.41
		2240000	1.41	31-03-2018				
4.	GOLDMAN SACHS INDIA LIMITED (IN30016710044058)	2043060	1.29	01-04-2017				
		2043060	1.29	31-03-2018				
5.	BNP PARIBAS ARBITRAGE (IN30179910081740)*	0.00	0.00	01-04-2017				
				14-04-2017	107000	Purchase	107000	0.07
				28-04-2017	-9700	Sale	97300	0.06
				26-05-2017	-38284	Sale	59016	0.04
				24-11-2017	93784	Purchase	152800	0.10
				01-12-2017	-17714	Sale	135086	0.08
				29-12-2017	-12800	Sale	122286	0.08
				02-02-2018	-18400	Sale	103886	0.07
				16-02-2018	948942	Purchase	1052828	0.66
				23-02-2018	874943	Purchase	1927771	1.21
		1927771	1.21	31-03-2018				
6.	J.P MORGAN FUNDS (IN3034810006522)	1689370	1.06	01-04-2017				
				07-04-2017	108390	Purchase	1797760	1.13
				14-04-2017	26800	Purchase	1824560	1.15
				26-05-2017	30170	Purchase	1854730	1.17
				29-09-2017	-27130	Sale	1827600	1.15
				06-10-2017	-26260	Sale	1801340	1.13
				27-10-2017	-38360	Sale	1762980	1.11
				24-11-2017	-42378	Sale	1720602	1.08
				08-12-2017	-37800	Sale	1682802	1.06
				15-12-2017	-44100	Sale	1638702	1.03
				22-12-2017	-22250	Sale	1616452	1.02
				29-12-2017	-20390	Sale	1596062	1.00
				23-02-2018	223010	Purchase	1819072	1.14
		1819072	1.14	31-03-2018				
7.	STEADVIEW CAPITAL MAURITIUS LIMITED (IN30317320012164)	1944320	1.22	01-04-2017				
				26-01-2018	-31841	Sale	1912479	1.20
				02-02-2018	-168159	Sale	1744320	1.10
		1744320	1.10	31-03-2018				

8.	ABU DHABI INVESTMENT AUTHORITY – BEHAVE (IN30343810005898)	1640000	1.03	01-04-2017				
				12-05-2017	-51728	Sale	1588272	1.00
				19-05-2017	-33941	Sale	1554331	0.98
				26-05-2017	-1000	Sale	1553331	0.98
				10-11-2017	-503300	Sale	1050031	0.66
				29-12-2017	319700	Purchase	1369731	0.86
				02-03-2018	278700	Purchase	1648431	1.04
		1648431	1.04	31-03-2018				
9.	FRANKLIN INDIA SMALLER COMPANIES FUND (IN30016710016878)	1610000	1.01	01-04-2017				
				12-05-2017	-25000	Sale	1585000	1.00
				19-05-2017	25000	Purchase	1610000	1.01
		1610000	1.01	31-03-2018				
10.	FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA PRIMA FUND (IN30016710010936)	1593720	1.00	01-04-2017				
				12-05-2017	-25000	Sale	1568720	0.99
				19-05-2017	25000	Purchase	1593720	1.00
				01-09-2017	-100000	Sale	1493720	0.94
				09-02-2018	100000	Purchase	1593720	1.00
		1593720	1.00	31-03-2018				
11.	WESTBRIDGE CROSSOVER FUND, LLC (IN30014210724452)#	11770840	7.41	01-04-2017				
				14-07-2017	-11770840	Sale	0.00	0.00
		0.00	0.00	31-03-2018				
12.	JWALAMUKHI INVESTMENT HOLDINGS (IN30014210713562) #	4356946	2.74	01-04-2017				
				07-04-2017	-852000	Sale	3504946	2.21
				14-04-2017	-2793365	Sale	711581	0.45
				14-07-2017	-711581	Sale	0.00	0.00
		0.00	0.00	31-03-2018				

13.	HONGKONG BANK (IN30014210000004)#	1167501	0.73	01-04-2017				
				07-04-2017	-1116501	Sale	51000	0.03
				14-04-2017	52199	Purchase	103199	0.06
				12-05-2017	-63199	Sale	40000	0.03
				19-05-2017	22500	Purchase	62500	0.04
				26-05-2017	-51117	Sale	11383	0.01
				09-06-2017	59734	Purchase	71117	0.04
				16-06-2017	-64509	Sale	6608	0.00
				23-06-2017	-2346	Sale	4262	0.00
				11-08-2017	6091	Purchase	10353	0.01
				18-08-2017	48452	Purchase	58805	0.04
				01-09-2017	-58004	Sale	801	0.00
				22-09-2017	42831	Purchase	43632	0.03
				29-09-2017	-32630	Sale	11002	0.01
				06-10-2017	38998	Purchase	50000	0.03
				27-10-2017	-29000	Sale	21000	0.01
				08-12-2017	-19086	Sale	1914	0.00
				15-12-2017	4494	Purchase	6408	0.00
				22-12-2017	-5778	Sale	630	0.00
				05-01-2018	99370	Purchase	100000	0.06
				02-02-2018	-90414	Sale	9586	0.01
				09-02-2018	414	Purchase	10000	0.01
				23-02-2018	14399	Purchase	24399	0.02
				02-03-2018	-17369	Sale	7030	0.00
				09-03-2018	25798	Purchase	32828	0.02
				16-03-2018	-2828	Sale	30000	0.02
				23-03-2018	2334	Purchase	32334	0.02
		37382	0.02	31-03-2018	5048	Purchase	37382	0.02
14.	ABG CAPITAL (IN30317320015322)	1056836	0.66	01-04-2017				
				14-07-2017	-190000	Sale	866836	0.55
		866836	0.55	31-03-2018				
15.	SBI MAGNUM GLOBAL FUND (IN30378610000916)	1000000	0.63	01-04-2017				
				01-09-2017	254730	Purchase	1254730	0.79
		1254730	0.79	31-03-2018				
16.	LTR FOCUS FUND (IN30317320012172)	968144	0.61	01-04-2017				
				14-07-2017	-110000	Sale	858144	0.54
		858144	0.54	31-03-2018				

17.	WASATCH EMERGING MARKETS SMALL CAP FUND (IN30016710039877)	905637	0.57	01-04-2017				
				07-04-2017	-50271	Sale	855366	0.54
				14-04-2017	-58811	Sale	796555	0.50
				05-05-2017	-61915	Sale	734640	0.46
				30-06-2017	-29813	Sale	704827	0.44
				14-07-2017	-16335	Sale	688492	0.43
				11-08-2017	-26012	Sale	662480	0.42
				01-09-2017	369940	Purchase	1032420	0.65
				08-12-2017	-51785	Sale	980635	0.62
		980635	0.62	31-03-2018				

* Not in the list of top ten shareholder as on April 1, 2017. The same has been reflected above since the shareholder was one of the top ten shareholders as on March 31, 2018.

ceased to be in the list of top ten shareholders as on March 31, 2018. The same was reflected above since the shareholder was one of the top ten shareholders as on April 1, 2017.

(e) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding		Date	Increase/decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2017 to 31st March 2018)	
		No. of shares at the beginning (1st April 2017) / end of the year (31st March 2018)	% of total shares of the Company				No. of shares	% of total Shares of the Company
1.	Mr. Ashok Kajaria Chairman & Managing Director (DIN: 00273877)	1047004	0.66	01-04-2017	0.00	0.00	0.00	0.00
		1047004	0.66	31-03-2018				
2.	Mr. Chetan Kajaria Joint Managing Director (DIN: 00273928)	1339880	0.84	01-04-2017	0.00	0.00	0.00	0.00
		1339880	0.84	31-03-2018				
3.	Mr. Rishi Kajaria Joint Managing Director (DIN: 00228455)	1805716	1.14	01-04-2017	0.00	0.00	0.00	0.00
		1805716	1.14	31-03-2018				
4.	Mr. Basant Kumar Sinha Director - Technical (DIN : 03099241)	0.00	0.00	01-04-2017	0.00	0.00	0.00	0.00
		0.00	0.00	31-03-2018				
5.	Mr. Dev Datt Rishi* Non-Executive Director (DIN: 00312882)	624	0.00	01-04-2017	0.00	0.00	0.00	0.00
		624	0.00	31-03-2018				

6.	Mr. Raj Kumar Bhargava Independent Director (DIN: 00016949)	18592	0.01	01-04-2017				
				08-04-2017	-10000	Sale	8592	0.01
		8592	0.01	31-03-2018				
7.	Mr. Ram Ratan Bagri Independent Director (DIN: 00275313)	40000	0.03	01-04-2017	0.00	0.00	0.00	0.00
		40000	0.03	31-03-2018				
8.	Mr. Debi Prasad Bagchi Independent Director (DIN: 00061648)	0.00	0.00	01-04-2017	0.00	0.00	0.00	0.00
		0.00	0.00	31-03-2018				
9.	Mr. H. Rathnakar Hegde Independent Director (DIN : 05158270)	0.00	0.00	01-04-2017	0.00	0.00	0.00	0.00
		0.00	0.00	31-03-2018				
11.	Mrs. Sushmita Singha** Independent Director (DIN: 02284266)	0.00	0.00	01-04-2017	0.00	0.00	0.00	0.00
		0.00	0.00	31-03-2018				
12.	Mr. Ram Chandra Rawat COO (A & T) & Company Secretary (FCS No. 5101)	0.00	0.00	01-04-2017	0.00	0.00	0.00	0.00
		0.00	0.00	31-03-2018				
13.	Mr. Sanjeev Agarwal CFO	0.00	0.00	01-04-2017	0.00	0.00	0.00	0.00
		0.00	0.00	31-03-2018				

* Resigned from the position of 'Director-Technical' and continued to be a Non-executive Director w.e.f. July 1, 2017.
** Name of Mrs. Sushmita Shekhar changed to Mrs. Sushmita Singha.

(f) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	13.23	0.00	0.00	13.23
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	**13.23**	**0.00**	**0.00**	**13.23**
Change in Indebtedness during the financial year				
* Addition	6.19	0.00	0.00	6.19
* Reduction	2.11	0.00	0.00	2.11
Net Change	**4.08**	**0.00**	**0.00**	**4.08**
Indebtedness at the end of the financial year				
i) Principal Amount	17.31	0.00	0.00	17.31
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	**17.31**	**0.00**	**0.00**	**17.31**

V. Remuneration of Directors and Key Managerial Personnel:

(A) Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No.	Particulars of Remuneration	Name of Chairman/MD/WTD/ Manager					Total Amount (₹ in Lakhs) per annum
	Chairman/MD/WTD	Mr. Ashok Kajaria	Mr. Chetan Kajaria	Mr. Rishi Kajaria	Mr. Basant Kumar Sinha	Mr. Dev Datt Rishi*	
1	Gross salary (Per Annum)						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	231.60	321.60	321.60	63.67	20.16	958.63
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	77.45	37.09	37.09	7.41	2.16	161.20
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00	0.00
4	Commission	0.00	380.00	380.00	0.00	0.00	760.00
	- as % of profit	0.00	0.00	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00
	Total (A)	**309.05**	**738.69**	**738.69**	**71.08**	**22.32**	**1879.83**
Overall Ceiling as per Act: ₹3692 lakhs (being 10% of the profit of the Company calculated as per Section 198 of the Companies Act 2013.							

* Mr. Dev Datt Rishi resigned from the position of 'Director-Technical' and continued to be a Non-executive Director effective from 1st July, 2017. Accordingly, the remuneration paid to him in the capacity of Director-Technical is upto 30th June, 2017.

(B) Remuneration to other directors

S. No.	Particulars of Remuneration	Name of Directors						Total amount (₹ in Lakhs)
1	Independent Directors	Mr. Raj Kumar Bhargava	Mr. Ram Ratan Bagri	Mr. Debi Prasad Bagchi	Mr. H. Rathnakar Hegde	Mr. Dev Datt Rishi*	Mrs. Sushmita Singha**	
	Fee for attending Board / Committee meetings	3.30	4.20	4.00	2.80	Not Applicable	2.70	17.00
	Commission	0.00	0.00	0.00	0.00	Not Applicable	0.00	0.00
	Others, please specify	0.00	0.00	0.00	0.00	Not Applicable	0.00	0.00
	Total (1)	**3.30**	**4.20**	**4.00**	**2.80**	**-**	**2.70**	**17.00**
2	Other Non-Executive Directors							
	Fee for attending board committee meetings	0.00	0.00	0.00	0.00	1.50	0.00	1.50
	Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (2)	**0.00**	**0.00**	**0.00**	**0.00**	**1.50**	**0.00**	**1.50**
	Total (B)=(1+2)	**3.30**	**4.20**	**4.00**	**2.80**	**1.50**	**2.70**	**18.50**
	Total Managerial Remuneration	1898.33						
	Overall Ceiling as per the Act	₹4024 lakhs (being 11% of the profit of the Company calculated as per Section 198 of the Companies Act, 2013						

* Mr. Dev Datt Rishi resigned from the position of 'Director-Technical' and continued to be Non-Executive Director of the Company effective from 1st July 2017. Accordingly, the remuneration paid to him in the capacity of Director-Technical is upto 30th June, 2017.
** Name of Mrs. Sushmita Shekhar changed to Mrs. Sushmita Singha.

(C) Remuneration to Key Managerial Personnel other than MD/Manager/WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Ram Chandra Rawat, COO (A&T) & Company Secretary	Mr. Sanjeev Agarwal, CFO	Total Amount (₹in Lakhs) per annum
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	148.75	147.40	296.15
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3.12	3.12	6.24
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission- as % of profit	0.00	0.00	0.00
5	Others, please specify (Employer Contribution to Provident Fund)	4.13	4.13	8.26
	Variable Pay / incentive	0.00	0.00	0.00
	Total	**156.00**	**154.65**	**310.65**

VI. Penalties / Punishment / Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding			NIL		
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					

For and on behalf of the Board

Place: New Delhi
Date: May 8, 2018

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ENERGY CONSERVATION

Energy conservation efforts are constantly being pursued at Kajaria. Power consumption is diligently monitored in order to minimise wastage and facilitate optimum utilisation of energy. Maintenance and repairs of all equipment and machineries are carried out timely to ensure optimum energy efficiency. Some of the energy conservation measures undertaken by us are as follows:

1) Installation of another 3.75 MW roof-top solar plant at Gailpur & Malutana, Rajasthan and Sikandrabad, U.P. to generate green power by converting solar energy. The Company is also utilising wind turbines at Jaisalmer, Rajasthan, and Dhulle, Maharashtra to produce green energy. Such generations will dilute the renewable energy obligation towards the Government.

2) Connected with 132 KV grid system in Gailpur, Rajasthan (with sanctioned load of 13.5 MVA) and 33 KV grid system (with sanctioned load of 4.9 MVA in Malutana, Rajasthan & Sikandrabad, U.P. plants) with independent feeder to optimise the load on grid. This helps to reduce the running of generators thereafter allowing for effective utilisation of grid and reduction in fuel consumption for generators.

3) Continuously maintaining power factor to achieve effective utilisation of grid power and reduction in apparent energy consumption. Efforts are also being made to mitigate or reduce harmonics by broadband reactors. Combined, these measures result in scaling down apparent as well as active energy consumption.

4) Installation of BEE (Bureau of Energy Efficiency) certified electrical items and equipment along with latest generation energy-efficient lighting and variable frequency drives in order to conserve energy and also drive down costs.

5) Installation of heat recovery system at Gailpur (Unit-1 & Unit-2), Malutana and Sikandrabad plants to attain considerable fuel savings by allocating the exhaust heat of kilns to vertical driers.

- Capital Investment on Energy Conservation equipment: ₹1.10 crore

Technology Absorption

Kajaria has been acquiring, developing, and utilising technological knowledge to deliver a large variety of technologically advanced products to its customers. We focus on development of innovative products and improvement of processes.

(i) Major efforts made towards technology absorption

a. The Company has fully adopted the latest technology available for producing ceramic tiles putting Kajaria in the same league as other manufacturers in the Chinese and European markets.

b. Our R&D and technical experts constantly visit international markets to identify and keep pace with the latest technologies available.

c. The R&D Unit at Gailpur, Sikandrabad and Malutana plants has continuously maintained the recognition from the Department of Scientific and Industrial Research (DSIR).

d. The Company has, during the year, developed various new bigger size and innovative products.

Benefits derived through such efforts

a. The Company has developed a culture of staying informed about the latest developments in related technology as well as constantly updating our equipment and processes. Such innovations have led us to be in the forefront amongst our competitors.

b. The new sizes in the ceramic and vitrified tiles have been valuable additions to our product line which have allowed us to meet the demands of customers who want latest offerings prevalent in the international markets.

c. Technology absorption efforts have not only allowed us to develop new products but also improve our existing ones and reduce the cost of products.

(ii) Technology imported

Process of Technology	Monocuttura	Monoporosa	Double charge vitrified
Year of Import	1988	1994	2010
Has technology been fully absorbed	YES	YES	YES

- No technology has been imported during the year 2017-18

(iii) Expenditure on Research and Development (R&D)

(₹ in crores)

Particulars	2017-18	2016-17
a) Capital	0.80	0.09
b) Recurring	16.77	10.90
Total	**17.57**	**10.99**
Total R&D expenditure as a percentage of total turnover	0.66%	0.44%

Foreign Exchange Earning and Outgo

Particulars	Amount (₹ in crores)
Earned :	
Exports (FOB)	48.30
Spent :	
Imports (CIF)	
Capital Goods	39.82
Raw Materials	1.50
Store & Spares	19.22
Traded Goods	4.18
Other (on accrual Basis)	5.16

For and on behalf of the Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: May 8, 2018

NAME OF EMPLOYEES OF THE COMPANY

Annexure – 8

As per Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(a)Top Ten Employees in terms of Remuneration drawn including the Employees who was in receipt of remuneration exceeding ₹1.02 crore per annum

S.No	Name	Age	Designation	Qualification	Experience	Date of commencement of employment	Remuneration received during the year (₹ in Lakhs)	Particular of Last Employment
1.	Mr. Ashok Kajaria	70	Chairman & Managing Director	B.SC, BSME, UCLA (California), USA	42	01.01.1987	413.41	Managing Director – Kajaria Exports Limited
2.	Mr. Chetan Kajaria	43	Joint Managing Director	B. Engg. (Petrochem), Pune University, MBA from Boston College (USA)	18	15.01.2000	738.85	Managing Director – Kajaria Plus Limited
3.	Mr. Rishi Kajaria	40	Joint Managing Director	B.Sc. in Business Administration from Boston University (USA)	14	26.07.2003	738.85	Director – Kajaria Infotech Limited
4.	Mr. Ram Chandra Rawat	62	COO (A&T) & Company Secretary	M Com. FCA, FCS	38	14.07.1987	156.00	Chief Accounts Officer – RCS Vanaspathi Ltd.
5.	Dr. Rajveer Choudhary	64	Chief Operating Officer (Gailpur Plant)	M.A., PH.D	36	03.08.1998	156.87	VP – Venus Sugars Ltd.
6.	Mr. Sanjeev Agarwal	54	CFO	B.Com, FCA	31	09.02.1994	154.65	Dy. Manager-Finance Orissa Synthetics Ltd.
7.	Mr. Pankaj Sethi	47	COO (Marketing)	BE - Civil Engg	26	01.04.2003	171.22	Regional Manager Kajaria Infotech Ltd.
8.	Mr. Bhupendra Vyas	60	COO (Marketing)	MMS	37	01.08.2016	142.10	Executive Director-City Tiles Ltd.
9.	Mr. Gautam Seth	44	VP (Marketing)	BE- Mech Engg	19	01.09.2009	134.70	VP – Marketing Kajaria Plus Ltd.
10.	Mr. Vivek Goyal	49	VP (Marketing)	PGDBA – Marketing	27	01.05.2000	136.73	DGM-Marketing – Kajaria Plus Ltd.
11.	Mr. M.G. Renukananda	56	VP (Marketing)	MBA-Marketing	26	30.09.2009	115.80	GM-Sales Asian Granito India Ltd.

(b) No employee was in receipt of remuneration exceeding ₹8.50 lakh per month for any part of financial year 2017-18.

(c) During the financial year 2017-18, no employee was in receipt of remuneration exceeding the remuneration drawn by the Managing Director or Whole Time Director of the Company.

Note:

1. Remuneration includes salary, allowances, and perquisites but excludes Gratuity Fund and Personal Accident Insurance as the same is paid for the Company as whole.
2. All above mentioned employees are on the rolls of the Company and nature of employment is as per the appointment letter given by the Company.
3. Mr. Ashok Kajaria, Mr. Chetan Kajaria and Mr. Rishi Kajaria, hold equity shares of the Company, which is disclosed in Annexure-6 of the Directors' Report.
4. As on March 31, 2018, Mr. Bhupendra Vyas and Mr. M.G. Renukananda hold the equity shares of the Company, which are below the percentage specified under Rule 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
5. None of the above referred employees, except as mentioned in Notes No. 3 & 4 above, hold equity shares of the Company.
6. Mr. Ashok Kajaria is father of Mr. Chetan Kajaria and Mr. Rishi Kajaria, Joint Managing Directors, of the Company. Except this, No employee is relative of any Directors of the Company.

For and on behalf of the Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: May 8, 2018

Corporate Governance

REPORT ON CORPORATE GOVERNANCE

The Company's Philosophy on Corporate Governance

Kajaria's ('the Company') governance philosophy is based on the trusteeship, transparency and accountability. We believe that it is imperative for us to manage our business affairs in the most fair and transparent manner with a firm commitment to our values. For us, corporate governance is an ethically driven business process that is commitment to values aimed at enhancing an organisation's brand and reputation.

As a part of the Company's growth strategy, we continuously review the Corporate Governance practices so that they can be best across the globe. The Company's Code of Conduct and Ethics and Code for prevention of Insider Trading are an extension of our values and reflect our commitment to ethical business Practices.

The Board of Directors ('the Board') are responsible and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interest of the shareholders and other stakeholders.

The Corporate Governance Philosophy of the Company is based on the following principles:

i. Appropriate composition of the Board of Directors;

ii. Timely disclosure of material and financial information to the Board of Directors and stakeholders;

iii. Systems and processes are in place to ensure financial control and Compliance of laws; and

iv. Proper Business Conduct by the Board, Committees, Senior Management and Employees.

Board of Directors

The Company firmly believes that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance in order to bring objectivity and transparency in the Management. The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has vested with the requisite powers, authorities and duties.

Selection of the Board

In terms of the requirement of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations'), the Nomination and Remuneration Committee has been designated to evaluate the need for change in the composition and size of the Board of the Company and to select members for filling the Board vacancies and nominating candidates for election by the shareholders at the Annual General Meeting.

Composition

The Board comprises of such number of Executive, Non-Executive and Independent Directors as required under the applicable legislations. The Board consists of eminent individuals from the Industry, management, technical, financial and marketing. The Company is managed by the Board of Directors in co-ordination with the Senior Management team. As on 31st March 2018, the Company has Ten (10) Directors on its Board, out of which Four (4) are Executive Directors, One (1) is Non-executive and Five (5) are Non-executive/Independent Directors including one Woman Independent Director. The Board periodically evaluates the need for change in its composition and size.

The details of composition of the Board, nature of Directorship, number of Directorships in other companies, Chairmanship/ Membership of the Committee of each Director in other Companies, attendance of the Directors at Board Meetings and last Annual General Meeting as on 31st March 2018 are given below:

Name	Category of Director	Board Meeting held during his/ her tenure	Board Meeting attended	Last Annual General Meeting attended	Directorship* in other companies	Committee Chairmanship of other Boards**	Committee Membership of other Boards**
Mr. Ashok Kajaria (DIN: 00273877)	Chairman & Managing Director (Promoter)	7	7	Yes	1	0	2
Mr. Chetan Kajaria (DIN: 00273928)$	Joint Managing Director^	7	6	Yes	1	0	1
Mr. Rishi Kajaria (DIN: 00228455)$	Joint Managing Director^	7	7	Yes	1	0	0
Mr. Basant Kumar Sinha (DIN: 03099241)	Director – Technical (Executive)	7	1	Yes	1	0	0
Mr. Dev Datt Rishi (DIN: 00312882) #	Director –(Non-Executive)	7	7	Yes	1	0	0
Mr. Raj Kumar Bhargava (DIN: 00016949)	Director (Independent Non-Executive)	7	6	Yes	4	5	2
Mr. Ram Ratan Bagri (DIN: 00275313)	Director (Independent Non-Executive)	7	6	Yes	3	1	3
Mr. Debi Prasad Bagchi (DIN: 00061648)	Director (Independent Non-Executive)	7	7	Yes	3	1	2
Mr. H. Rathnakar Hegde (DIN: 05158270)	Director (Independent Non-Executive)	7	4	Yes	8	5	4
Mrs. Sushmita Singha@ (DIN: 02284266)	Director (Independent Non-Executive)	7	7	Yes	2	0	0

* Excluded the Directorship held in private limited companies, foreign companies and companies incorporated under Section 8 of the Companies Act, 2013, as per Regulation 26 of the Listing Regulations, but included Kajaria Ceramics Limited.

** Included only the Membership/Chairmanship in Audit Committee and Stakeholders Relationship Committee in all Public Limited Companies as per Regulation 26 of the Listing Regulations, including Kajaria Ceramics Limited.

Mr. Dev Datt Rishi resigned from the position of 'Director Technical' and continued to be Non-Executive Director effective from 01.07.2017.

@ Name of Mrs. Sushmita Shekhar has been changed to Mrs. Sushmita Singha.

^ Re-appointed as the Joint Managing Director of the Company by the Board for the further period of 3 years effective from April 1, 2018 to March 31, 2021. The re-appointment is subject to the shareholders' approval.

$ Promoter Group

The number of Directorships, Chairmanships and Committee memberships of each Director is in compliance with the relevant provisions of the Companies Act, 2013 and the Listing Regulations.

Mr. Ashok Kajaria, Chairman & Managing Director of the Company is the father of Mr. Chetan Kajaria and Mr. Rishi Kajaria, Joint Managing Directors, of the Company. There is no relationship between any of the Independent Directors.

As mandated by the Listing Regulations, none of the Directors of the Company are members of more than ten Board level committees nor are the Chairperson of more than five Board level committees in other companies in which they are Directors.

Number of shares held by Independent Directors/Non-executive Director

Mr. Ram Ratan Bagri and Mr. Raj Kumar Bhargava, Independent Directors hold 40,000 and 8,592 equity shares of the Company, respectively and Mr. Dev Datt Rishi, Non-executive Director holds 624 equity shares of the Company.

No other Independent Directors, hold any share of the Company.

Board Meetings

The Board meets at least once in every quarter to discuss and decide on, inter-alia, business strategies/policies and review the financial performance of the Company and its subsidiaries and other items on agenda. Additional meetings are held from time to time as and when necessary.

The notice of each Board Meeting is given in writing to each Director of the Company. The agenda along with the relevant notes and other material information are sent to each Director in advance and in exceptional cases tabled at the meeting.

Also, the Board meetings of the Company have been held with proper compliance of the provisions of Companies Act, 2013, Listing Regulations and Secretarial Standards, as applicable thereon.

During the financial year 2017-18, seven (7) Board Meetings were held, at least one in every calendar quarter and the gap between two consecutive Board Meetings did not exceed - one hundred and twenty (120) days. The dates on which the Board Meetings were held, are as follows:

15th May,2017, 29th June, 2017, 10th August, 2017, 30th October, 2017, 8th December, 2017, 31st January, 2018 and 14th March, 2018 .

Post meeting follow up Mechanism

All the important decisions taken at the Board / Committee meetings are communicated to the concerned departments / divisions. Action Taken Report on decisions / minutes of previous meetings is placed at the succeeding meeting of the Board / Committee for noting & signing thereon.

Board Support

The Company Secretary attends the Board / Committee meetings and advises on compliances with applicable laws and governance.

Separate Meeting for Independent Directors

The Independent Directors of the Company meet once in a financial year without the presence of Executive Directors and Management Personnel. Such Meeting reviews the performance of Non-Independent Directors and the Board as a whole, reviews the performance of Chairman of the Board, access the quality, quantity and timeliness of the flow of information between management and the Board that is necessary to effectively and reasonably perform its duties. A meeting of Independent Directors was held on May 8, 2018.

Familiarisation Programme for Independent Directors

At the time of appointing an Independent Director, a formal letter of appointment is given to him/her, which, inter-alia, explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. The Director is also explained in detail the compliances required from him/her under the Companies Act, 2013, the Listing Regulations and other relevant rules & regulations. The Chairman & Managing Director also has one to one discussion with the newly appointed Director to familiarise him/her with the Company's Operations. The Board Members are provided with necessary documents, reports and policies to enable them to familiarise with the Company's Procedures and Practices. Periodic presentations are made at the Board and Committee Meetings on Business and performance update, etc. of the Company.

The familiarisation program has been uploaded on the website of the Company at http://www.kajariaceramics.com/pdf/FamiliarisationProgrammeforIndependentDirectors.pdf

Audit Committee

During the year 2017-18, the Committee met five (5) times i.e. 15th May 2017, 10th August 2017, 30th October 2017, 31st January 2018 and 14th March, 2018. The composition of the Committee and details of meetings attended by the Directors are as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Raj Kumar Bhargava	Independent	Chairman	5
Mr. Ashok Kajaria	Executive	Member	5
Mr. Ram Ratan Bagri	Independent	Member	4
Mr. H. Rathnakar Hegde	Independent	Member	4
Mr. Debi Prasad Bagchi	Independent	Member	5

The Committee's Composition meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. Members of the Committee possess sound knowledge of accounts, audit, banking, finance and internal controls.

Mr. Ram Chandra Rawat, COO (A&T) & Company Secretary of the Company acts as the Secretary of the Audit Committee. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company held on 10th August 2017.

Terms of Reference of Audit Committee

The terms of reference of the Audit Committee of the Company as per provisions of the Companies Act, 2013 read with Listing Regulations, inter-alia, includes the following:

a) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

b) Recommending to the Board, the appointment/re-appointment, and if required, replacement or removal of the statutory auditors, fixation of audit fee and approving payments for any other service rendered by statutory auditors.

c) Discussion with the statutory auditors about the nature and scope of audit as well as post audit discussion to ascertain areas of concern, if any.

d) Recommending to the Board of Directors, the appointment/re-appointment of Cost Auditor of the Company.

e) Reviewing with the management, Annual Financial Statements and Auditors' report thereon before submission to the Board for approval, with particular reference to:

   i. Matter required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) of the Companies Act, 2013.
   ii. Changes, if any, in accounting policies and practices and reasons of the same.
   iii. Major Accounting entries involving estimates based on exercise of judgement by management.
   iv. Significant adjustments made in financial statements arising out of Audit.
   v. Compliances with the listing and other legal requirements relating to financial statements.
   vi. Disclosure of Related Party Transactions.
   vii. Qualification in draft audit report.

f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board.

g) Reviewing with the internal auditor and statutory auditors, the adequacy of internal controls and steps taken for strengthening the areas of weakness in internal controls.

h) Reviewing the adequacy of internal audit function in the Company and discussing the findings and follow up with the internal auditors.

i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.

j) Evaluation of internal control and risk management system.

k) Reviewing with the management, the statements of uses/ application of funds raised through an issue.

l) Review and monitor the Auditor's independence and performance and effectiveness of audit process.

m) Approval or any subsequent modification of transaction of the Company with related parties.

n) Review of inter-corporate loans and investments.

o) Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.

p) Reviewing the management discussion and analysis of financial condition and results of Operations.

q) Valuation of undertakings or assets of the Company, whenever it is necessary.

r) Approval of appointment of CFO after assessing the qualifications, experience and background etc. of the candidate.

s) Reviewing the functioning of the Whistle Blower Mechanism.

t) Carrying out such other functions as mentioned in the terms of reference to the Audit Committee.

Nomination and Remuneration Committee

During the year 2017-18, the Committee met two (2) times i.e. 15th May, 2017 and 31st January, 2018. The composition of the Committee is as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Debi Prasad Bagchi	Independent	Chairman	2
Mr. Ashok Kajaria	Executive	Member	2
Mr. Ram Ratan Bagri	Independent	Member	2
Mr. H. Rathnakar Hegde	Independent	Member	2

The Composition of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The Chairman of the Nomination and Remuneration Committee was present in the last Annual General Meeting of the Company held on 10th August 2017.

Terms of reference of the Committee, inter-alia, includes the following:

1. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

2. Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

3. Formulating the criteria for evaluation of Independent Directors and the Board.

4. Ensuring that:

   (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

   (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

   (c) Remuneration to Directors, key managerial personnel and senior management (one level below the functional heads) involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

5. Devising a policy on Board Diversity.

6. To formulate the detailed terms and conditions of the Kajaria Ceramics Employee Stock Option Plan 2015 ('ESOP Plan 2015') including the following:

   a. issuing and allotment of equity shares [including share certificate(s)] of the Company to the ESOP holders and all matters related thereto, from time to time, pursuant to the ESOP Plan 2015;

   b. signing, execution and submission of necessary documents/papers for the listing of equity shares of the Company with the stock exchanges and all matters related thereto;

   c. making a fair and reasonable adjustment to the number of options and to the exercise price, in case of rights issues, bonus issues and other corporate actions;

   d. approval of list of employee(s) to whom ESOP options are to be granted under ESOP Plan 2015;

   e. determining the procedure for winding up of the ESOP Plan 2015;

   f. other matters which may be relevant for administration of ESOP Plan 2015, from time to time.

7. To do all other acts as may be delegated by the Board of Directors, from time to time.

Risk Management Committee

During the year 2017-18, one (1) meeting of the Risk Management Committee was held on 29th March, 2018. The composition of the Committee and details of meeting attended by the Directors / members of this Committee are as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Ashok Kajaria	Executive	Chairman	1
Mr. Chetan Kajaria	Executive	Member	1
Mr. Dev Datt Rishi	Non-Executive	Member	-
Mr. H. Rathnakar Hegde	Independent	Member	-
Mr. Ram Chandra Rawat	COO (A&T) & Company Secretary	Member	1
Mr. Sanjeev Agarwal	CFO	Member	1

The composition of the Risk Management Committee is as per Regulation 21 of the Listing Regulations.

Terms of reference of the Committee, inter-alia, includes the following:

1. Identifying, assessing and mitigating the existing as well as potential risk (including strategic, financial, operational and compliance risks) to the Company and to recommend the strategy to the Board to overcome them.

2. Assisting the Board in framing, implementing and monitoring the risk management plan for the Company and reviewing and guiding the risk policy.

3. Developing risk management policy, system and framework for the Company.

4. Perform such activities related to this policy as requested by the Board of Directors or to address issues relating to any significant subject within its terms of reference.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, its committees and individual Directors including Chairman of the Board, in line with the criteria specified in the Nomination and Remuneration Policy of the Company. The exercise was carried out through a structured evaluation process covering various aspects of the Board including Committees and every Directors' functioning such as composition of Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc.

The Directors expressed their satisfaction with the evaluation process.

Remuneration

A.Remuneration to Independent/ Non-executive Directors
The Independent/Non-executive Directors are paid remuneration by way of sitting fees for each meeting of the Board and Committee of Directors attended by them. The total amount of sitting fees paid during the financial year 2017-18 was ₹18.50 Lakhs. The Independent/Non-executive Directors do not have any pecuniary relationship or transactions with the Company. The criteria of making payment to Non-executive Directors is disclosed in the Nomination and Remuneration Policy of the Company which is given as **Annexure- 4** to the Directors Report and is also disclosed on the website of the Company http://www.kajariaceramics.com/pdf/nomination_remuneration_policy.pdf

The details of remuneration paid to Independent/Non-executive Directors during the financial year ended 31st March 2018 is as under:

S. No.	Name of Non-Executive Director	Sitting Fees (₹ in Lakhs)
1	Mr. Raj Kumar Bhargava	3.30
2	Mr. Ram Ratan Bagri	4.20
3	Mr. Debi Prasad Bagchi	4.00
4	Mr. H. Rathnakar Hegde	2.80
5	Mr. Dev Datt Rishi*	1.50
6	Mrs. Sushmita Singha #	2.70

** Mr. Dev Datt Rishi resigned from the position of 'Director-Technical' and continued to be Non-Executive Director of the Company effective from 1st July 2017.*
 # Name of Mrs. Sushmita Shekhar, has been changed to Mrs. Sushmita Singha.

B.Remuneration to Executive Directors
The appointment and remuneration of Executive Directors including Chairman & Managing Director and Whole Time Directors is governed by the recommendations of the Nomination and Remuneration Committee and approvals by the Board of Directors and shareholders of the Company. The remuneration package and terms and conditions of appointment of Chairman & Managing Director and Whole Time Directors are governed by the respective agreements executed between them and the Company. Their remuneration package comprises of salary, perquisites and commission, if any, as approved by the shareholders at the General Meetings.

The details of remuneration paid to Executive Directors during the financial year ended 31st March 2018 is as under:

S. No.	Name of Directors	Fixed Component		Performance Linked Incentives	Total
		Salary	Perquisites & other Benefits	Commission	
1.	Mr. Ashok Kajaria	231.60	181.81	-	413.41
2.	Mr. Chetan Kajaria	321.60	37.25	380.00	738.85
3.	Mr. Rishi Kajaria	321.60	37.25	380.00	738.85
4.	Mr. Dev Datt Rishi*	20.16	2.71	-	22.87
5.	Mr. Basant Kumar Sinha	61.92	8.17	-	70.09

Presently, the Company does not have a scheme for grant of stock options to any Director. As per the contract entered into with the Executive Directors, there is a notice period of 3 months and there is no severance fee to be paid to the Directors.

** Mr. Dev Datt Rishi resigned from the position of 'Director-Technical' and continued to be Non-Executive Director of the Company effective from 1st July 2017. Accordingly, the remuneration paid to him in the capacity of Director-Technical is upto 30th June, 2017.*

Stakeholders Relationship Committee

The Committee is responsible for the satisfactory redressal of investor's grievances and recommends measures for overall improvement in the quality of investor's services. During the year 2017-18, the Committee met four (4) times i.e. 7th July 2017, 4th October 2017, 14th November 2017 and 3rd January 2018.

The composition of the Committee and details of meetings attended by the Directors are as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Ram Ratan Bagri	Independent	Chairman	2
Mr. Ashok Kajaria	Executive	Member	4
Mr. Chetan Kajaria	Executive	Member	4

Mr. Ram Chandra Rawat, COO (A&T) & Company Secretary, is the Compliance Officer of the Company.

During the year 2017-18, 26 complaints were received and 2 complaints remained undisposed as on 31st March, 2017. All 28 complaints were duly addressed and disposed. As on 31st March 2018, none of the complaints were pending, except the cases where the Registrar & Share Transfer Agent is constrained by dispute or legal impediment or due to incomplete or non-submission of documents by the shareholders.

Terms of reference of the Committee, inter-alia, includes the following:

1. Review, on periodic basis, status of grievances relating to transfer, transmission of shares, issue of duplicate shares;
2. Monitor expeditious redressal of investor's grievances;
3. Review instances of non-receipt of Annual Report and declared dividend; and
4. Consider all matters related to all security holders of the Company.

Corporate Social Responsibility Committee

During the year 2017-18, the Committee met three (3) times i.e. 29th April 2017, 30th October 2017 and 31st January 2018.

The composition of the Committee and details of meetings attended by the Directors are as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mrs. Sushmita Singha*	Independent	Chairperson	3
Mr. Chetan Kajaria	Executive	Member	3
Mr. Rishi Kajaria	Executive	Member	3

** Name of Mrs. Sushmita Shekhar, has been changed to Mrs. Sushmita Singha.*

Terms of reference of the Committee, inter-alia, includes the following:

(a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as per the provisions of the Companies Act, 2013 and rules made thereunder;

(b) Recommend the amount of expenditure to be incurred on the CSR activities; and

(c) Monitor the Corporate Social Responsibility Policy of the Company, from time to time.

Business Responsibility & Sustainability Committee

During the year 2017-18, the Committee met one (1) time i.e. 30th January 2018. The composition of the Committee is as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Ashok Kajaria	Executive Director	Chairperson	1
Mr. Chetan Kajaria	Executive Director	Member	1
Mr. Rishi Kajaria	Executive Director	Member	1
Dr. Rajveer Choudhary	COO (Works)	Member	-
Mr. Bhupendra Vyas	COO (Marketing)	Member	-
Mr. Rajeev Gupta	V.P. (HR)	Member	1

Terms of reference of the Committee, inter-alia, includes the following:

- To oversee the implementation of the Business Responsibility Policy;
- To review the Business Responsibility performance of the Company; and
- To carry out such acts as may delegated by the Board of Directors or as may be prescribed by the law.

CSR Policy of the Company

In compliance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, the Company has framed a CSR Policy which is uploaded on the website of the Company i.e. www.kajariaceramics.com

As a part of initiative of CSR drive, the Company has implemented various CSR programmes/projects which made positive impacts mainly in the areas of health, sanitation, conservation of natural resources, sports and promoting education. The CSR programmes initiated by the Company includes taking steps for preventive health care, Swatch Bharat, constructing sanitation facilities in the schools near the manufacturing facilities, contributing to the education and social economic development of under privileged children and for slum area / rural area development. These projects are in accordance with Schedule VII of the Companies Act, 2013.

Details of CSR initiative taken by the Company during the year is specified in the **Annexure - 3** to the Directors Report.

Management Committee

The Company has a Management Committee of Board of

Directors set up to, inter-alia, oversee routine operations that arise in the normal course of the business such as decision on banking relations, delegation of operational powers, appointment of nominees under various statutes, etc. The Committee comprises of 4 Directors (including one Independent Director) of the Board. The Committee reports to the Board and the minutes of meetings of this Committee are also placed before the Board.

Ethics / Governance Policies

1. Code of Business Conduct and Ethics
In compliance with the Listing Regulations and the Companies Act, 2013, the Company has framed and adopted a Code of Business Conduct and Ethics ('the Code'). The Company has in place a comprehensive Code of Conduct applicable to all Senior Management Personnel, which would include the Directors of the Company, the top Management Personnel and all functional heads (including Management Personnel with functional reporting to Directors and top Management Personnel. The Code gives guidance and support needed for ethical conduct of business and compliance of laws. The Code reflects the values of the Company viz. Company value, Ownership Mind-set, Respect, Integrity, One team and Excellence.

A Code of Business Conduct and Ethics is available on the Company's website http://www.kajariaceramics.com/pdf/CodeofBusinessConductethics.pdf

The Code has been circulated to Directors and Management Personnel. All members of the Board and Senior Officers have affirmed compliance to the Code as on 31st March, 2018.

A declaration signed by the Company's Chairman & Managing Director is published in this report.

2. Insider Trading Code
The Company has adopted the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Code is applicable to Promoters, Promoters Group, all Directors, Key Managerial Persons and such other designated employees who are expected to have access to unpublished Price Sensitive Information relating to the Company. The Company Secretary is the Compliance officer for monitoring the adherence to the said regulations.

3. Material Subsidiary Policy
The Company has adopted Material Subsidiary Policy. The objective of this Policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The Material Subsidiary Policy is available on the website of the Company http://www.kajariaceramics.com/pdf/MaterialSubsidiaryPolicy-kajaria.pdf

4. Related Party Transaction Policy
In line with requirement of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Related Party Transaction Policy. This policy is also available at Company's website at https://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. The policy specifically deals with the review and approval of Material Related Party transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, a statement on all related party transactions is presented before the Audit Committee on a quarterly basis for its review.

5. Dividend Distribution Policy
Pursuant to the Regulation 43A of the Listing Regulations, the Company adopted the Dividend Distribution Policy. The said policy is uploaded at the Company's website i.e. https://www.kajariaceramics.com/pdf/Dividend_Distribution_Policy.pdf. The details of the said policy are given as **Annexure-A**.

6. Risk Management Policy
The Company has adopted the Risk Management Policy and the same is also uploaded at the website of the Company i.e. https://www.kajariaceramics.com/pdf/Risk_Management_Policy.pdf

7. Business Responsibility Report
Pursuant to the Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective in the format as specified by the SEBI is given as **Annexure- B.** The Company has also framed and adopted the Business Responsibility Policy and the same is uploaded at the Company website at www.kajariaceramics.com

General Body Meetings

a) The last three Annual General Meetings were held as per details given below:

Year	Date	Time	Venue	Details of Special Resolutions Passed, if any.
2014-15	7th September 2015	3.30 P.M.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001	i. Approval of related party transactions ii. Issuance of ESOP to the employees of the Company iii. Issuance of ESOP to the employees of the Subsidiary Company
2015-16	24th August 2016	4.00 P.M.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001	i. Re-appointment of Mr. Ashok Kajaria as Chairman & Managing Director of the Company ii. Sub-division of equity shares of the Company
2016-17	10th August 2017	3.00 P.M.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001	i. To amend and adopt new Articles of Association of the Company.

b) Special Resolution passed through Postal Ballot:

During the year 2017-18, one Special Resolution has been passed through Postal Ballot in accordance with the Order dated May 4, 2017 of the National Company Law Tribunal, Chandigarh Bench ('NCLT') for the approval of the Scheme of Arrangement between Kajaria Securities Private Limited with Kajaria Ceramics Limited and their shareholders and creditors ('Scheme'). NCLT convened meeting of shareholders of the Company was held on July 21, 2017 for the approval of the said Scheme. The voting results for the said resolution are given below:

Description of Resolution	No. of total valid votes (Postal Ballot & e-voting and polling at the meeting) received	Votes cast (No. of shares)	
		For	Against
To consider and approve the Scheme of Arrangement between Kajaria Securities Private Limited and Kajaria Ceramics Limited and their shareholders and creditors	5,98,40,484*	5,97,97,746	3,595

** The shareholders holding 39,143 shares have not exercised their votes.*

In accordance with the NCLT's Order dated May 4, 2017, Dr. S. Chandrasekaran, Senior Partner of M/s Chandrasekaran Associates, New Delhi was appointed as the Scrutinizer to conduct the polling process at the NCLT convened meeting of the shareholders of the Company on July 21, 2017.

c) Special Resolution proposed to be conducted through Postal Ballot:

There is no Special Resolution proposed to be conducted through Postal Ballot.

d) Procedure for Postal Ballot:

- In compliance with Regulation 44 of the Listing Regulations read with Sections 108, 110 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and the Secretarial Standard on General Meetings ('SS-2'), the Company provides facility for casting votes by way of e-voting and/or postal ballot to all its shareholders. The Company engages the services of National Securities Depository Limited ('NSDL') for the purpose of providing e-voting facility to all its shareholders. The shareholders will have the option to vote either by physical ballot or e-voting.
- The Company dispatches postal ballot notices and postal ballot form along with postage prepaid business reply envelopes to its shareholders whose names appear on the Register of Members / List of Beneficiaries as on the Cut-off date. The Postal Ballot Notice is sent to the shareholders in electronic form at the e-mail addresses registered with their depository participants (in case of electronic shareholding) / the Company's Registrar and Share Transfer Agents (in case of physical shareholding). Physical copy of notice is sent to the shareholders, whose email is not registered. The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and other applicable rules and regulations.
- Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Shareholders desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutiniser on or before the closure of the voting

period. Shareholders desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

- The scrutiniser submits his report to the Chairman, after the completion of scrutiny, and consolidated results of the voting by postal ballot and e-voting are announced by the Chairman. The results are further displayed on the website of the Company i.e. www.kajariaceramics.com, besides being communicated to the Stock Exchanges, within the prescribed timeline.

e) Except as stated above, the Company did not hold Extra-Ordinary General Meeting of the Shareholders.

Disclosures

a) Materially Significant Related party transactions

During the year 2017-18, there are no materially significant transactions with the related parties' viz. Promoters, Directors or the Management, their subsidiaries or relatives that had potential conflict with the Company's Interest.

Suitable disclosure as required by Indian Accounting Standard ('Ind AS-24') has been made under Note No. 37 of the Financial Statements. The policy on dealing with related party transactions is available on the Company's Website:https://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf

b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority during last three years

The Company has complied with all the requirements of the Listing Agreements with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties have been imposed or stricture has been issued by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to Capital Markets during the last three years.

c) Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) and (10) of Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy with vigil mechanism for Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimisation of employees and directors who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. No complaint has been received during the year 2017-18.

The details of establishment of vigil mechanism have been disclosed by the Company on its website i.e. https://www.kajariaceramics.com/pdf/whistel_blowing_policy.pdf and in the Board's Report.

d) A certificate on compliance with the conditions of the Corporate Governance under the Listing Regulations issued by M/s Chandrasekaran Associates, Company Secretaries forms part of this report.

e) The Company has complied with all the corporate governance mandatory requirements specified in the Listing Regulations and following are the details of non-mandatory / discretionary requirements:

<u>Details of Compliance with discretionary requirements as specified in Part E of Schedule II of the Listing Regulations:</u>

The status of compliance with discretionary requirements of Part E of Schedule II of Listing Regulations is provided below:

i) **The Board:** The Company has appointed an Executive Chairman, being the promoter of the Company.

ii) **Shareholders' Rights:** As the quarterly, half yearly and annual financial results/performance are published in the newspapers and are also posted on the Company's website, the same are not being sent separately to each household of the shareholders.

iii) **Modified opinion(s) in Audit Report:** The Audit Reports on the Financial Statements for the year ended March 31, 2018, do not contain any modified opinion.

iv) **Separate posts of Chairman & CEO / Managing Director:** As per the Articles of Association of the Company and in accordance with the provisions of the Companies Act, 2013, the Company continues to appoint one person as Chairman & Managing Director of the Company.

v) **Reporting of Internal Auditor:** Independent Internal Auditor has been appointed and is reporting directly to the Audit Committee.

f) CEO / CFO Certificate

The Chairman & Managing Director and CFO of the Company have given the annual certification on the financial reporting and internal controls to the Board of Directors in accordance with the Listing Regulations. The Chairman & Managing Director and CFO of the Company also give quarterly certification on financial results while placing the financial results before the Board in terms of the Listing Regulations. The Annual

Certificate given by the Chairman & Managing Director and CFO of the Company is published in this report.

Means of Communication

Quarterly, Half-Yearly & Annual Financial Results:
The quarterly, half yearly and annual financial results of the Company are sent to the Stock Exchanges immediately through permitted mode, immediately after approval of the Board. These are widely published in the Economic Times, The Financial Express/ Jansatta and Business Standard (both English & Hindi).These results are simultaneously posted on the website of the Company at www.kajariaceramics.com

Investor Release
The official release made to institutional Investors / Analysts, if any, are sent to the Stock Exchanges and also posted on the Company's website.

General Shareholders Information

Notice relating to Annual General Meeting is sent to the members at their registered address.

Date, time and venue of the 32nd Annual General Meeting ('AGM')

Day & Date	:	Monday, 27th August, 2018
Time	:	3.00 p.m.
Venue	:	Crowne Plaza Today, Sector -29 National Highway -8 Gurgaon, Haryana - 122001

Dates of Book closure : Tuesday, 21st August, 2018 to Monday, 27th August, 2018 (Both days inclusive)

Financial Year : April 1 to March 31

Financial Calendar (Tentative)

First Quarter Results :	2nd week of August, 2018
Second Quarter / Half Yearly Results :	4th week of October 2018
Third Quarter / Nine Months Results :	4th week of January 2019
Fourth Quarter / Annual Results for the year ending 31st March 2019 :	2nd week of May, 2019

Dividend Payment date
Dividend shall be paid to all eligible shareholders within 30 days from the date of declaration of dividend at the 32nd Annual General Meeting

.

Dividend history for the last 5 years is as under:

Year	Dividend Rate (%)	In per Share (Face value of ₹2/- upto F.Y. 2015-16 and ₹1/- from F.Y. 2016-17)	Dividend Amount (₹ in crores)
2012-13	150	₹3.00	22.08
2013-14	175	₹3.50	26.45
2014-15	200	₹4.00	31.79
2015-16	250	₹5.00	39.73
2016-17	300	₹3.00	47.68

Unpaid / Unclaimed Dividend:
The entire unpaid / unclaimed dividend up to the financial year 2010-11 has been transferred to Investor Education and Protection Fund ('IEPF'). No claims will lie against the Company in respect of unclaimed amount so transferred.

The unclaimed dividend declared in respect of the financial year 2011-12 will be transferred to the Investor Education and Protection Fund as per the applicable laws.

Transfer of equity shares to Investor Education and Protection Fund ('IEPF') Authority:

In accordance with the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, including modifications and re-enactments thereof from time to time (the 'Rules'), shares in respect of which dividend has not been claimed by the shareholders for 7 consecutive years are required to be transferred to IEPF Authority, within 30 days of expiry of the said period of 7 years and the record date for the same was October 31, 2017.

Accordingly, during the year 2017-18, the Company has transferred 3,63,732 equity shares of ₹1/- each, in respect of which dividend has not been claimed by the shareholders for 7 consecutive years (i.e. Financial Year 2009-10 to 2015-16), to IEPF Authority.

Listing on Stock Exchanges:

- BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 ('BSE').
- National Stock Exchange of India Limited, "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai 400051 ('NSE')

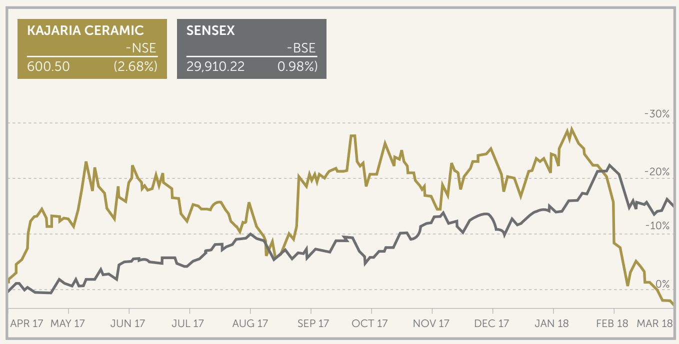
Listing fees for the financial year 2018-19 have been paid by the Company within the stipulated time.

Stock Code	:	500233 (BSE) / KAJARIACER (NSE)
ISIN	:	INE217B01036

Market Price Data: Monthly High and Low quotation of shares traded on BSE/ NSE during the year 2017-18:

Month	BSE		NSE	
	High	Low	High	Low
April, 2017	674.95	586.60	676.00	586.55
May, 2017	787.55	628.00	789.80	627.10
June, 2017	717.60	636.40	717.00	636.50
July, 2017	686.00	640.00	686.45	640.20
August, 2017	729.35	600.00	729.90	600.15
September, 2017	768.00	682.80	767.70	682.20
October, 2017	744.00	672.80	744.80	672.15
November, 2017	742.50	662.05	742.85	662.75
December, 2017	733.10	672.00	733.90	670.95
January, 2018	763.00	627.05	764.90	626.15
February, 2018	642.00	567.10	641.15	561.60
March, 2018	586.00	535.00	586.20	535.30

Performance in comparison to Broad Based Indices of BSE & NSE:



Registrar & Share Transfer Agent

The correspondence address of MCS Share Transfer Agent Limited is as follows:

MCS Share Transfer Agent Limited

F-65, Okhla Industrial Area, 1st Floor, Phase-1, New Delhi–110020

Phone No.:+91-11-41406149-52, Fax No.:91-11-41709881

E-mail ID: helpdeskdelhi@mcsregistrars.com

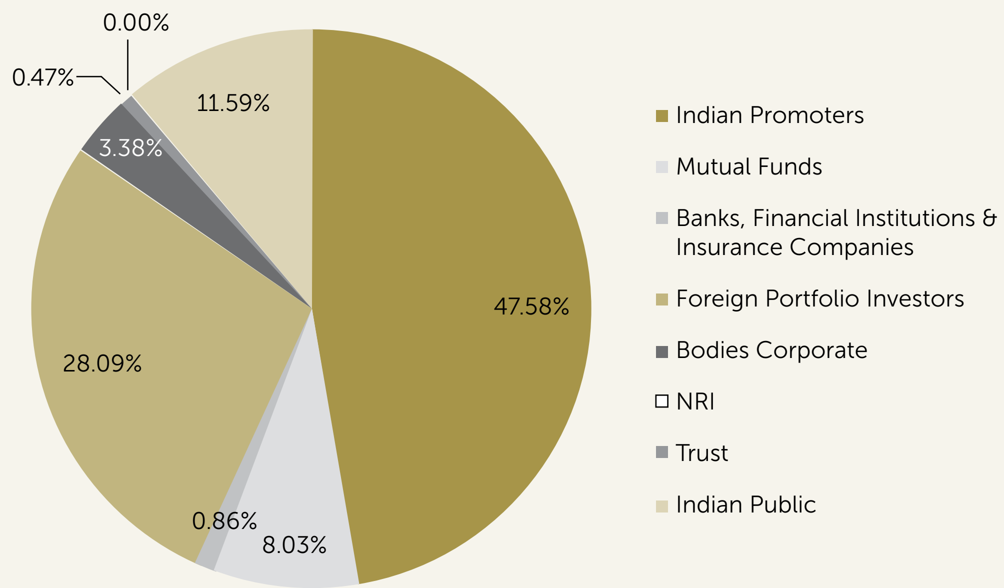
Share Transfer System

MCS Share Transfer Agent Limited is the Registrar and Share Transfer Agent for handling the share registry work relating to shares held in physical and electronic format at single point. The applications and request received by the Company / the Registrar and Share Transfer Agent for the transfer of shares held in physical form are processed and the share certificate for the same are sent to the transferee within the stipulated period. A summary of all the share transfers etc. approved by the Stakeholders Relationship Committee is placed before the Board of Directors from time to time.

Shareholding Pattern as on 31.03.2018

Category	No. of Shares Held	Percentage of Shareholding
Promoters		
Indian Promoters	75,626,231	47.58
Institutional Investors		
Mutual Funds	12,762,303	8.03
Banks, Financial Institutions & Insurance Companies	1,376,560	0.86
Foreign Portfolio Investors	44,646,542	28.09
Bodies Corporate	5,376,770	3.38
NRI	742,666	0.47
Trust	1,852	0.00
Indian Public	18,417,376	11.59
Total	**158,950,300**	**100.00**

Shareholding pattern as on 31/03/2018



Distribution of Shareholding as on 31.03.2018

Category Range	No. of Shareholders		No. of shares	
	Total	% of shareholders	Total	% of share capital
1-500	53,769	89.55	5,918,312	3.72
501-1000	3,226	5.37	2,532,030	1.60
1001-2000	1,589	2.65	2,437,884	1.53
2001-3000	507	0.84	1,297,068	0.82
3001-4000	240	0.40	864,674	0.54
4001-5000	152	0.25	705,244	0.44
5001-10000	239	0.40	1,700,789	1.07
10001 and above	323	0.54	143,494,299	90.28
Total	**60,045**	**100.00**	**158,950,300**	**100.00**

Dematerialisation of shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in depository systems of both the National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As at 31st March 2018, 15,71,16,784 equity shares out of 15,89,50,300 equity shares of the Company, forming 98.85% of the Company's paid up capital is held in dematerialised form. The status of shares held in demat and physical format is given below:

Particulars	No. of Shares	%
Shares in Demat Form		
NSDL	150,176,732	94.48
CDSL	6,940,052	4.37
Shares in Physical Form	1,833,516	1.15
Total	158,950,300	100.00

Outstanding GDRs / ADRs / Warrants or other Convertible Instruments

The Company has not issued any GDR/ADR / warrants or other convertible instruments during the year 2017-18.

Other Information

a) Corporate Identification Number: L26924HR1985PLC056150

b) Reconciliation Audit for Share Capital As on 31.03.2018

Reconciliation Audit for Share Capital is carried out at every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The said Report, inter-alia, confirms that the total listed and paid up capital of the Company is an agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and in physical form.

Foreign Exchange Risk & Hedging Activities

There is no foreign currency loan outstanding as on 31st March 2018. The details of foreign currency exposure as on 31st March 2018 is provided in Note No. 45 of the Financial Statements. All import liabilities are unhedged because cost of forward premium was higher. However all import liabilities are paid on the due date.

Plant Locations

The plants of the Company are located as under:

- A-27 to 30, Industrial Area, Sikandrabad, District Bulandshahr(U.P.)-203205.
- 19 Km Stone, Bhiwadi – Alwar Road, Village Gailpur, District Alwar (Rajasthan) -301707.
- Alwar Shahpura Road, Village & Post Malutana, Tehsil-Thanagazi, District Alwar (Rajasthan)-301022.

Subsidiary Companies

The Company does not have any material non-listed subsidiary company as defined in Listing Regulations.

Address for Correspondence

i. **Registered Office:**
Kajaria Ceramics Limited
SF-11, Second Floor,
JMD Regent Plaza,
Mehrauli – Gurgaon Road,
Village Sikanderpur Ghosi,
Gurgaon, Haryana-122001
Telefax: +91-124-4081281

ii. **Corporate Office:**
Kajaria Ceramics Limited
J-1/B-1 (Extn.), Mohan Co-operative Industrial Estate,
Mathura Road, New Delhi - 110044
Phone: +91-11-26946409
Fax: +91-11-26946407

Email ID for Investors

The Company has designated investors@kajariaceramics.com as an email address especially for investors' grievance(s).

Declaration related to code of conduct to Directors/ Senior Management

In accordance with the Listing Regulations, I hereby declare that all Directors and senior management personnel have confirmed the compliance with the code of conduct as adopted by the Company.

For and on behalf of the Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place : New Delhi
Date : May 8, 2018

CEO & CFO CERTIFICATE

To,
The Board of Directors of
Kajaria Ceramics Limited

Dear Sirs,

This is to certify that:

A. We have reviewed financial statements and the cash flow statement of Kajaria Ceramics Limited for the year ended 31st March 2018 and that to the best of our knowledge and belief we state that:

   1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to be taken to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

   1. significant changes in internal control over financial reporting during the year;

   2. significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and

   3. instances to significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi
Date : May 8, 2018

Ashok Kajaria
Chairman & Managing Director

Sanjeev Agarwal
CFO

CERTIFICATE ON COMPLIANCE

WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER LISTING REGULATIONS, 2015

Kajaria Ceramics Limited
SF-11, Second Floor, JMD Regent Plaza
Mehrauli Gurgaon Road,
Village Sikanderpur Ghosi,
Gurgaon-122001

We have examined all relevant records of Kajaria Ceramics Limited (the Company) for the purpose of certifying of all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Partner
Membership No. ACS 16302
Certificate of Practice No. 5673

Place: New Delhi
Date: May 8, 2018

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

The Company aims at rewarding its shareholders by sharing a part of its profits after retaining sufficient funds for the growth of the Company. The Company has been able to pursue its aim over years and has been able to maintain fairness, consistency and sustainability while distributing profits to its shareholders. This policy has been framed with an objective to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes.

2. PURPOSE AND REGULATORY FRAMEWORK

In accordance with the provisions of the Companies Act, 2013 and rules made thereunder (the 'Act') and Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), as amended from time to time, this Policy provides guidance for declaration of dividend and its pay-out by the Company.

The Board of Directors (the 'Board') will consider the Policy while declaring / recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board for recommending / declaring dividend, which takes into consideration all the relevant parameters/ circumstances enumerated hereunder or other factors as may be decided by the Board.

3. CONCEPT OF DIVIDEND

Dividend is the share of the profit that a company decides to distribute among its shareholders. The profits earned by the Company can either be retained in the business or can be distributed among the shareholders as dividend.

4. TYPES OF DIVIDEND

The Act deals with two types of dividend - Interim and Final.

- **Interim Dividend**

Interim dividend is the dividend declared by the Board between two Annual General Meetings as and when considered appropriate. The Board shall have the absolute power to declare interim dividend during the financial year, as and when deemed fit. The Act authorises the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.

Normally, the Board could consider declaring an interim dividend after finalisation of quarterly (or half yearly) financial statements.

- **Final Dividend**

Final dividend is recommended for the financial year at the time of approval of the Annual Financial Statements. The Board shall have the power to recommend final dividend to the shareholders for their approval at the Annual General Meeting of the Company.

5. DIVIDEND DECLARATION

Subject to the provisions of the Act, dividend shall be declared and paid out of:

I. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);

II. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.

III. Out of I and II both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, a company may declare dividend out of free reserves subject to the compliance with the Act.

6. PARAMETER / FACTOR GOVERNING DECLARATION OF DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The circumstances for dividend pay-out decision depends on various external and internal factors as under:

EXTERNAL FACTORS:

The Board shall consider various external factors while declaring dividend including the following:

- Economic Scenario - The Board shall endeavour to retain a larger portion of profits to build up reserves, in case of adverse economic scenario.

- Market Scenario - The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.

- Regulatory Restrictions / Obligations - In order to ensure compliance with the applicable laws, the Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend.

  Statutory obligations under the Act to transfer a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve, etc. may impact the decision with regard to dividend declaration.

  Dividend distribution tax or any tax deduction at source as required by tax regulations in India, applicable at the time of declaration of dividend may impact the decision with regard to dividend declaration.

- Agreements with Lenders / Debenture Trustees - The decision of dividend pay-out may also be affected by the restrictions and covenants contained in the agreements entered into with the lenders or Debenture Trustees of the Company from time to time.

- Other Factors - Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

INTERNAL FACTORS:

The Board shall consider internal factors while declaring dividend including the following:

- Outlook of the Company in line with business plan
- Profitability;
- Capex needs for the existing businesses;
- Mergers and Acquisitions;
- Expansion / Modernisation of the business;
- Cost of raising funds from alternate sources;
- Cost of servicing outstanding debts;
- Funds for meeting contingent liabilities
- Any other factor as deemed appropriate by the Board.

7. FINANCIAL PARAMETERS FOR DECLARING DIVIDEND

To keep investment attractive and to ensure capital appreciation for the shareholders, the Company shall also endeavour to provide consistent return over a period of time. While deciding on the dividend, micro and macro economic parameters for the country in general and the Company in particular shall also be considered.

The Board shall endeavor to maintain the Dividend Payout Ratio (Dividend including Dividend Distribution Tax / Profit After Tax) between 20-25% of Consolidated Profit After Tax.

Taking into consideration the aforementioned factors, the Board shall endeavour to maintain a dividend payout.

8. UTILISATION OF RETAINED EARNINGS

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilised as under:

- Declaration of dividend - Interim or Final;
- Issue of fully paid-up bonus shares;
- Augmenting internal resources;
- Repayment of debt;
- Funding for Capex / expansion plans / acquisition;
- Any other permitted use.

9. CIRCUMSTANCES IMPACTING DIVIDEND PAYMENT

The decision regarding Dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in the business. The circumstances under which the shareholders may expect dividend would depend upon certain factors mentioned in Clause 6 above.

10. PARAMETERS FOR VARIOUS CLASSES OF SHARES

The Authorised Share Capital of the Company is divided into Equity Shares of ₹1/- each and Preference Shares of ₹100/- each. Currently, the Company has one class of issued and subscribed shares - Equity Shares. There is no privilege amongst Equity shareholders of the Company with respect to dividend distribution.

As and when the Company shall issue other class of Equity Shares or other kind of shares, this Policy may be suitably amended.

11. DISCLOSURE

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website www.kajariaceramics.com.

If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

12. EFFECTIVE DATE

This Policy shall be effective and applicable for dividend, if any, declared for the Financial Year 2016-17 onwards.

13. REVIEW / AMENDMENT

This Dividend Distribution Policy may be amended by the Board, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the provisions of the Act and the Listing Regulations, from time to time. Any amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

BUSINESS RESPONSIBILITY REPORT FOR 2017-18

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

<table>
<tr><td>1</td><td>Corporate Identity Number (CIN) of the Company</td><td colspan="2">L26924HR1985PLC056150</td></tr>
<tr><td>2</td><td>Name of the Company</td><td colspan="2">Kajaria Ceramics Limited (“the Company”)</td></tr>
<tr><td>3</td><td>Registered Office</td><td colspan="2">SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana- 122001</td></tr>
<tr><td>4</td><td>Website</td><td colspan="2">www.kajariaceramics.com</td></tr>
<tr><td>5</td><td>E-mail id</td><td colspan="2">investors@kajariaceramics.com</td></tr>
<tr><td>6</td><td>Financial Year Reported</td><td colspan="2">2017-18</td></tr>
<tr><td>7</td><td>Sector(s) that the Company is engaged in (Industrial Activity code wise)</td><td colspan="2">23913 (Manufacturing Ceramic Products)</td></tr>
<tr><td>8</td><td>List three key products that Company manufactures (as Per Balance Sheet)</td><td colspan="2">The Company operates in only one segment i.e. Ceramic / Vitrified Tiles</td></tr>
<tr><td>9</td><td colspan="3">Total Number of Locations where business activity is undertaken by the Company</td></tr>
<tr><td>a)</td><td>Number of International locations (provide details of major 5)</td><td colspan="2">1</td></tr>
<tr><td rowspan="5">b)</td><td rowspan="5">Number of National Locations</td><td colspan="2">29</td></tr>
<tr><td>Unit</td><td>Location</td></tr>
<tr><td>Sikandrabad (Uttar Pradesh)</td><td>A-27 to 30, Industrial Area, Sikandrabad, District, Bulandshahr (U P)-203205</td></tr>
<tr><td>Malutana (Rajasthan)</td><td>Alwar Shahpura Road, Village & Post Malutana, Tehsil-Thanagazi, District Alwar (Rajasthan)-301022</td></tr>
<tr><td>Gailpur (Rajasthan)</td><td>19 Km Stone, Bhiwadi – Alwar Road, Village Gailpur,District., Alwar (Rajasthan) -301707</td></tr>
<tr><td></td><td>Registered Office</td><td colspan="2">SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana- 122001</td></tr>
<tr><td></td><td>Corporate Office</td><td colspan="2">J1/B1 (Extn.), Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110044</td></tr>
<tr><td>10</td><td>Markets served by the Company</td><td colspan="2">The Company operates PAN India and also serves some of the international markets.</td></tr>
</table>

SECTION B : FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital (₹) - 15.90 crore
2. Total Turnover (Gross) (₹) - 2628.25 crore
3. Total Profit/(Loss) After Taxes (PAT) (₹) - 252.32 crore
4. Total spending on Corporate Social Responsibility (CSR) for the financial year 2017-18 is ₹3.98 crore which is 1.58% of PAT.
5. List of activities in which the expenditure in 4 above has been incurred
   - Refer Annexure 3 of the Directors’ Report for the financial year 2017-18.

SECTION C: OTHER DETAILS

1. Does the Company have any subsidiary company / companies?
   As on 31st March, 2018, the Company had 7 subsidiaries including 1 step down subsidiary. The details of the subsidiaries have been disclosed in the Annual Report for the financial year 2017-18.

2. Do the subsidiary company / companies participate in BR initiative of the parent company? if yes, then indicate the number of such subsidiary company(s):
   None of the subsidiary companies, directly or indirectly, participate in BR initiatives of the Company.

3. Do any other entity / entities (e.g. Suppliers, Distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? if yes then indicate the percentage of such entity / entities (Less than 30%, 30-60%, More than 60%).
   No

SECTION D: BR INFORMATION

1. Details of Directors responsible for BR

(a) Details of the Director responsible for implementation of the BR policies

1. DIN : 00273877
2. Name : Mr. Ashok Kajaria
3. Designation : Chairman & Managing Director

(b) Details of BR Head

S. No.	Particulars	Details
1.	DIN (if applicable)	00273877
2.	Name	Mr. Ashok Kajaria
3.	Designation	Chairman & Managing Director
4.	Telephone Number	+91-11-26946409
5.	E-mail id	investors@kajariaceramics.com

2. Principle-Wise (as per NVGs) BR Policy / Policies

(a) Details of compliance (Reply Y/N)

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy for...	Yes, the Company has policy for all the principles.								
2	Has the policy being formulated in consultation with the relevant stakeholders	All the policies have been formulated in consultation with the Management of the Company.								
3	Does the policy conform to any national / international standards? if yes, specify	Yes, as stipulated by the applicable provisions of the regulations of the Securities and Exchange Board of India.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO/ appropriate Board Director?	All the policies have been approved by the Board and have been signed by the Chairman & Managing Director of the Company.								
5	Does the Company have a specified committee of the Board / Director / official to oversee the implementation of the policy?	The Company has constituted a Business Responsibility & Sustainability Committee ("BRS Committee") to oversee the implementation of the policy.								
6	Indicate the link for the policy to be viewed online?	https://www.kajariaceramics.com/pdf/BusinessResponsibilityPolicy.pdf								
7	Has the policy been formally communicated to all the relevant internal and external stakeholders?	The policy has been posted on the Company's website for information of all the internal and external stakeholders of the Company.								
8	Does the Company have in house structure to implement the policy/ policies	Yes, the Company has necessary structure in place to implement the policy.								

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy/ policies?	Yes, the Company has necessary grievance redressal mechanism, to address the grievance of the relevant stakeholder.								
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Company has not carried out independent audit / evaluation of its working by an internal or external agency as of now.								

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of Directors or CEO to access the BR performance of the Company. Within 3 months, 3 months – 6 months, annually more than 1 year.

  The BRS Committee usually oversees the BR performance of the Company on annual basis.

- Does the Company publish a BR or sustainability report? What is the hyperlink for viewing this report? How frequently it is published?

  The BR report is published on annual basis. The Company has started publishing the BR report from FY 2016-2017. The BR report for FY 2017-18 may be accessed through the link: https://www.kajariaceramics.com/pdf/agm_referencer/BusinessResponsibilityReport-2017-2018.pdf

SECTION E: PRINCIPLE WISE PERFORMANCE

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Business should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend the group / joint ventures/ suppliers/ contractors/ NGOs/ others?**

   Our philosophy is based on the trusteeship, transparency and accountability. We believe that it is imperative for us to manage our business affairs in the most fair and transparent manner with a firm commitment to our values. Any business without ethics cannot win the trust of the stakeholders.

   The policy relating to ethics, bribery and corruption is applicable only to the Company. The Company's Code of Business Conduct and Ethics affirms its commitment to the highest standards of integrity and ethics. The copy of the same is available on the website of the Company at https://www.kajariaceramics.com/pdf/CodeofBusinessConductEthics.pdf.Compliance with these principles is an essential element in your Company's business success.

   Your Company also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices. The copy of the same is available on the website of the Company at https://www.kajariaceramics.com/pdf/whistel_blowing_policy.pdf. Your Company has provided dedicated e-mail address, Whistle officer: whistleofficer@kajariaceramics.com Chairman of the Audit Committee: chairmanauditcommittee@kajariaceramics.com

   Though the Company encourages and expects the parties associated with its value chain partners like dealers, vendors, supplier, contractors, employees etc. to follow the Code of Business Conduct and principles envisaged in the policy while their interactions with Kajaria Ceramics Limited.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so provide the details thereof in about 50 words or so.**

   During the financial year 2017-18, 26 shareholder complaints were received by the Company and 2 shareholders complaints remained unresolved at the beginning of the year. All these complaints have been satisfactorily resolved during the year 2017-18.

   The Company did not have any significant external stakeholder complaint in the last financial year.

PRINCIPLE 2: PRODUCT LIFE CYCLE SUSTAINABILITY

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. **List up to 3 of your products whose design has incorporated social or environmental concerns, risks and / or opportunities.**

   The Company is engaged in manufacturing and selling of tiles, which constitutes almost 99% of its total turnover.

The Company being a leading tile manufacturer in the world, has been innovating and launching products meeting multiple consumer needs, spanning across various income groups, from young to old and everyone in - between. The Company understands its obligations on social and environmental concerns, risks and opportunities.

The Company has deployed best in class technology and process to manufacture tiles which use optimal resources. The Company has initiated proactive steps to control, reduce and eliminate use of toxic and hazardous raw material during design and manufacture of products, focuses to accord highest priority in developing eco-friendly products which meet the best International standards. Further, the Company ensures that all processes, plant, equipment, machinery and material provided at functional site are safe to the people as well as environment.

In addition to the aforesaid, the Company has also taken various energy conservation initiatives like installation of roof solar plant, LED lights, Rain Water Harvesting, etc.

2. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so.**

   It is important for your Company to manage the impacts of its product life cycle for the success of its operations. The life cycle of the product covers the entire value chain from sourcing of raw materials, to product manufacture, distribution, consumer use and disposal.

   The resources involved in the manufacturing processes are efficient and sustainable and 100% of the inputs are sustainably sourced by the Company.

   Further, the Company gives preference in selection of vendors for procurement of raw material, who comply with the various principles of sustainability. Majority of suppliers of raw material are located within a radius of 200 Km of the manufacturing units of the Company which helps to minimise transportation.

3. **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   Local sourcing reduces costs, provides local employment benefits and reduced environmental footprint in sourcing.

   The Company encourages the sourcing its raw material/ stores and other consumables from local economy and small vendors, as far as possible. The Company's contractor who supplies labour services for plant operations employ workmen from nearby communities.

4. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also provide details thereof, in about 50 words or so.**

   The production process of the Company is based on principles of optimising the material and energy resources. Therefore, the Company lays high degree of stress to reduce waste associated with its products.

   In the said direction, it has installed Effluent Treatment Plant ("ETP") and filter processes at all of its plants and whatever, liquid and solid waste is generated, the same is being recycled and reused in the process. The current waste generation is less than 5% of the total production, majority of which is recycled.

PRINCIPLE 3: EMPLOYEE WELL-BEING

Business should promote the well-being of all employees

1. **Please indicate the total number of employees:**

   The total number of employees were 2677 as on 31st March 2018 (On Standalone basis)

2. **Please indicate the total of employees hired on temporary / contractual / casual basis.**

   The total temporary/ contractual/ casual employees were 2081 as on 31st March 2018.

3. **Please indicate the number of permanent women employees:**

   There were 93 women employees as on 31st March 2018.

4. **Please indicate the number of permanent employees with disabilities:**

   There was 1 permanent employee with disabilities as on 31st March 2018.

5. **Do you have an employee association that is recognised by management?**

   We respect the right of employees to free association without fear of reprisal, discrimination, intimidation or harassment. A small section of the employees at Sikandrabad (U.P.) plant have formed a representative group.

6. **What percentage of your permanent employees is members of this recognised employee association?**

   Less than 5%

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

   We believe that our human capital is one of the most valuable resources to tap the perennial growth of the business.

   The Company prohibits child labour, forced labour and involuntary labour in all units. It is ensured that no person below the age of eighteen years is employed in the workplace.

   The Company is fully compliant with the prevailing laws on the prevention of sexual harassment of women at workplace. The policy for the prevention of sexual harassment of women at workplace is available on the website of the Company at https://www.kajariaceramics.com/pdf/prevention_of_sexual_harassment_at_workplace.pdf. No, complaints relating to sexual harassment were received during the financial year 2017-18.

8. **What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**

   - Permanent employees : 40 %
   - Permanent women employees : Nil
   - Casual/ Temporary / Contractual employees: 45 %
   - Employees with disabilities : Nil

PRINCIPLE 4: STAKEHOLDERS ENGAGEMENT

Business should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

1. **Has the Company mapped its internal and external stakeholders?**

   Yes

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

   There are no identified disadvantaged, vulnerable & marginalised stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details, in about 50 words or so.**

   Not Applicable

PRINCIPLE 5: HUMAN RIGHTS

Business should respect and promote human rights.

1. **Does the policy of the Company on human rights cover only the Company or extend to the group / joint ventures / suppliers / contractors / NGOs / others?**

   The policy is applicable only to the Company. The Policies and their implementation are directed towards adherence to applicable laws and to uphold the spirit of human rights.

2. **How many stakeholder's complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   Nil

PRINCIPLE 6: ENVIRONMENT

Business should respect, protect and make efforts to restore the environment.

1. **Does the policy related to Principle 6 cover only the Company or extend to the group / joint ventures / suppliers / contractors / NGOs / others?**

   The policy is applicable to the Company and its subsidiaries.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming etc.? Y/N. if yes, please give hyperlink for webpage etc.**

   In order to address the global environmental issues like climate change, global warming, the Company has embedded many facets related to respecting and protecting environment in its operations and processes.

3. **Does the Company identify and assess potential environmental risks?**

   Yes

4. **Does the Company have any project related to clean development mechanism? If so, provide details hereof, in about 50 words or so. Also if yes, whether any environmental compliance report is filed?**

   The Company does not have any specific project related to clean development mechanism but it has installed Effluent Treatment Plant ("ETP") and filter processes at all of its plants and whatever, liquid and solid waste is generated, the same is being recycled and reused in the process.

Further, all the plants of the Company are based on the principle of minimal environment footprint.

5. **Has the Company undertaken any other initiatives on– clean technology, energy efficiency and renewable energy, etc. Y/N. if yes, please give hyperlink for web page, etc.**

   The Company has undertaken various initiatives on clean technology, energy efficiency and renewable energy like installation of roof top solar plant in the factory & wind turbine to generate green energy.

   Further, it has also installed heat recovery systems and latest generation energy lighting and equipment, to save energy and fuel cost. The Company has also commissioned Rain Water harvesting projects within the plant and nearby villages.

6. **Are the emission / waste generated by the Company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

   Emission / waste generated by the Company are within the permissible limits given by CPCB/SPCB for the financial year 2017-18.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of the financial year.**

   Nil

PRINCIPLE 7: POLICY ADVOCACY

Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your company a member of any trade and chamber or association? if yes, name only those major ones that your business deals with:**

   The Company is member of following trade chambers, associations and forums:

   i. Federation of Indian Chamber of Commerce and Industry
   ii. PHD Chamber of Commerce
   iii. Indian Council of Ceramic Tile and Sanitary ware
   iv. Bhiwadi Manufacturers Association
   v. Sikandrabad Industries Association
   vi. Indian Industry Association

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: governance and administration, economic reforms, inclusive development policies, energy security, water, food security, sustainable business principles, others)**

   Your Company is associated with above institutions with an intention of mutual learning and contribution in development of processes. As and when required, the Company put forth its views on the issues faced by the industry with respective business forums and chambers.

PRINCIPLE 8: INCLUSIVE GROWTH

Business should support inclusive growth and equitable development

1. **Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? if yes details thereof.**

   The Company supports inclusive growth and equitable development through its Corporate Social Responsibility (CSR) programmes. The Company has aligned its CSR programmes/ initiatives/ activities with the requirements of Companies Act, 2013. The Company's CSR activities are being monitored by the CSR Committee constituted by the Board.

   The details and impact of the CSR programmes/ initiatives/ activities taken by the Company in the recognised fields are detailed in the CSR annexure attached to the Annual Report of the Company.

2. **Are the programmes / projects undertaken through in house team / own foundation / external NGO/ government structure/ any other organisation?**

   The Company carries such programmes/ initiatives/ activities directly as well as indirectly and strives to ensure a better quality of life for the people while contributing towards a strong economy. All our CSR efforts stem from our well-articulated Corporate Social Responsibility (CSR) Policy and focus on some of the key priorities of the communities.

   Assistance of external agencies / expert may be taken as and when required.

3. **Have you done any impact assessment of your initiative?**

   No formal impact assessment of the initiatives has been undertaken by the Company.

4. **What is your company's direct contribution to community development projects- Amount in Rupees and details of the projects undertaken.**

Details of amount spent by the Company by way of CSR Programmes towards the development of the Community have been provided in Annexure 3 of the Directors' Report for the financial year 2017-18.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

The Company undertakes CSR activities after assessing the needs of the community. Further, all CSR activities are rolled out directly to the society. The Company believes that they will benefit the society at large.

This helps in increased reach as well as ensuring the adoption of initiative by communities. Project teams track the reach and take necessary steps to make it successful.

PRINCIPLE 9: CONSUMER VALUE

Business should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as on the end of the financial year.**

The Company is dedicated to delivering products that satisfy the unmet needs of the consumers. The Company value customer satisfaction as one of its greatest assets. Therefore, it has put in place effective redressal mechanism for addressing customer complaints and handling consumer cases. The system has been created keeping the interest of customers, so that minimum hassles are caused to him/her. The system is periodically reviewed by management team as well. The Company regularly organises feedback and awareness programs for its customers across various locations. Further all the dealers are advised to ensure that the customer complaints are redressed in the shortest possible time. The Company has also provided Toll Free Number facility to entertain the customer complaints and the Company always endeavors to resolve the complaints at the earliest.

The numbers of such cases are insignificant in comparison to the numbers of customers in fold.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A**

Customers have access to the Company's website which provides host of information on products and services. In addition, information is disseminated to the customers through display board, exhibitions, catalogue, advertisements etc.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on the end of financial year. If so, provide the details thereof, in about 50 words.**

No

4. **Did your company carry out any consumer survey / consumer satisfaction trends?**

No

DIRECTORS' PROFILE

1. Mr. Ashok Kajaria (DIN:00273877)

Mr. Ashok Kajaria is the founding Chairman & Managing Director of the Company, holds a Bachelors in Science (BSc.) Degree and pursued Engineering (BSME) at UCLA (California), USA.

He is widely credited with spearheading a transformation of the tile industry in India and is best known for being the pioneer behind launching large format wall tiles in the country and his catalytic role in revolutionising tile display and marketing.

In his career spanning over 40 years, his vision and foresightedness as an entrepreneur, dynamic leadership, stead fasted determination, and global marketing acumen has seen the rise of Kajaria from what started as a 1 MSM tile fledging in 1988 into an industry leader and most respected tile brand in India.

He is the Chairman & Managing Director of Kajaria Ceramics Limited and is the Chairman of Risk Management Committee and Business Responsibility & Sustainability Committee and a member of Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee. Mr. Kajaria has held several important industry positions including President of PHD Chamber of Commerce, Chairman of the Indian Council of Ceramic Tile and Sanitaryware and member of the executive committee of Federation of Indian Chamber of Commerce and Industry.

Committed to the philosophy that the corporate sector should play a proactive role in promoting the cause of inclusive growth, Mr. Kajaria is keenly involved with the various philanthropic arms of the Company- providing structure and focus to the social outreach initiatives of the Company.

As on 31st March, 2018, he is holding 1047004 shares of the Company.

2. Mr. Chetan Kajaria (DIN:00273928)

Mr. Chetan Kajaria is a Bachelor in Petro chemical Engineering (B.E) from Pune University and holds an MBA from Boston College, U.S.A.

He is the Joint Managing Director of Kajaria Ceramics Limited and a member of the CSR Committee, Stakeholders Relationship Committee, Risk Management Committee and Business Responsibility & Sustainability Committee.

He started his journey at Kajaria Ceramics Limited in the year 2000 and has been instrumental in giving a new dimension to the Company by opening international standard tile showrooms across the country which has today become an industry trend.

Mr. Kajaria is spearheading the ceramic tile vertical. He is responsible for the first ever acquisition in the Company's history- acquiring a ceramic tile plant in Gujarat for feeding the Western and Southern markets in February 2011.

He spread the concept of value added tiles in the ceramic tile vertical using digital technology from Spain by displaying at dealers' showroom across the country. He had also led the acquisition of a ceramic tile plant in Vijayawada, Andhra Pradesh in April 2012, marking the Company's entry into the growing markets of South India. He has played a key role in making Kajaria Ceramics Limited a leading manufacturer of ceramic wall & floor tiles in India.

As on 31st March, 2018, he is holding 1339880 shares of the Company.

3. Mr. Rishi Kajaria (DIN:00228455)

Mr. Rishi Kajaria holds a B.Sc. in Business Administration from Boston University, U.S.A.

He is the Joint Managing Director of Kajaria Ceramics Limited and is a member of the CSR Committee and Business Responsibility & Sustainability Committee.

Mr. Rishi Kajaria joined Kajaria Ceramics in the year 2003 and spearheads the vitrified tile vertical. Initially, he opted for trading vitrified tiles rather than joining the race of setting up capacities. After importing for 5 years, he decided to manufacture them. The first production unit for vitrified tile was started in Sikandrabad in 2010. Subsequently, Kajaria Ceramics commissioned a huge expansion of vitrified tiles at Gailpur in 2011. The next capacity addition came through joint ventures in Morbi, Gujarat. With this strategy, he added capacity without any gestation period and acquired reach.

Today the total production capacity of vitrified tiles is 38.90 MSM per annum.

Mr. Kajaria identified the opportunity in the Bathware segment and started Kajaria Bathware. He is also responsible for spearheading the lateral shift of the Company into Sanitaryware and faucets in keeping with the overall growth master plan.

As on 31st March, 2018, he is holding 1805716 shares of the Company.

4. Mr. Dev Datt Rishi (DIN: 00312882)

Mr. Dev Datt Rishi is a B.Sc. (Engineering) Chemical Hons. graduate with a Diploma in Management.

He is an eminent technical professional having experience in a wide spectrum of industries like Chemicals, Fertilizers, Pesticides and Ceramics. He was associated with Kajaria Ceramics since inception in January 1987 when the first tile plant was conceived at Sikandrabad. For more than 20 years, he managed all operations meticulously. Under his dynamic leadership, the Company successfully carried out various expansions. His knowledge and techniques have contributed to production of international standards quality tiles. He has rich experience in the field of production, quality control, R&D, technology transfer, standardisation, projects, training and organisation development, etc.

He was on the Board of the Company w.e.f 14th May, 1993 and resigned on 30th April 2010. He was again appointed on the Board w.e.f. 14th January 2015 as Director-Technical and resigned from the post of 'Director-Technical' of the Company and continued to be Non-Executive Director of the Company effective from 1st July, 2017. He is member of Risk Management Committee of the Company.

As on 31st March 2018, he holds 624 shares of the Company.

5. Mr. Basant Kumar Sinha (DIN: 03099241)

Mr. Basant Kumar Sinha is a B.Tech. (IIT Kanpur), PGDM (AIMA). He has been appointed as Director-Technical w.e.f. 1st May, 2010.

He started his career as Graduate Engineer with Hindustan Sanitaryware and Industries Ltd. and subsequently served with Orient Ceramic Industries Ltd., as General Manager with Somany Tiles, as Senior Vice President with Asian Granito Ltd. and as Technical Director with Kaneria Granito Ltd. before joining Kajaria Ceramics. He has rich experience of about 48 years in the management of production, quality control, R&D, technology transfer, standardisation, projects, outsourcing, training and organisation development, etc. in the field of Tiles & Sanitaryware.

As on 31st March, 2018, he does not hold any shares of the Company.

6. Mr. Raj Kumar Bhargava (DIN: 00016949)

Mr. Raj Kumar Bhargava, a B.A. (Hon.) and M.A. is a retired IAS officer.

He is an Independent Director and joined the Board of the Company on 9th November, 1998. He is Chairman of Audit Committee of the Company.

He has served as Industry Secretary, Finance Secretary, Irrigation & Power Secretary and Chief Secretary in U.P. He has also served Government of India as Jt. Secretary Petroleum, Jt. Secretary Industries, Secretary Home and Secretary Urban Development. He has wide experience in industry, finance and infrastructure.

He is holding Directorships in various other public Limited companies.

As on 31st March, 2018, he is holding 8,592 shares of the Company.

7. Mr. H. Rathnakar Hegde (DIN:05158270)

Mr. H. Rathnakar Hegde is a Science Graduate.

He is an Independent Director and joined the Board of Directors of the Company on 17th January 2012. He is member of Audit Committee, Nomination & Remuneration Committee and Risk Management Committee of the Company.

He has served the banking industry for four decades. His most recent position was as the Executive Director of the Oriental Bank of Commerce ('OBC'), a premier public sector bank in India. Mr. Hegde assumed his responsibilities at OBC on 16th May, 2008. Prior to this, Mr. Hegde held the position of General Manager (Credit, Human Resource, Treasury, and Marketing) at Vijaya Bank that was the culmination of 38 years of exemplary service in various capacities.

He also serves on the Boards of several companies.

As on 31st March, 2018, he does not hold any share of the Company.

8. Mr. Ram Ratan Bagri (DIN: 00275313)

Mr. Ram Ratan Bagri is a B.Sc. (Engg.), M.S. (Sans) & FIPHE (NewYork).

He is an Independent Director and joined the Board of Directors of the Company on 21st January, 2000. He is a Chairman of the Stakeholders Relationship Committee and member of Audit Committee and Nomination & Remuneration Committee of the Company.

He has formally served M/s Geo Miller & Co. Pvt. Ltd. as Sr. Project Engineer from 1967 to 1972 a leading designers and contractors in the field of Public Health Engineering. Since June 1972, he is Managing Director of Clear Water Ltd., a company specialising in setting up projects on turnkey basis in the field of Public Health Engineering. He is a renowned industrialist and expert in the field of Engineering and Finance.

He also serves on the Boards of several Companies.

As on 31st March, 2018, he is holding 40,000 shares of the Company.

9. Mr. Debi Prasad Bagchi (DIN: 00061648)

Mr. Debi Prasad Bagchi, retired as Chief Secretary to the Government of Orissa. He is MA (Economics) and M.Phil in Public Administration. He had served the Government of India as JS, AS and Secretary.

He is an Independent Director and joined the Board of the Company on 29th June, 2007. He is a Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee of the Company.

He has rich experience in General Administration, Management Strategy, Government Industry Relationship and Corporate Governance. He is also serving the Board of Directors of the other companies of different business.

As on 31st March, 2018, he does not hold any share of the Company.

10. Mrs. Sushmita Singha (DIN:02284266)

Mrs. Sushmita Singha, a post graduate in English from Patna University. She has completed a Diploma course in Urban Town Planning from the Human Settlement Management Institute (HSMI), New Delhi and a Certification course in Enhancement of Managerial Capability from the Indian Institute of Management (IIM) Lucknow.

She was appointed as an Independent Director w.e.f 30th March 2015. She is Chairperson of CSR Committee of the Company.

She has over 30 years of experience in the industry, international organisations and development sector. She has held various posts / assignments in various organisations including PHD Chamber of Commerce and Industry, Sulabh International Social Service Organisation, United Nations and took various assignments for Government of India.

Presently she is President of MA. (My Anchor) Foundation, an NGO. She is also Special Advisor to BRICS Chamber of Commerce and serves on the Boards of other companies.

As on 31st March, 2018, she does not hold any share of the Company.

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of
Kajaria Ceramics Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Kajaria Ceramics Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to note 49 to the standalone financial statement which states that the accounting of the Scheme of Arrangement ('the Scheme') between the Company and Kajaria Securities Private Limited has been done in accordance with clause 17 of the Scheme. As mentioned in the aforesaid note, there is no specific guidance for accounting of such arrangements under Indian Accounting Standards (Ind AS) specified by section 133 of the Act. Our opinion is not modified in respect of this matter.

Other Matter

10. The comparative financial information for the year ended 31 March 2017 prepared in accordance with Ind AS included in these standalone financial statements have been audited by the predecessor auditor. The report of the predecessor auditor dated 15 May 2017 on the comparative financial information expressed an unmodified opinion on the financial information as at 31 March 2017. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of

India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) the standalone financial statements dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 8 May 2018 as per Annexure II expressed unmodified opinion; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Company, as detailed in note 35 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Neeraj Sharma**
Partner
Membership No.: 502103

Place: Delhi
Date: 8 May 2018

Annexure I - to the Independent Auditor's Report

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has granted unsecured loans to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.

(b) the schedule of repayment of principal has been stipulated wherein the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal amount is regular; and

(c) there is no overdue amount in respect of loans granted to such company.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in crore)	Amount paid under Protest (₹ in crore)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Value Added Tax	Sales tax	0.60	0.26	2012-13	Assistant Commissioner (Ct) Koyambedu	None
Central Sales Tax	Sales tax	0.03	0.03	2016-17	Assistant Commissioner of Commercial Tax (Kerala)	None
Value Added Tax	Sales tax	0.49	0.06	2010-11	Assistant Commissioner of Commercial Tax (West Bengal)	None
Value Added Tax	Sales tax	0.01	0.01	2014-15	Commercial Tax Officer (Noida)	None
Value Added Tax	Sales tax	0.01	0.01	2016-17	Commercial Tax officer (Cochin)	None
Value Added Tax	Sales tax	0.01	0.01	2016-17	Commercial Tax officer (Cochin)	None

Name of the statute	Nature of dues	Amount (₹ in crore)	Amount paid under Protest (₹ in crore)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Value Added Tax, 2015	Sales tax	0.05	0.05	2016-17	Assistant Commissioner-com Tax Lucknow	None
Finance Act, 1994	Service Tax	0.93	0.07	March 2010 to March 2014	Commissioner CGST, Alwar	None
Finance Act, 1994	Service Tax	1.55	0.12	April 2014 to February 2015	Commissioner CGST, Alwar	None
Finance Act, 1994	Service Tax	2.77	Nil	April 2012 to December 2015	Commissioner, Alwar	None
Central Excise Act, 1961	Excise duty	0.03	0.01	April 2013 to March 2015	Commissioner (A), Jaipur	None

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institutions or bank during the year. The Company has no loans or borrowings payable to a government and no dues payable to debenture-holders during the year.

(ix) In our opinion, the Company has applied the term loans for the purposes for which these were raised. The Company did not raised money by way of initial public offer/ further public offer (including debt instruments) during the year.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Neeraj Sharma**
Partner
Membership No.: 502103

Place: Delhi
Date: 8 May 2018

Annexure II - to the Independent Auditor's Report

1. In conjunction with our audit of the standalone financial statements of Kajaria Ceramics Limited (the 'Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Neeraj Sharma**
Partner
Membership No.: 502103

Place: Delhi
Date: 8 May 2018

Standalone Balance Sheet as at 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	742.43	716.31
(b) Capital work-in-progress		1.33	4.79
(c) Other intangible assets	5	2.37	2.75
(d) Financial assets			
(i) Investments	6	115.65	108.89
(ii) Loans	7	219.39	190.43
(e) Non-current tax assets (net)	8	0.02	0.13
(f) Other non-current assets	9	0.95	3.88
		1,082.14	**1,027.18**
Current assets			
(a) Inventories	10	246.16	234.66
(b) Financial assets			
(i) Trade receivables	11	406.59	305.90
(ii) Cash and cash equivalents	12	75.62	47.16
(iii) Bank balances other than (ii) above	13	1.73	1.51
(iv) Loans	7	1.85	9.72
(v) Other financial assets	14	0.40	1.48
(c) Other current assets	9	16.65	31.69
		749.00	**632.12**
TOTAL ASSETS		**1,831.14**	**1,659.30**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	15.90	15.89
(b) Other equity	16	1,360.67	1,163.80
		1,376.57	**1,179.69**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i)Borrowings	17	6.02	2.70
(b) Provisions	18	4.42	9.95
(c) Deferred tax liabilities (net)	19A	104.46	99.08
		114.90	**111.73**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	5.92	7.78
(ii) Trade payables	20	181.73	207.84
(iii) Other financial liabilities (other than those specified in item (c))	21	84.70	85.34
(b) Other current liabilities	22	48.12	49.79
(c) Provisions	18	12.50	10.01
(d) Current tax liabilities (net)	23	6.70	7.12
		339.67	**367.88**
TOTAL LIABILITIES		**454.57**	**479.61**
TOTAL EQUITY AND LIABILITIES		**1,831.14**	**1,659.30**

See accompanying notes forming part of these standalone financial statements. 1-50

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

per **Neeraj Sharma**
Partner

Place: New Delhi
Date: 8 May 2018

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Ram Chandra Rawat
COO (A&T) and Company Secretary
(FCS No. 5101)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Sanjeev Agarwal
Chief Financial Officer

Standalone statement of Profit & loss for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
INCOME			
Revenue from operations	24	2,628.25	2,720.11
Other income	25	23.51	25.34
TOTAL INCOME (I)		**2,651.76**	**2,745.45**
EXPENSES			
Cost of materials consumed	26	483.15	403.95
Purchase of stock-in-trade		819.12	932.86
Changes in inventories of finished goods, stock in trade and work-in-progress	27	(6.96)	(12.87)
Excise duty		47.57	192.15
Employee benefits expense	28	247.54	220.52
Finance costs	29	4.48	3.54
Depreciation and amortisation expense	30	61.76	53.20
Other expenses	31	609.94	544.84
TOTAL EXPENSES (II)		**2,266.60**	**2,338.19**
Profit before exceptional items and tax (I-II)		**385.16**	**407.26**
Exceptional items	36	3.61	-
Profit before tax		**381.55**	**407.26**
Tax expense:	**19B**		
Current tax		123.78	122.17
Deferred tax		5.45	14.93
Profit for the year		**252.32**	**270.16**
Other Comprehensive Income (OCI)			
Items that will not be reclassified to statement of profit and loss		(0.70)	(1.03)
Income tax relating to items that will not be classified in Statement of Profit & Loss		0.08	0.36
Total other comprehensive income for the year, net of tax		**(0.62)**	**(0.67)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**251.70**	**269.49**
Earnings per equity share (face value of ₹1 each)	32		
- Basic (in ₹)		15.88	17.00
- Diluted (in ₹)		15.83	16.95

See accompanying notes forming part of these standalone financial statements. 1-50

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

per **Neeraj Sharma**
Partner

Ram Chandra Rawat
COO (A&T) and Company Secretary
(FCS No. 5101)

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 8 May 2018

Standalone statement of Cash Flow for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	381.55	407.26
Adjusted for :		
Depreciation and amortisation expenses	61.76	53.20
Interest income	(17.12)	(15.72)
Interest expense	4.48	3.54
Share based payments to employees	1.74	1.87
Loss on disposal of property, plant and equipment	0.95	3.86
Dividend income	-	(0.92)
Exceptional items	3.61	-
Provision for bad and doubtful receivables	0.66	0.34
Operating profit before working capital changes	**437.64**	**453.43**
Working capital adjustments:		
Movement in inventories	(11.50)	(14.67)
Movement in trade and other receivables	(95.33)	(55.22)
Movement in other assets	17.11	8.17
Movement in trade and other payables	(21.35)	(3.44)
Movement in provisions	(2.85)	0.97
Cash flow generated from operations	**323.71**	**389.24**
Less: taxes paid	(124.59)	(126.74)
Net cash flow generated from operations (A)	**199.13**	**262.50**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment (including capital advances, capital work-in-progress, intangible assets and capital creditors)	(93.89)	(114.77)
Disposal of property, plant & equipment	1.80	2.28
Purchase of long-term investments	(14.59)	-
Sale of long-term investments	3.75	-
Loans given to subsidiaries (net)	(28.97)	(38.89)
Interest received	17.98	15.72
Dividend received	-	0.92
Movement in other bank balances	(0.21)	-
Net cash flow (used in) investing activities (B)	**(114.13)**	**(134.74)**

Standalone statement of Cash Flow for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(4.48)	(3.54)
Proceeds/(repayment) of long-term borrowings (net)	6.20	(0.67)
Proceeds/(repayment) of short-term borrowings (net)	(1.86)	(31.95)
Proceeds from issue of shares	0.52	-
Dividend and dividend distribution tax paid	(57.22)	(47.83)
Net Cash flow (used in) financing activities (C)	**(56.84)**	**(83.99)**
Net increase in cash and cash equivalents (A+B+C)	**28.16**	**43.77**
Cash and cash equivalents at the begining of the year	**47.16**	**3.39**
Add: Cash and cash equivalents vested in the Company pursuant to Scheme	0.30	-
Cash and cash equivalents at the end of the year	**75.62**	**47.16**
Components of cash and cash equivalents at the end of the year		
Balances with banks		
- Current accounts	12.06	16.64
- Deposits with original maturity of less than three months	63.00	30.00
Cash on hand	0.56	0.52
	75.62	**47.16**

See accompanying notes forming part of these standalone financial statements. 1-50

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

per **Neeraj Sharma**
Partner

Place: New Delhi
Date: 8 May 2018

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Ram Chandra Rawat
COO (A&T) and Company Secretary
(FCS No. 5101)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Sanjeev Agarwal
Chief Financial Officer

Standalone Statement of changes in equity for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

A. Equity share capital

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the reporting year	15.89	15.89
Add: Changes in equity share capital during the year (refer note 15)	0.01	-
Balance at the end of the reporting year	**15.90**	**15.89**

B. Other equity (refer note 16)

Particulars	Reserves and Surplus						Items of Other Comprehensive Income (OCI)	Total equity
	General reserve	Securities premium reserve	Capital redemption reserve	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI	
Balance as at 1 April 2016	245.37	163.06	5.00	0.83	-	526.01	-	940.27
Profit for the year	-	-	-	-	-	270.16	-	270.16
Items of OCI for the year, net of tax								
Remeasurement of defined benefit plans	-	-	-	-	-	(0.67)	-	(0.67)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**269.49**	**-**	**269.49**
Amount transferred to general reserve from retained earnings	75.00	-	-	-	-	(75.00)	-	-
Employee stock option scheme	-	-	-	1.87	-	-	-	1.87
Dividend distributed	-	-	-	-	-	(39.74)	-	(39.74)
Income-tax on dividend distributed	-	-	-	-	-	(8.09)	-	(8.09)
Balance at 31 March 2017	**320.37**	**163.06**	**5.00**	**2.70**	**-**	**672.67**	**-**	**1,163.80**
Profit for the year	-	-	-	-	-	252.32	-	252.32
Items of OCI for the year, net of tax								
Remeasurement of defined benefit plans	-	-	-	-	-	(0.15)	-	(0.15)
Net fair value loss on investment in equity instruments through OCI	-	-	-	-	-	-	(0.47)	(0.47)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**252.17**	**(0.47)**	**251.70**
Reserves vested in the Company pursuant to the Scheme (refer note 49)	-	-	-	-	38.82	27.67	-	66.49
Adjustment pursuant to the Scheme (refer note 49)	-	-	-	-	(66.20)	(19.31)	-	(85.51)
Shares issued during the year (refer note 15)	-	0.68	-	-	-	-	-	0.68
Employee stock option scheme	-	-	-	1.59	-	-	-	1.59
Dividend distributed	-	-	-	-	-	(28.37)	-	(28.37)
Income-tax on dividend distribution	-	-	-	-	-	(9.71)	-	(9.71)
Balance at 31 March 2018	**320.37**	**163.74**	**5.00**	**4.29**	**(27.38)**	**895.12**	**(0.47)**	**1,360.67**

See accompanying notes forming part of these standalone financial statements. 1-50

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

per **Neeraj Sharma**
Partner

Ram Chandra Rawat
COO (A&T) and Company Secretary
(FCS No. 5101)

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 8 May 2018

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

1. Corporate information

KAJARIA CERAMICS LIMITED ("KCL" or "the Company") is a limited company domiciled in India and was incorporated on 20 December 1985. Equity shares of the Company are listed in India on the Bombay stock exchange and the National stock exchange. The registered office of the Company is located at SF-11, Second Floor, JMD Regent Plaza Mehrauli Gurgaon Road, Village Sikanderpur Ghosi Gurgaon Haryana - 122001, India. KCL is the largest manufacturers of ceramic and vitrified wall and floor tiles in the country and 9th largest in the world.

2. Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the standalone financial statements are authorized have been considered in preparing these standalone financial statements.

2.1 Standards issued but not yet effective

On 28 March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers' and Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates'. The effective date for adoption is financials periods beginning on or after 01 April 2018.

Ind AS 115 'Revenue from Contracts with Customers': Ind AS 115 establishes the principles whereby an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity shall be required to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The standard permits two possible methods of transition:

(a) Retrospective approach- The standard shall be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

(b) Retrospective with cumulative effect of initial application of the standard recognised at the date of initial application (Cumulative catch-up transition method)

The Company is examining the methods of transition to be adopted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Appendix B, Foreign currency transactions and advance consideration to Ind AS 21: Appendix B to Ind AS 21 clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will be effective on financials periods beginning on or after 01 April 2018. The effect of this amendment is expected to be insignificant.

3 Significant accounting policies and other explanatory information

A. Statement of compliance with Indian Accounting Standards (Ind AS)

The standalone financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

B. Overall considerations

The standalone financial statements have been prepared using the significant accounting policies and measurement basis summarized below.

These accounting policies have been used throughout all periods presented in the standalone financial statements.

C. Historical cost convention

These standalone financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

D. Significant accounting policies

a. Current versus non-current classification
The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset/liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b. Revenue Recognition
Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Company.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods and service tax are excluded from revenue.

<u>Sales of products:</u>
Revenue from sale of products is recognized when the Company transfers all significant risks and rewards of ownership to the buyer.

<u>Interest income and dividend:</u>
Interest income is recognized using effective interest method.

Dividend income is recognized when the right to receive payment is established.

c. Inventories
Raw materials, work-in-progress, finished goods, packing materials, stores and spares, stock-in-trade, trading and other products are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

In determining the cost of raw materials, packing materials, stock-in-trade, stores and spares, trading and other products, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

d. Property, plant and equipment
<u>Measurement and recognition</u>
An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Capital work in progress and Capital advances

Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects. All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets. Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress.

Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method (SLM) based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013 except on some assets, where useful life has been taken based on external / internal technical evaluation as given below:

Particulars	Useful lives
Plant and Machinery	7, 10 & 18 years
Fit-out and other assets at sales outlets	5 years

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of the lease or the useful life of the asset, whichever is lower.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecogntion

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

e. Intangible Assets

Measurement and recognition

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Amortization

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software are capitalised and amortised on straight line method over their estimated useful economic life of six years.

Derecognition

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

f. Research and development costs

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, Plant and Equipment.

g. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

h. Foreign currency transactions

Initial recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

i. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognized as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

j. Taxes on income

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax

Current tax is measured at the amount expected to be paid/ recovered to/from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity/other comprehensive income is recognized in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k. Employee benefits

Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-employment benefits:

I. Defined contribution plans:

The Company makes payments made to defined contribution plans such as provident fund and employees' state insurance. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

II. Defined benefit plans:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Other long-term employee benefits:

Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss as and when they accrue. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the Statement of Profit and Loss.

l Share-based payments

The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit and loss, with a corresponding adjustment to equity.

m. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the transaction. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line

Notes on the standalone financial statement for the year ended 31 March 2018
(Amount in ₹ crores, unless otherwise stated)

basis over the lease term. However, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

n. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

o. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

p. Earnings per share

Basic earnings per equity share is calculated by dividing the net profit for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity share

q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**
  A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**
  A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**
  A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Derecognition
A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets
The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

b) Financial liabilities
Classification
The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at amortised cost
  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- Financial liabilities at fair value through profit or loss
  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

- Derecognition
  A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

d) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

s. Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

t. Fair value measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

E. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

(c) Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

(d) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(e) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(Amount in ₹ crores, unless otherwise stated)

4. Property, plant and equipment

	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipments	Computers	Display assets	Total
Gross carrying amount										
As at 1 April 2016	13.63	3.12	214.30	722.68	6.68	22.81	5.95	4.59	17.99	1,011.75
Additions	1.11	-	14.14	80.48	1.56	6.92	2.28	1.23	6.60	114.32
Disposals	-	-	-	18.69	0.32	3.23	0.37	0.06	1.07	23.74
As at 31 March 2017	**14.74**	**3.12**	**228.44**	**784.47**	**7.92**	**26.50**	**7.86**	**5.76**	**23.52**	**1,102.33**
Additions	0.18	3.00	7.59	63.71	0.50	8.51	1.30	0.36	4.78	89.93
Disposals	0.02	0.01	0.16	5.58	0.23	3.99	0.61	1.94	6.57	19.11
As at 31 March 2018	**14.90**	**6.11**	**235.87**	**842.60**	**8.19**	**31.02**	**8.55**	**4.18**	**21.73**	**1,173.15**
Accumulated depreciation										
As at 1 April 2016	-	0.83	53.12	267.75	4.01	7.26	2.98	3.72	11.50	351.17
Depreciation charge for the year	-	0.03	6.03	39.44	0.47	3.03	0.72	0.43	2.30	52.45
Disposals	-	-	-	14.56	0.24	1.79	0.32	0.05	0.64	17.60
As at 31 March 2017	**-**	**0.86**	**59.15**	**292.63**	**4.24**	**8.50**	**3.38**	**4.10**	**13.16**	**386.02**
Depreciation charge for the year	-	0.04	6.35	46.30	0.51	3.42	0.96	0.51	2.97	61.06
Disposals	-	-	0.11	4.60	0.22	2.41	0.59	1.93	6.50	16.36
As at 31 March 2018	**-**	**0.90**	**65.39**	**334.33**	**4.53**	**9.51**	**3.75**	**2.68**	**9.63**	**430.72**
Net carrying amount :										
As at 31 March 2018	**14.90**	**5.21**	**170.48**	**508.27**	**3.66**	**21.51**	**4.80**	**1.50**	**12.10**	**742.43**
As at 31 March 2017	**14.74**	**2.26**	**169.29**	**491.84**	**3.68**	**18.00**	**4.48**	**1.66**	**10.36**	**716.31**

Notes:

I. **Property, plant and equipment pledged as security**
Refer note 17 for information on property, plant and equipment pledged as security by the Company.

II. **Contractual obligations**
Refer to note 35 for disclosure on contractual commitments for the acquisition of property, plant and equipment.

III. **Capital work-in-progress**
Capital work-in-progress mainly pertains to work related to installation of machinery and civil work being carried on at plants of the Company.

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

5. Other intangibles assets

	Software	Total
Gross carrying amount		
As at 1 April 2016	5.77	5.77
Additions	1.47	1.47
As at 31 March 2017	**7.24**	**7.24**
Additions	0.32	0.32
As at 31 March 2018	**7.56**	**7.56**
Accumulated amortisation		
As at 1 April 2016	3.74	3.74
Amortisation charge for the year	0.75	0.75
As at 31 March 2017	**4.49**	**4.49**
Amortisation charge for the year	0.70	0.70
As at 31 March 2018	**5.19**	**5.19**
Net carrying amount :		
As at 31 March 2018	**2.37**	**2.37**
As at 31 March 2017	**2.75**	**2.75**

6. Non-current financial assets - Investments

Investments	As at 31 March 2018	As at 31 March 2017
Investments in equity shares (unquoted)		
(a) Investments in subsidiaries (at amortised cost) - Trade		
Soriso Ceramic Private Limited 1,530,000 (31 March 2017: 1,530,000) equity shares of ₹10 each fully paid up	5.62	5.62
Jaxx Vitrified Private Limited 12,314,032 (31 March 2017: 9,119,500) equity shares of ₹10 each fully paid up	31.14	24.75
Vennar Ceramics Limited 12,240,000 (31 March 2017: 7,650,000) equity shares of ₹10 each fully paid up	18.24	13.65
Cosa Ceramics Private Limited 4,642,040 (31 March 2017: 4,642,040) equity shares of ₹10 each fully paid up	11.61	11.61
Kajaria Floera Ceramics Private Limited (formerly known as Floera Ceramics Private Limited) 700,000 (31 March 2017: 510,000) equity shares of ₹100 each fully paid up	8.71	5.10
Kajaria Bathware Private Limited 25,000,000 (31 March 2017: 25,000,000) equity shares of ₹10 each fully paid up	40.00	40.00
(b) Investments in others (at FVOCI) - Trade		
Taurus Tiles Private Limited 8,00,000 (31 March 2017: 8,160,000) equity shares of ₹10 each fully paid up	0.33	8.16
Total	**115.65**	**108.89**
Aggregate amount of unquoted investments	**115.65**	**108.89**
Aggregate market value of unquoted investments	**0.33**	**8.16**

7. Loans#

(Unsecured, considered good)

	Non-current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Security deposits	8.34	8.11	-	-
Deferred lease expenses	3.08	2.71	-	-
Loans to related parties*	207.97	179.61	0.20	7.07
Other loans	-	-	1.65	2.65
Total	**219.39**	**190.43**	**1.85**	**9.72**

Notes:

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

* Represents loans given to subsidiary companies for business purposes and inter alia includes ₹85.00 crore (31 March 2017: ₹62.18 crore) given to a wholly owned subsidiary 'Kajaria Bathware Private Limited' in which directors of the Company are also directors.

8. Non-current tax assets (net)

	As at 31 March 2018	As at 31 March 2017
Non-current tax assets (net)	0.02	0.13
Total	**0.02**	**0.13**

9. Other assets

(unsecured, considered good)

	Non Current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Capital advances	0.95	3.88	-	-
Advance to suppliers	-	-	6.03	9.24
Prepaid expenses	-	-	4.84	3.69
Export benefit receivables	-	-	1.93	0.16
Balance with statutory authorities	-	-	3.85	18.60
Total	**0.95**	**3.88**	**16.65**	**31.69**

10. Inventories (valued at lower of cost or net realisable value)

	As at 31 March 2018	As at 31 March 2017
Raw materials	26.34	23.90
Work-in-progress	9.53	7.18
Finished goods	159.35	143.70
Stock-in-trade	6.00	17.04
Stores and spares	32.21	31.79
Packing material	12.73	11.05
Total	**246.16**	**234.66**

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

11. Trade receivables

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good	406.59	305.90
Unsecured, considered doubtful	2.20	1.29
Less: Allowance for expected credit losses	(2.20)	(1.29)
Total	**406.59**	**305.90**

Note:

a.) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person or amounts dues from firms or private companies in which any director is a partner, director or a member.

b.) All amounts are short term. The net carrying value of trade receivable is considered a reasonable approximation of fair value.

12. Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017
Balances with banks		
- Current accounts	12.06	16.64
- Deposits with original maturity of less than three months	63.00	30.00
Cash on hand	0.56	0.52
Total	**75.62**	**47.16**

Note:

a) There are no repatriation restrictions with regard to cash and cash equivalents at the end of the reporting period and prior period.

b) Short-term deposits are made for periods of/upto three months at varying rate of interest, depending on the cash flow requirements of the Company.

13. Bank balances other cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017
Earmarked balances with banks in current accounts-unpaid dividends (refer note below)	1.73	1.51
Total	**1.73**	**1.51**

Note: Not due for deposit in the Investor Education and Protection Fund.

14. Other current financial assets

(Unsecured, considered good)

	As at 31 March 2018	As at 31 March 2017
Interest accrued on deposits and loans	0.40	1.26
Others	-	0.22
Total	**0.40**	**1.48**

(Amount in ₹ crores, unless otherwise stated)

15. Equity share capital

	As at 31 March 2018	As at 31 March 2017
Authorised:		
520,000,000 equity shares of ₹1 each (31 March 2017: 250,000,000 of ₹1 each)	52.00	25.00
7,710,000 preference shares of ₹100 each (31 March 2017: 1,000,000 of ₹100 each)	77.10	10.00
	129.10	**35.00**
Issued and subscribed:		
158,950,300 equity shares of ₹1 each (31 March 2017: 158,938,000 equity shares of ₹1 each)	15.90	15.89
Total	**15.90**	**15.89**

A. Reconciliation of authorised share capital at the beginning and at the end of the reporting year

i) Equity Share Capital

	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	250,000,000	25.00	125,000,000	25.00
Add: Increase during the year (refer note 49)	270,000,000	27.00	-	-
Add: Share spilt during the year (refer note E below)	-	-	125,000,000	-
Outstanding at the end of the year	**520,000,000**	**52.00**	**250,000,000**	**25.00**

ii) Preference Share Capital

	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	1,000,000	10.00	1,000,000	10.00
Add: Increase during the year (refer note 49)	6,710,000	67.10	-	-
Outstanding at the end of the year	**7,710,000**	**77.10**	**1,000,000**	**10.00**

B. Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	158,938,000	15.89	79,469,000	15.89
Add: issued on exercise of employee share option	12,300	0.01	-	-
Share spilt during the year (refer note E below)	-	-	79,469,000	-
Outstanding at the end of the year	**158,950,300**	**15.90**	**158,938,000**	**15.89**

C. Terms/rights attached to equity shares

The Company has only one class of equity share having face value of ₹1 per share. The holder of the equity shares is entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual general meeting. The holder of share is entitled to voting rights proportionate to their share holding.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

D. Shares reserved for issue under options

Information relating to Kajaria Ceramics Employee Stock Option Plan, 2015, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 40.

E. Share spilt

In the previous year ended 31 March 2017, the equity shares of the Company were split from face value of ₹2/- each to ₹1/- each. In this regard, the Board of Directors of the Company has accorded its approval at its meeting held on 16 June 2016 and shareholders approved the same at the Annual General Meeting held on 24 August 2016. Accordingly, The National Stock Exchange of India Limited & BSE Limited have changed the face value of equity shares of the Company w.e.f. 4 October 2016 and consequently on that date equity shares of the company changed from 79,469,000 of ₹2/- each to 15,89,38,000 of ₹1/- each.

F. Details of shareholders holding more than 5% shares in the Company*:

Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
	Number of shares held having face value of ₹1 each	% of holding in class	Number of shares held having face value of ₹1 each	% of holding in class
Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust)	12,933,973	8.14%	-	-
Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	25,867,947	16.27%	-	-
Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)	25,867,947	16.27%	-	-
Kajaria Securities Private Limited	-	-	64,365,138	40.50%
Westbridge Crossover Fund LLC	-	-	11,770,840	7.41%

* As per the records of the Company, including its register of members

G. Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and brought back during the last 5 years for each class of shares

Except for shares issued as mentioned in note 49, the Company has not issued any shares pursuant to a contract without payment being received in cash nor has there been any buy-back of shares and any bonus shares which have been issued in the current year and preceding five years.

16. Other equity

	As at 31 March 2018	As at 31 March 2017
a) General reserves		
Balance at the beginning of the year	**320.37**	**245.37**
Add: Transferred from retained earnings	-	75.00
Balance at the end of the year	**320.37**	**320.37**
b) Securities premium reserve		
Balance at the beginning of the year	**163.06**	**163.06**
Changes during the year	0.68	-
Balance at the end of the year	**163.74**	**163.06**
c) Capital redemption reserve		
Balance at the beginning/end of the year	**5.00**	**5.00**

(Amount in ₹ crores, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
d) Share options outstanding account		
Balance at the beginning of the year	**2.70**	**0.83**
Changes during the year	1.59	1.87
Balance at the end of the year	**4.29**	**2.70**
e) Capital reserve		
Balance at the beginning of the year	**-**	**-**
Reserves vested in the Company pursuant to the Scheme (refer note 49)	38.82	-
Adjustment pursuant to the Scheme (refer note 49)	(66.20)	-
Balance at the end of the year	**(27.38)**	**-**
f) Retained earnings		
Balance at the beginning of the year	**672.67**	**526.01**
Profit for the year	252.32	270.16
Items of OCI for the year, net of tax	(0.15)	(0.67)
Reserves vested in the Company pursuant to the Scheme (refer note 49)	27.67	-
Adjustment pursuant to the Scheme (refer note 49)	(19.31)	-
Dividend distributed	(28.37)	(39.74)
Dividend distribution tax paid	(9.71)	(8.09)
Transfer to general reserve	-	(75.00)
Balance at the end of the year	**895.12**	**672.67**
g) Other Comprehensive Income		
(i) Equity instruments designated at fair value through Other Comprehensive Income		
Balance at the beginning of the year	**-**	**-**
Changes during the year (net of tax)	(0.47)	-
Balance at the end of the year	**(0.47)**	**-**
Total other equity	**1,360.67**	**1,163.80**

Nature and purpose of reserves -

a) General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

b) Securities premium reserve

This reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

c) Capital redemption reserve

This reserve was created on redemption of preference shares in the financial year 2001-02. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

d) Share options outstanding account

The reserve is used to recognise the grant date fair value of the options issued to employees under Kajaria Ceramics Employee Stock Option Plan, 2015.

e) Capital reserve

The reserve is created on Scheme of Arrangement (the Scheme) between the Company and Kajaria Securities Private Limited ('KSPL') (refer note 49)

f) Equity instruments designated at Fair Value through Other Comprehensive Income ('FVOCI')

The Company has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

17. Borrowings

	Non-current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Term Loan - Secured				
(i) From banks	-	0.26	-	-
Less: Current maturities of long term debt (refer note 21)	-	(0.26)	-	
(ii) Deferred payment liabilities Interest free loan from Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh)	6.02	2.70	-	-
Working capital facility - Secured				
From banks	-	-	5.92	7.78
	6.02	**2.70**	**5.92**	**7.78**

Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security Guarantee	Repayment terms
	As at 31 March 2018	As at 31 March 2017			
Term loans - from banks (secured)	-	0.26	10.5% to 11% per annum	Secured against respective assets financed.	Repayable in equal monthly installments over 3 years
Term loan - deferred payment liabilities	6.02	2.70	Nil	Secured against first charge on part of factory land and building of the Company at Sikandrabad, Uttar Pradesh	Repayable in one installment after 7 years from date of disbursement.
Working capital facility (secured)	5.92	7.78	8.15% (31 March 2017 : 9% to 9.25%) per annum	Secured against first charge on inventories and book debts and second charge on immovable and movable assets of the Company (as its factories at Sikandrabad, Uttar Pradesh and Gailpur, Rajasthan)	Repayable on demand

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 March 2018	As at 31 March 2017
Current borrowings	5.92	7.78
Non-current borrowings	6.02	2.96
Net debt	**11.94**	**10.74**
	Current borrowings	Non-current borrowings
Net debt as at 1 April	**7.78**	**2.96**
Cash flows	(1.86)	6.20
Non-cash adjustments - Fair value adjustments	-	(3.15)
Net debt as at 31 March	**5.92**	**6.02**

18. Provisions

	Non-current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits obligation (refer note 33)	4.42	9.95	12.50	10.01
Total	**4.42**	**9.95**	**12.50**	**10.01**

(Amount in ₹ crores, unless otherwise stated)

19. A) Deferred tax liabilities (net)

		As at 31 March 2018	As at 31 March 2017
(a)	Deferred tax liability on:		
	Difference between book balance and tax balance of property, plant and equipment	111.33	102.41
		111.33	102.41
(b)	Deferred tax asset on:		
	Provision for compensated absences	3.75	3.23
	Others	3.12	0.10
		6.87	3.33
	Deferred tax liabilities (net)	**104.46**	**99.08**

Movements in deferred tax liabilities and deferred tax assets:

	Property, plant and equipment	Compensated absences	Other provisions	Total
As at 1 April 2016	**86.80**	**(2.56)**	**0.27**	**84.51**
Charged/(credited) to the statement of profit or loss	15.61	(0.67)	(0.01)	14.93
(Credited) to other comprehensive income	-	-	(0.36)	(0.36)
As at 31 March 2017	**102.41**	**(3.23)**	**(0.10)**	**99.08**
Charged/(credited) to the statement of profit or loss	8.92	(0.52)	(2.94)	5.46
Charged/(credited) to other comprehensive income	-	-	(0.08)	(0.08)
As at 31 March 2018	**111.33**	**(3.75)**	**(3.12)**	**104.46**

19. B) Income-tax expense

		Year ended 31 March 2018	Year ended 31 March 2017
(a)	**Income-tax expense debited to statement of profit and loss**		
	Current tax		
	Current tax on profits for the year	124.00	122.10
	Adjustment of tax relating to earlier periods	(0.22)	0.07
	Total current tax expense	123.78	122.17
	Deferred tax		
	Deferred tax charge for the year	5.45	14.93
		5.45	14.93
	Total tax expense	**129.23**	**137.10**
(b)	**Income-tax expense (credited) to other comprehensive income**		
	Deferred tax		
	Deferred tax (credit) for the year	(0.08)	(0.36)
		(0.08)	(0.36)
(c)	**Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:**		
	Profit before tax	381.55	407.26
	Tax at the Indian tax rate of 34.608% (31 March 2017: 34.608%)	132.05	140.94
	Adjustments in respect of current income tax of previous years	(0.22)	0.07
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Expenses not allowed as deduction	1.38	1.18
	Deductions not leading to timing differences	(4.24)	(4.77)
	Exempt income	-	(0.32)
	Impact of change in effective tax rate in brought forward tax liability	0.27	-
	Income-tax expense	**129.24**	**137.10**

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

20. Trade payables

	As at 31 March 2018	As at 31 March 2017
Trade payables (including acceptances)	181.73	207.84
Total	**181.73**	**207.84**

Note:

a) The carrying values of trade payables are considered to be a reasonable approximation of fair value.
b) Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days.
c) Disclosure with respect to related party transactions is given in note 37.
d) The above trade payables includes the amount due to micro and small enterprises (refer note 39).

21. Other financial liabilities

	As at 31 March 2018	As at 31 March 2017
Current maturities of long term debt (refer note 17)	-	0.26
Unclaimed dividends*	1.69	1.51
Interest bearing deposits from customers	10.68	9.03
Security deposits	10.88	11.49
Creditors for expenses	23.92	20.76
Outstanding liabilities	22.93	17.55
Creditors for capital goods	14.60	24.74
Total	**84.70**	**85.34**

* Not due for deposit to the Investor Education and Protection Fund

22. Other current liabilities

	As at 31 March 2018	As at 31 March 2017
Advance received from customers	12.79	13.87
Statutory dues payable	32.18	35.92
Deferred government grant	3.15	-
Total	**48.12**	**49.79**

23. Current tax liabilities (net)

	Year ended 31 March 2018	Year ended 31 March 2017
Current tax liabilities (net)	6.70	7.12
Total	**6.70**	**7.12**

24. Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products (including excise duty)		
Tiles	2,624.85	2,716.60
Power	1.39	1.38
	2,626.24	2,717.98
Other operating revenues	2.01	2.13
Total	**2,628.25**	**2,720.11**

Note:

1) Sale of goods includes excise duty collected from customers of ₹47.57 crore (31 March 2017: ₹192.15 crore).
2) Consequent of introduction of Goods and Service Tax (GST) with effect from 1 July 2017, Central excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 (Ind AS 18) on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of revenue. Accordingly, the figures for the year ended 31 March 2018 are not strictly comparable with previous year.

(Amount in ₹ crores, unless otherwise stated)

25. Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income on:		
Loan to subsidiaries	13.53	14.23
Fixed deposits with banks	3.24	1.04
Other financial assets carried at amortised cost	0.35	0.45
Dividend income	-	0.92
Net gain on foreign currency transaction and translation	-	2.67
Other non-operating income	6.39	6.03
Total	**23.51**	**25.34**

26. Cost of materials consumed

	Year ended 31 March 2018	Year ended 31 March 2017
Body material	218.09	181.07
Glaze, frits and chemicals	158.04	137.15
Packing material consumed	107.02	85.73
Total	**483.15**	**403.95**

27. Changes in inventories of finished goods, stock in trade and work-in-progress

	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance		
Finished goods	143.70	129.14
Stock-in-trade	17.04	18.69
Work-in-progress	7.18	7.24
Total	**167.92**	**155.07**
Finished goods used for fixed assets	**-**	**0.02**
Closing balance		
Finished goods	159.35	143.70
Stock-in-trade	6.00	17.04
Work-in-progress	9.53	7.18
Total	**174.88**	**167.92**
	(6.96)	**(12.87)**

28. Employee benefits expense

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	228.60	205.02
Contribution to provident and other funds (refer note 33)	13.23	9.70
Share based payments to employees (refer note 40)	1.74	1.87
Staff welfare expenses	3.97	3.93
Total	**247.54**	**220.52**

29. Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest	3.81	2.91
Other borrowing cost	0.67	0.63
Total	**4.48**	**3.54**

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

30. Depreciation and amortisation expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on property, plant and equipment (refer note 4)	61.06	52.45
Amortisation of intangible assets (refer note 5)	0.70	0.75
	61.76	**53.20**

31. Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Rent	16.47	13.22
Rates and taxes	0.76	0.79
Traveling and conveyance	27.21	25.13
Insurance charges	2.64	2.68
Legal and professional charges	3.97	2.48
Payment to auditors as:		
- auditor	0.35	0.30
- for other services	0.20	0.21
Stores and spares consumed	51.16	53.10
Power and fuel	335.66	266.04
Excise duty variance on opening and closing inventories	(26.05)	1.01
Repairs and maintenance:		
- Buildings	4.72	5.78
- Plant and equipment	10.17	9.24
- Others	3.64	3.03
Packing freight and forwarding expenses	28.56	32.70
Advertisement, publicity and sales promotion	94.96	73.41
Sales commission	13.16	18.30
Loss on disposal of property, plant and equipment	0.95	3.86
Provision for expected credit loss	0.66	0.34
Corporate social responsibility expenditure (refer note 47)	3.98	3.37
Net loss on foreign currency transaction and translation	0.14	-
Research and development expenses (refer note 46)	16.77	10.90
Miscellaneous expenses	19.86	18.95
	609.94	**544.84**

32. Earnings per share

	Year ended 31 March 2018	Year ended 31 March 2017
Profit attributable to equity holders of the Company for basic earnings (₹ in crore) for the year	252.32	270.16
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	158,940,022	158,938,000
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	159,332,722	159,356,000
Earnings per share		
- Basic (₹)	15.88	17.00
- Diluted (₹)	15.83	16.95

Note: Weighted average number of equity shares used as denominator

	No. of shares	
	31 March 2018	31 March 2017
Weighted average number of equity shares used as denominator in calculating basic earnings per shares	158,940,022	158,938,000
Adjustments for calculation of diluted earnings per share:		
- Options	3,92,700	418,000
Weighted average number of equity shares and potential equity shares used as denominator in calculating diluted earnings per share	**159,332,722**	**159,356,000**

33. Employee benefits

The Company has following post-employement benefit plans:

a) Defined contribution plan

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the povident fund is ₹7.13 crore (31 March 2017: ₹6.02 crore)

b) Defined benefit plans - Gratuity (Funded)

The Company has defined benefit gratuity plan for its employees where annual contributions are deposited to an insurer to provide gratuity benefits by taking a scheme of insurance, whereby these contributions are transferred to the insurer. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination / resignation. The benefit vests on the employee completing 5 years of service. The Company makes provision of such gratuity asset/liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method. Plan assets also include investments and bank balances used to deposit premiums until due to the insurance company.

The following tables summarise the components of net benefit expense recognised in the statement of profit & loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

Changes in the present value of the defined benefit obligation are, as follows:

	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation at the beginning of the year	**26.02**	**20.32**
Current service cost	2.93	2.63
Interest cost	2.02	1.52
Benefits paid	(1.14)	(0.83)
Actuarial loss on obligations	0.10	2.38
Past service cost	1.19	-
Defined benefit obligation at the end of the year	**31.12**	**26.02**

Changes in the fair value of plan assets are, as follows:

	As at 31 March 2018	As at 31 March 2017
Fair value of plan assets at the beginning of the year	**15.40**	**10.34**
Contribution by employer	9.60	3.76
Benefits paid	(1.14)	(0.83)
Expected return on plan assets	1.19	0.78
Acturial gain/(loss) on plan asset	(0.13)	1.35
Fair value of plan assets at the end of the year	**24.92**	**15.40**

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

Reconciliation of fair value of plan assets and defined benefit obligation:

	As at 31 March 2018	As at 31 March 2017
Fair value of plan assets	24.92	15.40
Defined benefit obligation	31.12	26.02
Amount recognised in the Balance Sheet (Refer Note 18)	**6.20**	**10.62**
Current	1.78	0.67
Non current	4.42	9.95

Amount recognised in Statement of Profit and Loss:

	As at 31 March 2018	As at 31 March 2017
Current service cost	2.93	2.63
Interest expense	2.02	1.52
Expected return on plan asset	(1.19)	(0.78)
Past service cost	1.19	-
Amount recognised in Statement of Profit and Loss	**4.95**	**3.37**

Breakup of actuarial gain/loss

	As at 31 March 2018	As at 31 March 2017
Actuarial (gain)/loss arising from changes in financial assumptions	(1.40)	2.38
Actuarial loss/(gain) arising from experience adjustments	1.63	(1.35)
Amount recognised in Other Comprehensive Income	**0.23**	**1.03**

The major categories of plan assets of the fair value of the total plan assets are as follows:

Gratuity	As at 31 March 2018	As at 31 March 2017
Investment Details	**Funded**	**Funded**
Investment with gratuity funds	100%	100%

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	As at 31 March 2018	As at 31 March 2017
Discount rate	7.75%	7.50%
Expected rate of return on plan assets	7.75%	7.50%
Future salary increases	8.75%	8.50%
Attrition rate:-		
18-30 years	2.00%	1.00%
30-44 years	2.00%	1.00%
44-58 years	1.00%	1.00%
Retirement age	58 years	60 years
Mortality	IALM 2006-08 Ultimate	

Note:

a) The discount rate is based upon the market yield available on government bonds at the accounting date relevant to currency of benefits payments for a term that matches the liability.

b) The estimates for future salary increase rate taxes amount of inflation, seniority, promotion, business plan, human resource policy and other relevant factors on long term basis.

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 and 31 March 2017 is as shown below:

Gratuity plan	Sensitivity level		Impact on Defined Benefit Obligation	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Assumptions				
Discount rate	+1%	+1%	(3.11)	(3.18)
	-1%	-1%	3.67	3.82
Future salary increases	+1%	+1%	3.58	3.72
	-1%	-1%	(3.10)	(3.15)
Withdrawal rate	+1%	+1%	(0.28)	(0.31)
	-1%	-1%	0.31	0.35

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Sensitivities due to mortality and withdrawals are insignificant and hence ignored.

Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

The following payments are expected contributions to the defined benefit plan in future years (In absolute terms i.e. undiscounted):

	As at 31 March 2018	As at 31 March 2017
Within the next 12 months (next annual reporting period)	1.40	0.60
Between 2 and 5 years	5.26	1.79
Beyond 5 years	21.59	20.80
Total expected payments	**28.25**	**23.19**

The average duration of the defined benefit plan obligation at the end of the reporting period is 13 years (31 March 2017: 16 years).

c) Other long-term benefits - Compensated absences (unfunded)

	Year ended 31 March 2018	Year ended 31 March 2017
Amounts recognised in the balance sheet	10.72	9.34

34. Operating lease commitments - Company as a lessee

The Company has taken various commercial premises under operating leases. These leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are re-negotiated. Rent amounting to ₹16.47 crore (31 March 2017: ₹13.22 crore) has been debited to the Statement of Profit and Loss during the year. The future minimum lease payments are as follows:

	As at 31 March 2018	As at 31 March 2017
Not later than one year	2.30	1.05
Later than one year but not later than five years	2.55	1.62
Later than five years	-	-

35. Commitments, contingencies and litigations

	As at 31 March 2018	As at 31 March 2017
(a) Commitments		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	6.73	3.42
(b) Contingent liabilities		
i) Corporate Guarantees given	157.08	243.23
ii) Claims against the Company not acknowledged as debt		
In respect of Value added tax, Service Tax and Custom Duty Demands pending before various authorities and in dispute	6.48	0.23
Others	1.91	1.78

The Company is contesting the above demands and the management, including its solicitor, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The Company has certain litigations involving customers, vendors and suppliers and based on legal advice of in-house legal team, the management believes that no material liability will devolve on the Company in respect of these litigations.

36. During the year, the Company has sold off its 46% stake in Taurus Tiles Private Limited pursuant to which it ceased to be a subsidiary of the Company. The Company has recognised a loss of ₹3.61 crore on sale of its investments in Taurus Tiles Private Limited. As on 31 March 2018, the Company holds 5% stake in Taurus Tiles Private Limited which has been measured at Fair Value through Other Comprehensive Income. The Company has recognised loss of ₹0.47 crore on balance investment of 5% in Taurus Tiles Private Limited.

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

37. Related party disclosures

A. List of related parties

(a) List entities substantially owned directly or indirectly by the Company:
Direct subsidiaries:

S. No.	Name	Country of Incorporation	Ownership Interest of Kajaria Ceramics Limited (%)	
			31 March 2018	31 March 2017
1	Soriso Ceramic Private Limited	India	51%	51%
2	Jaxx Vitrified Private Limited	India	82%	61%
3	Vennar Ceramics Limited	India	51%	51%
4	Cosa Ceramics Private Limited	India	51%	51%
5	Kajaria Floera Ceramics Private Limited (formerly known as Floera Ceramics Private Limited)	India	70%	51%
6	Kajaria Bathware Private Limited	India	100%	100%
7	Taurus Tiles Private Limited (till 29 June 2017)	India	NA*	51%

* ceased to be a subsidiary during the year.

Indirect subsidiaries:
Subsidiries of wholly owned subsidiary, Kajaria Bathware Private Limited (where control exists):

S. No.	Name	Country of Incorporation	Ownership Interest of Kajaria Ceramics Limited (%)	
			31 March 2018	31 March 2017
1	Kajaria Sanitaryware Private Limited	India	82%	82%

(b) Key management personnel:

S. No.	Name	Designation
1	Mr. Ashok Kajaria	Chairman and Managing Director
2	Mr. Chetan Kajaria	Joint Managing Director
3	Mr. Rishi Kajaria	Joint Managing Director
4	Mr. D.D. Rishi	Non-Executive Director (w.e.f. 1 July 2017)
5	Mr. B.K. Sinha	Whole Time Director
6	Mr. R.K.Bhargava	Independent Director
7	Mr. R. R. Bagri	Independent Director
8	Mr. D. P. Bagchi	Independent Director
9	Mr. H.R. Hegde	Independent Director
10	Mrs. Susmita Singha	Independent Director

(c) Enterprises owned by Key Management Personnel or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise:-

S. No.	Name
1	Dua Engineering Works Private Limited
2	Malti Devi Kajaria Foundation
3	Kajaria Ceramics Employees Gratuity trust

Details relating to remuneration of Key Managerial Personnel

Name of KMP	Year ended 31 March 2018		Year ended 31 March 2017	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Sh. Ashok Kajaria	4.13	-	3.75	-
Sh. Chetan Kajaria	7.38	-	7.21	-
Sh. Rishi Kajaria	7.38	-	7.21	-
Sh. D.D. Rishi	0.23	0.02	0.85	-
Sh. B.K. Sinha	0.70	-	0.63	-
Sh. R.K.Bhargava	-	0.04	-	0.04
Sh. R. R. Bagri	-	0.04	-	0.04
Sh. D. P. Bagchi	-	0.04	-	0.04
Sh. H.R. Hegde	-	0.03	-	0.03
Smt. Susmita Singha	-	0.03	-	0.02

(Amount in ₹ crores, unless otherwise stated)

The following transactions were carried out with related parties in the ordinary course of business:-

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Purchase of goods				
Soriso Ceramic Private Limited	50.67	-	71.41	-
Jaxx Vitrified Private Limited	227.52	-	314.74	-
Cosa Ceramics Private Limited	166.33	-	182.12	-
Vennar Ceramics Limited	61.84	-	80.89	-
Taurus Tiles Private Limited	10.13	-	55.73	-
Total	**516.49**	**-**	**704.89**	**-**
Sale of products				
Vennar Ceramics Limited	-	-	0.04	-
Jaxx Vitrified Private Limited	0.31	-	-	-
Total	**0.31**	**-**	**0.04**	**-**
Rent paid				
Dua Engineering Works Private Limited	-	1.67	-	1.93
Vennar Ceramics Limited	0.01	-	0.04	-
Total	**0.01**	**1.67**	**0.04**	**1.93**
Service charges paid				
Dua Engineering Works Private Limited	-	-	-	0.83
Total	**-**	**-**	**-**	**0.83**
Recovery of expenses				
Kajaria Bathware Private Limited	0.31	-	0.42	-
Total	**0.31**	**-**	**0.42**	**-**
Donation paid				
Malti Devi Kajaria Foundation	-	0.44	-	0.37
Total	**-**	**0.44**	**-**	**0.37**
Rent received				
Kajaria Bathware Private Limited	0.36	-	0.14	-
Total	**0.36**	**-**	**0.14**	**-**
Dividend received				
Soriso Ceramic Private Limited	-	-	0.92	-
Total	**-**	**-**	**0.92**	**-**

Notes on the standalone financial statement for the year ended 31 March 2018
(Amount in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Interest received				
Soriso Ceramic Private Limited	0.02	-	0.02	-
Vennar Ceramics Limited	0.97	-	0.59	-
Cosa Ceramics Private Limited	0.39	-	0.43	-
Taurus Tiles Private Limited	-	-	1.65	-
Kajaria Bathware Private Limited	3.93	-	3.47	-
Jaxx Vitrified Private Limited	7.88	-	8.07	-
Kajaria Floera Ceramics Private Limited	0.34	-	-	-
Total	**13.53**	**-**	**14.23**	**-**
Purchase/subscription of shares of subsidiary company				
Kajaria Bathware Private Limited	-	-	-	-
Jaxx Vitrified Private Limited	6.39	-	-	-
Vennar Ceramics Limited	4.59	-	-	-
Kajaria Floera Ceramics Private Limited	3.61	-	-	-
Total	**14.59**	**-**	**-**	**-**
Loan given				
Soriso Ceramic Private Limited	-	-	7.00	-
Jaxx Vitrified Private Limited	25.89	-	10.00	-
Vennar Ceramics Limited	8.70	-	2.95	-
Taurus Tiles Private Limited	-	-	4.50	-
Kajaria Bathware Private Limited	137.06	-	58.95	-
Cosa Ceramics Private Limited	-	-	10.00	-
Kajaria Floera Ceramics Private Limited	12.31	-	-	-
Kajaria Ceramics Employee Gratuity Trust	-	1.27	-	0.07
Total	**183.96**	**1.27**	**93.40**	**0.07**
Loan repaid				
Jaxx Vitrified Private Limited	10.89	-	1.00	-
Cosa Ceramics Private Limited	10.00	-	-	-
Kajaria Bathware Private Limited	114.24	-	37.00	-
Taurus Tiles Private Limited	5.00	-	9.50	-
Vennar Ceramics Limited	5.07	-	-	-
Kajaria Floera Ceramics Private Limited	2.51	-	-	-
Soriso Ceramic Private Limited	7.00	-	-	-
Kajaria Ceramics Employee Gratuity Trust	-	1.14	-	0.06
Total	**154.71**	**1.14**	**47.50**	**0.06**

(Amount in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Balances outstanding at year end:				
Loan given				
Soriso Ceramic Private Limited	-	-	7.00	-
Jaxx Vitrified Private Limited	97.50	-	82.50	-
Vennar Ceramics Limited	12.17	-	8.54	-
Cosa Ceramics Private Limited	3.50	-	13.50	-
Kajaria Sanitaryware Private Limited	-	-	-	-
Taurus Tiles Private Limited	-	-	12.89	-
Kajaria Bathware Private Limited	85.00	-	62.18	-
Kajaria Floera Ceramics Private Limited	9.80	-	-	-
Kajaria Ceramics Employee Gratuity Trust	-	0.20	-	0.07
Total	**207.97**	**0.20**	**186.61**	**0.07**
Trade payables				
Jaxx Vitrified Private Limited	(0.80)	-	9.36	-
Soriso Ceramic Private Limited	2.18	-	1.73	-
Vennar Ceramics Limited	1.11	-	0.65	-
Taurus Tiles Private Limited	-	-	4.75	-
Cosa Ceramics Private Limited	9.80	-	11.50	-
Total	**12.29**	**-**	**27.99**	**-**
Guarantees outstanding at year end				
Jaxx Vitrified Private Limited	36.63	-	117.91	-
Soriso Ceramic Private Limited	-	-	9.00	-
Vennar Ceramics Limited	15.05	-	15.05	-
Taurus Tiles Private Limited	-	-	25.61	-
Cosa Ceramics Private Limited	21.26	-	48.14	-
Kajaria Sanitaryware Private Limited	13.53	-	17.52	-
Kajaria Bathware Private Limited	45.00	-	10.00	-
Total	**131.47**	**-**	**243.23**	**-**

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

38. Segment information

According to Ind AS 108 'Operating Segment', identification of operating segments is based on Chief Operating Decision Maker ('CODM') approach for making decisions about allocating resources to the segment and assessing its performance. In Company, the decision makers view the operating results internal division wise (Ceramic, Glazed, Polished). Accordingly, such segments may be presented under Ind AS 108. However, these segments have been aggregated because the core principles, economic characteristics, nature of products, production process, distribution method, regulatory environment and type of customers in all the divisions are similar. Hence the disclosure requirement of Ind AS 108 is not considered applicable.

39. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under, to the extent the Company has received intimation from the 'Suppliers' regarding their status under the Act.

Particulars	As at 31 March 2018	As at 31 March 2017
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
Principal amount due to micro and small enterprises	18.44	15.28
Interest due on above	-	-
ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

40. Share Based Payments

Kajaria Ceramics Employee Stock Option Plan, 2015 ('ESOP 2015' or the 'Plan') was approved by the Board of Directors and the shareholders of the Company on 7 September 2015. The plan entitles employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Company is given below:

Particulars	Kajaria Ceramics Employee Stock Option Plan 2015
Exercise Price	₹425
Vesting conditions	45,800 options 24 months after the grant date ('First vesting')
	91,600 options 36 months after the grant date ('Second vesting')
	137,400 options 48 months after the grant date ('Third vesting')
	183,200 options 60 months after the grant date ('Fourth vesting')
Exercise period	Stock options can be exercised within a period of 8 years from grant date.
Number of share options granted	4,58,000

Stock options will be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹850 per option which is 7.42 % below the stock price i.e. ₹918.10 per share on the date of grant, i.e. 20 October 2015.

(Amount in ₹ crores, unless otherwise stated)

During the year ended 31 March 2017, face value of equity shares of the Company was sub-divided to ₹1 per share from ₹2 per share. Accordingly, the exercise price also reduced to ₹425 per share from ₹850 per share and number of stock options increased to 458,000 equity shares from 229,000 equity shares. The number and weighted average exercise price of share options are as follows:

Particulars	Number of options	Weighted average exercise price per option
At 1 April 2016	229,000	425.00
Share split during the year (refer note 15)	229,000	425.00
Forfeited during the year	(40,000)	425.00
At 31 March 2017	**418,000**	**425.00**
Exercisable as at 31 March 2017	**418,000**	
Weighted average remaining contractual life (in years)	**6.55**	
At 1 April 2017	418,000	425.00
Forfeited during the year	(13,000)	425.00
Exercised during the year	(12,300)	425.00
At 31 March 2018	**392,700**	425.00
Exercisable as at 31 March 2018	**392,700**	
Weighted average remaining contractual life (in years)	**5.55**	

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. The following principal assumptions were used in the valuation:

Grant date	20 October 2015	20 October 2015	20 October 2015	20 October 2015
Vesting date	20 October 2017	20 October 2018	20 October 2019	20 October 2020
Expiry date	20 October 2023	20 October 2023	20 October 2023	20 October 2023
Fair value of option at grant date	260.22	310.20	354.01	392.99
Exercise price	425.00	425.00	425.00	425.00
Expected volatility of returns	27.63%	27.63%	27.63%	27.63%
Weighted average contractual life (in years)	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years
Expected dividend yield	0.40%	0.40%	0.40%	0.40%
Risk free interest rate	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%

41. Category wise classification of financial instruments

	As at 31 March 2018		As at 31 March 2017	
	FVOCI	Amortised cost	FVOCI	Amortised cost
Financial assets				
Non-current				
(i) Investments	0.33	115.32	-	108.89
(ii) Loans	-	219.39	-	190.43
Current				
(i) Trade receivables	-	406.59	-	305.90
(ii) Cash and cash equivalents	-	75.62	-	47.16
(iii) Bank balances other than (ii) above	-	1.73	-	1.51
(iv) Loans	-	1.85	-	9.72
(v) Other financial assets	-	0.40	-	1.48
Total financial assets	**0.33**	**820.90**	**-**	**665.09**

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

	As at 31 March 2018		As at 31 March 2017	
	FVOCI	Amortised cost	FVOCI	Amortised cost
Financial liabilities				
Non-current				
(i) Borrowings	-	6.02	-	2.70
Current				
(i) Borrowings	-	5.92	-	7.78
(ii) Trade payables	-	181.73	-	207.84
(iii) Other financial liabilities	-	84.70	-	85.34
Total financial liabilities	**-**	**278.37**	**-**	**303.66**

The management assessed that fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company determines fair values of fianncial assets or liabilities by discounting the contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. Further, the subsequent measurements of all assets and liabilities (other then investments in mutual funds) is at amortised cost, using effective interest rate method.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the Company's interest bearings borrowings are determined using discount rate that reflects the entity's discount rate at the end of the reporting period. The own non-performance risk as at the reporting period is assessed to be insignificant.
- The fair value of unquoted instruments and other financial assets and liabilities is estimated by discounting future cash flows using rates using rates currently applicable for debt on similar terms, credit risk and remaining maturities.

42. Fair value hierarchy

The following tables present financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There are no financial liabilities measured at Fair Value as at 31 March 2018 and 31 March 2017.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31 March 2018 and 31 March 2017 as follows:

As at 31 March 2018

	Level 1	Level 2	Level 3	Total
Investments	-	-	0.33	0.33
Total	**-**	**-**	**0.33**	**0.33**

As at 31 March 2017

	Level 1	Level 2	Level 3	Total
Investments	-	-	-	-
Total	-	-	-	-

Valuation technique used to determine fair value:
Investments: Discounted Cash flow method using risk adjusted discount rate.

(Amount in ₹ crores, unless otherwise stated)

43. Financial risk management objectives and policies

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Compliance Board that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below:

I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, trade payables, interest bearing deposits, loans and derivative financial instruments.

The sensitivity analyses of the above mentioned risk in the following sections exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in note 35.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. However the risk is very low due to negligible borrowings. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

	Year ended 31 March 2018		Year ended 31 March 2017	
	Increase/ decrease in basis points	Effect on profit before tax	Increase/ decrease in basis points	Effect on profit before tax
INR	+50	(0.08)	+50	(0.06)
INR	-50	0.08	-50	0.06

B. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk senstivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

	Year ended 31 March 2018		Year ended 31 March 2017	
	% change in rate	Effect on profit before tax	% change in rate	Effect on profit before tax
USD	+5%	(0.25)	+5%	0.07
	-5%	0.25	-5%	(0.07)
Euro	+5%	(0.11)	+5%	(1.08)
	-5%	0.11	-5%	1.08

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.

Notes on the standalone financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

II. Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, other balances with banks, loans and other receivables. The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

The Company provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population. For such financial assets, the Company 's policy is to provides for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at reporting date.

A. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At the year end the Company does not have any significant concentrations of bad debt risk other than that disclosed in note 11.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 41. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

B. Financial instruments and cash deposits

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The management considers the credit quality of current accounts and deposits with banks to be good and reviews the banking relationships on an on–going basis.

The Company does not require any security in respect of the above financial assets. There are no impairment provisions as at each statement of financial position date against these financial assets, except as disclosed in respect of trade receivables above. The management considers that all the above financial assets that are not impaired or past due for each of the statement of financial position dates under review are of good credit quality.

III. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 March 2018					
Borrowings*	5.92	-	-	6.02	11.94
Trade payables	181.73	-	-	-	181.73
Other financial liabilities	27.72	34.95	22.03	-	84.70
	215.37	**34.95**	**22.03**	**6.02**	**278.37**

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 March 2017					
Borrowings*	7.90	0.14	-	2.70	10.74
Trade payables	205.16	2.68	-	-	207.84
Other financial liabilities	63.95	21.13	-	-	85.08
	277.02	**23.95**	**-**	**2.70**	**303.66**

* In absolute terms i.e. discounted and including current maturity portion

44. Capital Management

The Company's capital management objectives are:

a) to ensure the Company's ability to continue as going concern; and

b) to provide an adequate return to stakeholders

As at 31 March 2018, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

45. Unhedged foreign currency exposure

The Company has no outstanding derivative instrument at the year end. The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under -

	As at 31 March 2018		As at 31 March 2017	
	Amount in foreign currency	Amount in ₹ crores	Amount in foreign currency	Amount in ₹ crores
Foreign trade payables				
USD (in crore)	0.08	5.02	0.03	2.08
EUR (in crore)	0.21	17.01	0.31	21.63

	As at 31 March 2018		As at 31 March 2017	
	Amount in foreign currency	Amount in ₹ crores	Amount in foreign currency	Amount in ₹ crores
Foreign trade receivables				
USD (in crore)	0.12	7.43	0.05	3.49
AUD (in crore)	0.01	0.72	-	-

46. Research and development expenditure

Research and Development expenditure incurred during the year ended 31 March 2018 and 31 March 2017 is as follows:

Particulars	31 March 2018	31 March 2017
Capital expenditure	0.80	0.09
Revenue expenditure	16.77	10.90

47. Corporate social responsibility ('CSR')

As per Section 135 of the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company was required to spend ₹6.70 crore (31 March 2017: ₹5.19 crore) for Corporate Social Responsibility activities. The company has incurred CSR expenditure of ₹3.98 crore during the current financial year (31 March 2017: ₹3.37 crore) on the projects/activities for the benefit of the public in general and in the neighborhood of the manufacturing facilities of the Company.

Notes on the standalone financial statement for the year ended 31 March 2018
(Amount in ₹ crores, unless otherwise stated)

		31 March 2018	31 March 2017
(i)	Construction/acquisition of any asset		
	Paid in cash	0.79	0.21
	Other than cash	0.30	-
(ii)	On purposes other than (i) above		
	Paid in cash	2.89	3.16
		3.98	3.37

48. Post reporting date events

No adjusting or significant non-adjusting event has occurred between 31 March 2018 and the date of authorisation of Company's standalone financial statements. However, the Board of Directors of the Company have recommended a final dividend of ₹3 per share (31 March 2017: ₹3 per share) on equity shares of ₹1 each for the year ended 31 March 2018, subject to the approval of shareholders at the ensuing annual general meeting.

49. Scheme of Arrangement

The Hon'ble National Company Law Tribunal, vide its order dated 22 February 2018, approved a Scheme of Arrangement (the 'Scheme') between the Company and Kajaria Securities Private Limited ('KSPL'). Pursuant to the Scheme, all the properties, assets, rights, claims and obligations of the erstwhile KSPL have been transferred and vested in the Company on a going concern basis. Pursuant to the Scheme, existing equity shares of the Company held by KSPL stand cancelled and the Company has issued 64,669,867 equity shares of ₹1 each to shareholders of erstwhile KSPL in proportion of their shareholding in KSPL and authorised share capital of KSPL has been transferred to the authorised share capital of the Company. Accordingly, authorised share capital of the Company has increased to ₹129.10 crore which consist of 520,000,000 equity shares of ₹1 each and 7,710,000 preference shares of ₹100 each.

Since there is no specific guidance for accounting of such arrangements under Indian Accounting Standards, accounting has been done as per the accounting treatment stated in the Scheme. Accordingly, the difference between the net assets acquired and reserves of KSPL that vested with the Company has been debited to capital reserves. The Company has acquired net assets amounting to ₹0.29 crore and reserves amounting to ₹66.49 crore and ₹66.20 crore has been debited to capital reserves. Further during the year ended 31 March 2017, dividend was distributed to KSPL amounting to ₹19.31 crore which has been adjusted against retained earnings.

50. The standalone financial statements for the year ended 31 March 2018 were approved by the Board of Directors on 8 May 2018.

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

per **Neeraj Sharma**
Partner
Place: New Delhi
Date: 8 May 2018

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Ram Chandra Rawat
COO (A&T) and Company Secretary
(FCS No. 5101)

Sanjeev Agarwal
Chief Financial Officer

Independent Auditor's Report

To the Members of
Kajaria Ceramics Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Kajaria Ceramics Limited (the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the 'Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to note 50 to the consolidated financial statements which states that the accounting for the Scheme of Arrangement (the 'Scheme') between the Holding Company and Kajaria Securities Private Limited has been done in accordance with clause 17 of the Scheme. As mentioned in the aforesaid note, there is no specific guidance for accounting of such arrangements

under Indian Accounting Standards (Ind AS) specified by Section 133 of the Act. Our opinion is not modified in respect of this matter.

Other Matters

10. We did not audit the financial statements of 7 subsidiaries, whose financial statements reflect total assets of ₹638.19 crore and net assets of ₹148.06 crore as at 31 March 2018, total revenues of ₹666.92 crore and net cash inflows amounting to ₹1.85 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

11. The comparative financial information for the year ended 31 March 2017 prepared in accordance with Ind AS included in these consolidated financial statements have been audited by the predecessor auditor. The report of the predecessor auditor dated 15 May 2017 on the comparative financial information expressed an unmodified opinion on the financial information as at 31 March 2017. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

12. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

    e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, none of the directors of the Group companies are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies and the operating effectiveness of such controls, refer to our separate report in Annexure I; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiaries:

        (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 36 to the consolidated financial statements;

        (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies; and

        (iv) The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Neeraj Sharma**
Partner
Membership No.: 502103

Place: New Delhi
Date: 8 May 2018

Annexure I - to the Independent Auditor's Report

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')

1. In conjunction with our audit of the consolidated financial statements of Kajaria Ceramics Limited (the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group'), as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company and its subsidiary companies, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies, the Holding Company and its subsidiary companies, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the IFCoFR in so far as it relates to 7 subsidiary companies, whose financial statements reflect total assets of ₹638.19 crore and net assets of ₹148.06 crore as at 31 March 2018, total revenues of ₹666.92 crore and net cash inflows amounting to ₹1.85 crore for the year ended on that date, as considered in the consolidated financial statements. The IFCoFR in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Neeraj Sharma**
Partner
Membership No.: 502103

Place: New Delhi
Date: 8 May 2018

Consolidated Balance Sheet as at 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	1,131.07	1,162.68
(b) Capital work-in-progress		17.60	8.26
(c) Goodwill		11.48	11.48
(d) Other intangible assets	5	2.56	3.13
(e) Financial assets			
(i) Investments	6	0.42	0.09
(ii) Loans	7	17.61	18.62
(f) Non-current tax assets (net)	8	3.29	7.32
(g) Other non-current assets	9	4.95	6.47
		1,188.98	**1,218.05**
Current assets			
(a) Inventories	10	378.47	372.02
(b) Financial assets			
(i) Trade receivables	11	450.67	338.92
(ii) Cash and cash equivalents	12	79.68	49.84
(iii) Bank balances other than (ii) above	13	2.71	2.12
(iv) Loans	7	6.58	3.03
(v) Other financial assets	14	4.72	1.50
(c) Other current assets	9	28.48	54.64
		951.31	**822.07**
TOTAL ASSETS		**2,140.29**	**2,040.12**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	15.90	15.89
(b) Other equity	16	1,335.12	1,159.23
Equity attributable to the shareholders of the Company		**1,351.02**	**1,175.12**
(a) Non-controlling interests		66.09	76.02
Total equity		**1,417.11**	**1,251.14**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	59.42	115.50
(b) Provisions	18	5.24	10.31
(c) Deferred tax liabilities (net)	23A	109.85	109.15
		174.51	**234.96**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	75.67	55.08
(ii) Trade payables	19	257.75	267.72
(iii) Other financial liabilities (other than those specified in item (c))	20	137.69	143.83
(b) Other current liabilities	21	58.03	65.47
(c) Provisions	18	12.68	10.25
(d) Current tax liabilities (net)	22	6.85	11.67
		548.67	**554.02**
TOTAL LIABILITIES		**723.18**	**788.98**
TOTAL LIABILITIES AND EQUITY		**2,140.29**	**2,040.12**

See accompanying notes forming part of these consolidated financial statements. 1-51

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

per **Neeraj Sharma**
Partner

Place: New Delhi
Date: 8 May 2018

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Ram Chandra Rawat
COO (A&T) and Company Secretary
(FCS No. 5101)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Sanjeev Agarwal
Chief Financial Officer

Consolidated statement of Profit & loss for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
INCOME			
Revenue from operations	24	2,782.55	2,854.51
Other income	25	10.84	15.36
TOTAL INCOME (I)		**2,793.39**	**2,869.87**
EXPENSES			
Cost of materials consumed	26	729.99	677.13
Purchase of stock-in-trade		343.21	229.67
Changes in inventories of finished goods, stock in trade and work-in-progress	27	(12.87)	12.63
Excise duty		71.95	304.88
Employee benefits expense	28	317.65	288.71
Finance costs	29	24.10	34.00
Depreciation and amortisation expense	30	88.53	81.39
Other expenses	31	876.26	845.16
TOTAL EXPENSES (II)		**2,438.82**	**2,473.57**
Profit before exceptional items and tax (I-II)		**354.57**	**396.30**
Exceptional items	39	(0.75)	-
Profit before tax		**355.32**	**396.30**
Tax expense:	23B		
Current tax		125.94	126.41
Deferred tax		0.78	16.08
Profit for the year		**228.60**	**253.81**
Other Comprehensive Income			
Items that will not be reclassified to statement of profit and loss			
Items that will not be reclassified to statement of profit and loss		(0.67)	(1.10)
Income-tax relating to items that will not be classified in statement of profit and loss		0.08	0.38
Total other comprehensive income for the year, net of tax		**(0.59)**	**(0.72)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**228.01**	**253.09**
Profit for the year attributable to:			
(a) Owners of the Company		234.96	252.81
(b) Non-controlling interest		(6.36)	1.00
Other comprehensive income for the year attributable to:			
(a) Owners of the Company		(0.54)	(0.69)
(b) Non-controlling interest		(0.05)	(0.03)
Total comprehensive income for the year attributable to:			
(a) Owners of the Company		234.43	252.12
(b) Non-controlling interest		(6.41)	0.97
Earnings per equity share (face value of ₹1 each)	32		
- Basic (in ₹)		14.78	15.91
- Diluted (in ₹)		14.75	15.86

See accompanying notes forming part of these consolidated financial statements. 1-51

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

per **Neeraj Sharma**
Partner

Place: New Delhi
Date: 8 May 2018

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Ram Chandra Rawat
COO (A&T) and Company Secretary
(FCS No. 5101)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Sanjeev Agarwal
Chief Financial Officer

Consolidated statement of Cash Flow for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	355.32	396.30
Adjustments for :		
Depreciation and amortisation expense	88.53	81.39
Interest income	(3.87)	(2.77)
Interest expense	24.10	34.00
Share based payments to employees	1.74	1.86
Provision for expected credit loss	0.66	0.35
Loss on sale/discard of property, plant and equipment	1.02	3.91
Exceptional items	(0.75)	-
Operating profit before working capital changes	**466.75**	**515.04**
Changes in operating assets and liabilities, net of effects from purchase of controlled entities and sale of subsidiary		
Movement in inventories	(17.60)	12.15
Movement in trade and other receivables	(113.09)	(54.90)
Movement in other assets	17.00	7.73
Movement in trade and other payables	15.21	(14.47)
Movements in provisions	(2.44)	1.04
Cash generated from operations	365.83	466.59
Income taxes paid	(127.51)	(128.91)
Net cash inflow from operating activities (A)	**238.32**	**337.68**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital advances, capital work-in-progress, intangible assets and capital creditors)	(152.70)	(146.95)
Disposal of property, plant and equipment	14.50	4.48
Purchase of long-term investments	-	(0.01)
Transactions with non-controlling interest	(5.33)	-
Proceeds from sale of subsidiary	3.50	-
Interest received	3.83	2.77
Movement in other bank balances (net)	(0.59)	-
Net cash outflow form investing activities (B)	**(136.79)**	**(139.71)**

Consolidated statement of Cash Flow for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2018
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(24.10)	(34.00)
Proceeds from issue of share capital	0.52	-
Repayment of long-term borrowings (net)	(22.51)	(26.61)
Proceeds/ (repayment) of short-term borrowings (net)	30.63	(55.41)
Dividend paid to company's shareholders	(47.46)	(47.83)
Dividend distribution tax (subsidiary portion)	(9.71)	(0.20)
Dividend paid to non-controlling interest including DDT	-	(1.08)
Refund of share application money	0.64	(2.75)
Net cash outflow from financing activities (C)	**(71.99)**	**(167.88)**
Net increase in cash and cash equivalents (A+B+C)	**29.54**	**30.10**
Cash and cash equivalents at the beginning of the financial year	49.85	19.75
Add: Cash and cash equivalents vested in the Company pursuant to Scheme	0.30	-
Cash and cash equivalents at the end of the financial year	**79.68**	**49.85**
Components of cash and cash equivalents at the end of the year		
Cash on hand	0.78	0.92
Balances with banks		
- Current accounts	15.90	18.92
- Deposits with original maturity of less than three months	63.00	30.00
	79.68	**49.84**

See accompanying notes forming part of these consolidated financial statements. 1-51

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

per **Neeraj Sharma**
Partner

Place: New Delhi
Date: 8 May 2018

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

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(FCS No. 5101)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Sanjeev Agarwal
Chief Financial Officer

Consolidated Statement of changes in equity for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

A. Equity share capital

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the reporting year	15.89	15.89
Add: Change in equity share capital during the year (refer note 15)	0.01	-
Balance at the end of the reporting year	**15.90**	**15.89**

B. Other equity (refer note 16)

Particulars	Reserves and Surplus							Items of Other Comprehensive Income (OCI)	Total attributable to owners of the Company	Non- controlling interests	Total
	General reserve	Securities premium reserve	Capital redemption reserve	Share application money pending allotment	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI			
Balance as at 1 April 2016	245.38	163.06	5.00	2.75	0.84	-	538.98	-	956.01	76.13	1,032.14
Profit for the year	-	-	-	-	-	-	252.81	-	252.81	1.00	253.81
Items of OCI for the year, net of tax											
- Remeasurement of defined benefit plans	-	-	-	-	-	-	(0.69)	-	(0.69)	(0.03)	(0.72)
Total Comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**252.12**	**-**	**252.12**	**0.97**	**253.09**
Amount transferred to general reserve from retained earnings	75.00	-	-	-	-	-	(75.00)	-	-	-	-
Share application money received	-	-	-	(2.75)	-	-	-	-	(2.75)	-	(2.75)
Employee stock option scheme	-	-	-	-	1.86	-	-	-	1.86	-	1.86
Dividend distributed	-	-	-	-	-	-	(39.74)	-	(39.74)	(0.89)	(40.63)
Income-tax on dividend distributed	-	-	-	-	-	-	(8.09)	-	(8.09)		(8.09)
Dividend distribution tax (subsidiary portion)	-	-	-	-	-	-	(0.18)	-	(0.18)	(0.19)	(0.37)
Balance at 31 March 2017	**320.38**	**163.06**	**5.00**	**-**	**2.70**	**-**	**668.09**	**-**	**1,159.23**	**76.02**	**1,235.25**
Profit for the year	-	-	-	-	-	-	234.96	-	234.96	(6.36)	228.60
Items of OCI for the year, net of tax											
- Remeasurement of defined benefit plans	-	-	-	-	-	-	(0.07)	-	(0.07)	(0.05)	(0.12)
- Net fair value loss on investment in equity instruments through OCI	-	-	-	-	-	-	-	(0.47)	(0.47)	-	(0.47)
Total Comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**234.89**	**(0.47)**	**234.42**	**(6.41)**	**228.01**
Reserves vested in the Company pursuant to the Scheme (refer note 50)	-	-	-	-	-	38.82	27.67	-	66.49	-	66.49
Adjustment pursuant to the Scheme (refer note 50)	-	-	-	-	-	(66.20)	(19.31)	-	(85.51)	-	(85.51)

Consolidated Statement of changes in equity for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

B. Other equity (refer note 16)

Particulars	Reserves and Surplus							Items of Other Comprehensive Income (OCI)	Total attributable to owners of the Company	Non- controlling interests	Total
	General reserve	Securities premium reserve	Capital redemption reserve	Share application money pending allotment	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI			
Shares issued during the year (refer note 15)	-	0.68	-	-	-	-	-	-	0.68	-	0.68
Employee stock option scheme	-	-	-	-	1.59	-	-	-	1.59	-	1.59
Share application money received	-	-	-	0.64	-	-	-	-	0.64	-	0.64
Dividend distributed	-	-	-	-	-	-	(28.37)	-	(28.37)	-	(28.37)
Income-tax on dividend distribution	-	-	-	-	-	-	(9.71)	-	(9.71)	-	(9.71)
Transaction with NCI	-	-	-	-	-	-	(4.34)	-	(4.34)	(3.52)	(7.86)
Balance at 31 March 2018	**320.38**	**163.74**	**5.00**	**0.64**	**4.29**	**(27.38)**	**868.92**	**(0.47)**	**1,335.12**	**66.09**	**1,401.21**

See accompanying notes forming part of these consolidated financial statements. 1-51

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

per **Neeraj Sharma**
Partner

Place: New Delhi
Date: 8 May 2018

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Ram Chandra Rawat
COO (A&T) and Company Secretary
(FCS No. 5101)

Sanjeev Agarwal
Chief Financial Officer

Notes on the consolidated financial statement for the year ended 31 March 2018

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

1. Corporate information

KAJARIA CERAMICS LIMITED ("KCL" or the "Holding Company" or the "Company") is a limited company domiciled in India and was incorporated on 20 December 1985. Equity shares of the Company are listed in India on the Bombay stock exchange and the National stock exchange. The registered office of the Company is located at SF-11, Second Floor, JMD Regent Plaza Mehrauli Gurgaon Road, Village Sikanderpur Ghosi Gurgaon Haryana - 122001, India.

2. Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the consolidated financial statements are authorized have been considered in preparing these consolidated financial statements.

2.1 Standards issued but not yet effective

On 28 March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers' and Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates'. The effective date for adoption is financials periods beginning on or after 01 April 2018.

Ind AS 115 'Revenue from Contracts with Customers': Ind AS 115 establishes the principles whereby an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity shall be required to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The standard permits two possible methods of transition:

(a) Retrospective approach- The standard shall be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

(b) Retrospective with cumulative effect of initial application of the standard recognised at the date of initial application (Cumulative catch-up transition method)

The Group is examining the methods of transition to be adopted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Appendix B, Foreign currency transactions and advance consideration to Ind AS 21: Appendix B to Ind AS 21 clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will be effective on financials periods beginning on or after 01 April 2018. The effect this amendment is expected to be insignificant.

3.1 Significant accounting policies and other explanatory information

A. Statement of compliance with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

B. Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement basis summarized below.

These accounting policies have been used throughout all periods presented in the consolidated financial statements.

C. Historical cost convention

These consolidated financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

D. Principals of consolidation and equity accounting

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent company, i.e., year ended on 31 March 2018.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

E. Significant accounting policies

a. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification. An asset/liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b. Revenue Recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Group in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Group.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as sales tax and value added tax are excluded from revenue.

Sales of products:

Revenue from sale of products is recognized when the Group transfers all significant risks and rewards of ownership to the buyer.

Interest income and dividend:

Interest income is recognized using effective interest method.

Dividend income is recognized when the right to receive payment is established.

c. Inventories

Raw materials, work-in-progress, finished goods, packing materials, stores and spares, stock-in-trade, trading and other products are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

In determining the cost of raw materials, packing materials, stock-in-trade, stores and spares, trading and other products, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

d. Property, plant and equipment

Measurement and recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Group identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Capital work in progress and Capital advances

Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects. All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets. Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress.

Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method (SLM) based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013 except on some assets, where useful life has been taken based on external / internal technical evaluation as given below:

Particulars	Useful lives
Plant and Machinery	7, 10 & 18 years
Fit-out and other assets at sales outlets	5 years

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of the lease or the useful life of the asset, whichever is lower.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecogntion

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

e. Intangible Assets

Measurement and recognition

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Amortization

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software are capitalised and amortised on straight line method over their estimated useful economic life of six years.

Derecognition

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

f. Research and development costs

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, Plant and Equipment.

g. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

h. Foreign currency transactions

Initial recognition:

On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

i. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognized as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

Notes on the consolidated financial statement for the year ended 31 March 2018
(Amount in ₹ crores, unless otherwise stated)

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

j. Taxes on income

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax

Current tax is measured at the amount expected to be paid/ recovered to/from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity/other comprehensive income is recognized in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k. Employee benefits

Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Group recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-employment benefits:

I. Defined contribution plans:

The Group makes payments made to defined contribution plans such as provident fund and employees' state insurance. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

II. Defined benefit plans:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Other long-term employee benefits:

Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss as and when they accrue. The Group determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the Statement of Profit and Loss.

l. Share-based payments

The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit and loss, with a corresponding adjustment to equity.

m. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the transaction. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.
A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term however, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

n. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief

Notes on the consolidated financial statement for the year ended 31 March 2018
(Amount in ₹ crores, unless otherwise stated)

Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

o. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:
- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

p. Earnings per share

Basic earnings per equity share is calculated by dividing the net profit for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity share

q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Classification

The Group classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

  A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

  A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**
  A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Derecognition
A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Impairment of financial assets
The Group assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

b) Financial liabilities
Classification
The Group classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**
  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**
  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

c) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

Notes on the consolidated financial statement for the year ended 31 March 2018
(Amount in ₹ crores, unless otherwise stated)

d) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

s. Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount. The carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

t. Fair value measurement

The Group measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.
In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

(d) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(e) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

4. Property, plant and equipment

	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipments	Computers	Display assets	Total
Gross carrying amount										
As at 1 April 2016	25.41	8.45	321.42	1,101.25	8.71	25.45	9.37	5.36	17.99	1,523.41
Additions	2.97	1.26	17.19	99.24	1.75	8.03	5.45	1.37	7.73	144.99
Disposals/adjustments	-	-	-	21.05	0.32	3.23	0.37	0.06	1.07	26.10
As at 31 March 2017	**28.38**	**9.71**	**338.61**	**1,179.44**	**10.14**	**30.25**	**14.45**	**6.67**	**24.65**	**1,642.30**
Additions	11.24	3.00	11.85	77.72	1.60	9.78	2.17	0.55	7.82	125.73
Disposals/adjustments	0.33	0.01	12.59	63.43	0.42	4.24	3.32	2.02	6.57	92.93
As at 31 March 2018	**39.29**	**12.70**	**337.87**	**1,193.73**	**11.32**	**35.79**	**13.30**	**5.20**	**25.90**	**1,675.10**
Accumulated depreciation										
As at 1 April 2016	-	0.82	61.74	321.58	4.53	7.73	4.77	4.22	11.49	416.88
Depreciation charge for the year	-	0.03	9.61	61.81	0.75	3.44	1.79	0.57	2.45	80.45
Disposals/adjustments	-	-	-	14.66	0.24	1.80	0.32	0.05	0.64	17.71
As at 31 March 2017	**-**	**0.85**	**71.35**	**368.73**	**5.04**	**9.37**	**6.24**	**4.74**	**13.30**	**479.62**
Depreciation charge for the year	-	0.04	9.74	67.52	0.82	3.96	1.51	0.72	3.45	87.76
Disposals/adjustments	-	-	1.04	10.09	0.25	2.49	1.00	1.98	6.50	23.35
As at 31 March 2018	**-**	**0.89**	**80.05**	**426.16**	**5.61**	**10.84**	**6.75**	**3.48**	**10.25**	**544.03**
Net carrying amount :										
As at 31 March 2018	**39.29**	**11.81**	**257.82**	**767.57**	**5.71**	**24.95**	**6.55**	**1.72**	**15.65**	**1,131.07**
As at 31 March 2017	**28.38**	**8.86**	**267.26**	**810.71**	**5.10**	**20.88**	**8.21**	**1.93**	**11.35**	**1,162.68**

Notes:

I. **Property, plant and equipment pledged as security**
Refer to note 17 for information on property, plant and equipment pledged as security by the Group.

II. **Contractual obligations**
Refer to note 36 for disclosure on contractual commitments for the acquisition of property, plant and equipment.

III. **Capital work-in-progress**
Capital work-in-progress mainly pertains to work related to installation of machinery and civil work being carried on at the plants of the Group.

(Amount in ₹ crores, unless otherwise stated)

5. Other intangibles assets

	Software	Total
Gross carrying amount		
As at 1 April 2016	6.48	6.48
Additions	1.57	1.57
As at 31 March 2017	**8.05**	**8.05**
Additions	0.25	0.25
Disposals/adjustments	0.07	0.07
As at 31 March 2018	**8.23**	**8.23**
Accumulated amortisation		
As at 1 April 2016	3.98	3.98
Amortisation charge for the year	0.94	0.94
As at 31 March 2017	**4.92**	**4.92**
Amortisation charge for the year	0.77	0.77
Disposals/adjustments	0.02	0.02
As at 31 March 2018	**5.67**	**5.67**
Net carrying amount :		
As at 31 March 2018	**2.56**	**2.56**
As at 31 March 2017	**3.13**	**3.13**

6 Non-current investments

Investments	As at 31 March 2018	As at 31 March 2017
Investments in others (at FVTPL)		
Investment in gold coins	0.08	0.08
Total (A)	**0.08**	**0.08**
Investments in unquoted equity instruments in others (at FVOCI)		
OPGS Power Gujarat Private Limited 651,000 (31 March 2017: 651,000) equity shares of ₹10 each fully paid up	0.01	0.01
Tauras Tiles Private Limited (refer note 39) 800,000 (31 March 2017: Nil) equity shares of ₹10 each fully paid up	0.33	-
Total (B)	**0.34**	**0.01**
Total (A+B)	**0.42**	**0.09**
Aggregate value of unquoted investments	**0.42**	**0.09**
Aggregate market value of unquoted investments	**0.42**	**0.09**

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

7. Loans#

(Unsecured, considered good)

	Non Current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Security deposits	10.52	10.79	-	-
Deferred lease expense	3.08	2.71	-	-
Loans to related parties	-	-	0.20	0.07
Bank deposits with original maturity of more than 12 months *	4.01	5.12	-	-
Other loans	-	-	6.38	2.96
Total	**17.61**	**18.62**	**6.58**	**3.03**

Notes:

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

* Held as margin money against guarantee.

8. Non-current tax assets (net)

	As at 31 March 2018	As at 31 March 2017
Non-current tax assets (net)	3.29	7.32
	3.29	**7.32**

9. Other assets

(unsecured, considered good)

	Non Current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Capital advances	2.43	4.38	-	-
Advance to suppliers	-	-	8.31	16.77
Prepaid expenses	0.12	-	6.55	4.65
Export benefit receivables	-	-	1.93	0.16
Balance with statutory authorities	2.40	2.09	11.69	33.06
Total	**4.95**	**6.47**	**28.48**	**54.64**

10. Inventories (valued at lower of cost or net realisable value)

	As at 31 March 2018	As at 31 March 2017
Raw materials	50.93	47.45
Work-in-progress	24.86	24.57
Finished goods	226.52	215.96
Stock-in-trade	17.16	23.49
Stores and spares	44.31	47.79
Packing material	14.69	12.76
Total	**378.47**	**372.02**

(Amount in ₹ crores, unless otherwise stated)

11. Trade receivables

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good	450.67	338.92
Unsecured, considered doubtful	2.20	1.29
Less: Allowance for expected credit losses	(2.20)	(1.29)
Total	**450.67**	**338.92**

Note:

a) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person or amounts dues from firms or private companies in which any director is a partner, director or a member.

b) All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

12. Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017
Balances with banks		
- Current accounts	15.90	18.92
- Deposits with original maturity of less than three months	63.00	30.00
Cash on hand	0.78	0.92
Total	**79.68**	**49.84**

Note:

a) There are no repatriation restrictions with regard to cash and cash equivalents as the end of the reporting period and prior periods.

b) Short-term deposits are made for periods of/upto three months at varying rates of interest, depending on the cash flow requirements of the Group.

13. Bank balances other cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017
Earmarked balances with banks in current accounts - unpaid dividends (refer note below)	1.73	1.51
Margin Money deposit (pledged with banks against non fund based facilities)	0.98	0.61
Total	**2.71**	**2.12**

Note: Not due for deposit in the Investor Education and Protection Fund.

14. Other current financial assets

(Unsecured, considered good)

	As at 31 March 2018	As at 31 March 2017
Interest accrued on deposits	1.31	1.27
Others	3.41	0.23
Total	4.72	1.50

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

15. Equity share capital

	As at 31 March 2018	As at 31 March 2017
Authorised:		
520,000,000 equity shares of ₹1 each (31 March 2017: 250,000,000 of ₹1 each)	52.00	25.00
7,710,000 preference shares of ₹100 each (31 March 2017: 1,000,000 of ₹100 each)	77.10	10.00
	129.10	**35.00**
Issued and subscribed:		
158,950,300 equity shares of ₹1 each (31 March 2017: 158,938,000 equity shares of ₹1 each)	15.90	15.89
Total	**15.90**	**15.89**

A. Reconciliation of authorised share capital at the beginning and at the end of the reporting year

i) Equity share capital

	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	250,000,000	25.00	125,000,000	25.00
Add: Increase during the year (refer note 50)	270,000,000	27.00	-	-
Add: Share spilt during the year (refer note E below)	-	-	125,000,000	-
Outstanding at the end of the year	**520,000,000**	**52.00**	**250,000,000**	**25.00**

ii) Preference share capital

	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	1,000,000	10.00	1,000,000	10.00
Add: Increase during the year (refer note 50)	6,710,000	67.10	-	-
Outstanding at the end of the year	**7,710,000**	**77.10**	**1,000,000**	**10.00**

B. Reconciliation of the issued and subscribed shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	158,938,000	15.89	79,469,000	15.89
Add: Shares issued on exercise of employee share option	12,300	0.01	-	-
Share spilt during the year (refer note E below)	-	-	79,469,000	
Outstanding at the end of the year	**158,950,300**	**15.90**	**158,938,000**	**15.89**

C. Terms/Rights attached to equity shares

The Company has only one class of equity share having face value of ₹1 per share. The holder of the equity shares is entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual general meeting. The holder of share is entitled to voting rights proportionate to their share holding.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

(Amount in ₹ crores, unless otherwise stated)

D. Shares reserved for issue under options

Information relating to Kajaria Ceramics Employee Stock Option Plan, 2015, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 40.

E. Share spilt

During the previous year ended 31 March 2017, the equity shares of the Company were split from face value of ₹2/- each to ₹1/- each. In this regard, the Board of Directors of the Company had accorded its approval at its meeting held on 16 June 2016 and shareholders approved the same at the Annual General Meeting held on 24 August 2016. Accordingly, National Stock Exchange and Bombay Stock Exchange have changed the face value of equity shares of the Company with effect from 4 October 2016 and consequently on that date equity shares of the Company changed from 79,469,000 of ₹2/- each to 158,938,000 of ₹1/- each.

F. Following shareholders hold equity shares more than 5% of the total equity shares of the Company*:

Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
	Number of shares held having face value of ₹1 each	% of holding in class	Number of shares held having face value of ₹1 each	% of holding in class
Ashok kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Trust)	12,933,973	8.14%	-	-
Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	25,867,947	16.28%	-	-
Versha Kajaria jointly with Chetan Kajaria (In their capacity as joint trustees of Rishi Kajaria Family Private Trust)	25,867,947	16.28%	-	-
Kajaria Securities Private Limited	-	-	64,365,138	40.50%
Westbridge Crossover Fund LLC	-	-	11,770,840	7.41%

** As per the records of the Company, including its register of members*

G. Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and brought back during the last 5 years for each class of shares

Except for shares issued as mentioned in note 50, the Company has not issued any shares pursuant to a contract without payment being received in cash nor has there been any buy-back of shares and any bonus shares which has been issued in the current year and preceding five years.

16. Other equity

a) Share application money pending allotement	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	-	2.75
Changes during the year	0.64	(2.75)
Balance at the end of the year	**0.64**	**-**
b) General reserves		
Balance at the beginning of the year	**320.38**	**245.38**
Transferred from retained earnings	-	75.00
Balance at the end of the year	**320.38**	**320.38**
c) Securities premium reserve		
Balance at the beginning of the year	**163.06**	**163.06**
Changes during the year	0.68	-
Balance at the end of the year	**163.74**	**163.06**

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

d) Capital redemption reserve		
Balance at the beginning/end of the year	**5.00**	**5.00**
e) Share options outstanding account		
Balance at the beginning of the year	**2.70**	**0.84**
Changes during the year	1.59	1.86
Balance at the end of the year	**4.29**	**2.70**
f) Capital reserve		
Balance at the beginning of the year	-	-
Reserves vested in the Company pursuant to the Scheme (refer note 50)	38.82	-
Adjustment pursuant to the Scheme (refer note 50)	(66.20)	-
Balance at the end of the year	**(27.38)**	**-**
g) Retained earnings		
Balance at the beginning of the year	668.09	538.98
Profit for the year	234.96	252.81
Items of OCI for the year, net of tax	(0.07)	(0.69)
Reserves vested in the Company pursuant to the Scheme (refer note 50)	27.67	-
Adjustment pursuant to the Scheme (refer note 50)	(19.31)	-
Dividend distributed	(28.37)	(39.74)
Dividend distribution tax paid	(9.71)	(8.09)
Dividend distribution tax paid on distribution by subsidiary	-	(0.18)
Transfer to general reserve	-	(75.00)
Adjustment on account of dilution of controlling interest in subsidiary	(4.34)	-
Balance at the end of the year	**868.92**	**668.09**
h) Other Comprehensive Income		
(i) Equity instruments designated at fair value through Other Comprehensive Income		
Balance at the beginning of the year	-	-
Changes during the year	(0.47)	-
Balance at the end of the year	**(0.47)**	**-**
Equity attributable to the shareholders	**1,335.12**	**1,159.23**

Nature and purpose of reserves

a) General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

b) Securities premium reserve

This reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

c) Capital redemption reserve

This reserve was created on redemption of preference shares in the financial year 2001-02. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

d) Capital reserve

The reserve is created on Scheme of Arrangement (the Scheme) between the Company and Kajaria Securities Private Limited ('KSPL'). (refer note 50 for detail)

(Amount in ₹ crores, unless otherwise stated)

e) Share options outstanding account

The reserve is used to recognise the grant date fair value of the options issued to employees under Kajaria Ceramics Employee Stock Option Plan 2015.

f) Equity instruments designated at Fair Value through Other Comprehensive Income ('FVOCI')

The Company has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

17. Borrowings

	Non-current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Term loan - Secured				
(i) From banks	71.59	130.35	-	-
Less: current maturities of long-term debt (refer note 20)	(35.24)	(42.58)	-	-
	36.35	87.76	-	-
(ii) Deferred payment liabilities Interest free loan from Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh)	6.02	2.70	-	-
Term loan - Unsecured				
From others	17.05	25.03	-	-
Working capital facility - Secured				
From banks	-	-	75.67	55.08
Total	**59.42**	**115.50**	**75.67**	**55.08**

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 March 2018	As at 31 March 2017
Current borrowings	75.67	55.08
Non-current borrowings	94.66	158.08
Total	**170.33**	**213.16**

	Current borrowings	Non-current borrowings
Debt as at 1 April	**55.08**	**158.08**
Cash flows	30.63	(22.51)
Non-cash adjustments		
- Fair value adjustments	-	(3.15)
- On disposal of a subsidiary (also refer note 39)	(10.04)	(37.76)
Debt as at 31 March	**75.67**	**94.66**

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security Guarantee	Repayment terms
	As at 31 March 2018	As at 31 March 2017			
Term loan - from banks (secured)	25.13	38.81	Rate of interest is variable and linked to marginal cost of funds based lending rate ('MCLR').	Term loan is secured against the property, plant and equipment ('PPE') of the respective subsidiary company. Above loan is further secured by directors of respective subsidiary and corporate guarantee to the extent of 61% of the loans by the Holding Company and corporate guarantee of Anmol Healthcare.	Repayable in 62 to 72 monthly instalments commencing from June 2014
Term loan - from banks (secured)	17.09	21.06	Rate of interest is variable and linked to MCLR.	Term loan is secured against the PPE of the respective subsidiary company (Buildings and Plant & Machinery). Above loan is further secured by directors of the respective subsidiary and corporate guarantee to the extent of 51% by the Holding Company.	Repayable in 84 and 61 monthly instalments commencing from May 2016 and June 2012
Term loan - from banks (secured)	16.00	22.00	Rate of interest is variable and linked to MCLR.	Secured against exclusive charge on immovable and movable assets of the respective company, both present and future. Above loan is further secured by guarantee of Holding Company.	The loan is repayable in 14 quarterly instalments of ₹150 lacs each and 2 quarterly instalments of ₹200 lacs each commencing from December 2016.
Term loan - from banks (secured)	7.17	13.51	Rate of interest is variable and linked to MCLR.	Secured against first charge on immovable and movable assets (present and future) of the respective subsidiary company at Vishnupuram, Perikigudem, Andhra Pradesh and further guaranteed by the Holding Company and Anjani Vishnu Holdings Limited in the ratio of 51:49	Two term loans, repayable in quarterly instalments of ₹137.50 lacs and ₹21 lacs, remaining instalments 4 and 8 respectively.
Term loan - from banks (secured)	6.20	10.10	Rate of interest is variable and linked to MCLR.	Hypothecation of entire machineries, electrical installations, furniture and fixtures, office equipments and other movable fixed assets, present and future, situated at the factory of the respective subsidiary company. Above loan is further secured by equitable mortgage of factory land and building situated at village Shapar, Morbi. This loan is further secured by guarantee of Holding Company, shareholders and directors of the respective subsidiary company.	Loan is repayable in 53 monthly instalments of ₹32.40 lacs each and 54th instalment of ₹32.80 lacs commencing from July 2015.

(Amount in ₹ crores, unless otherwise stated)

Term loan - from banks (secured)	-	24.56	11.00% per annum	Equitable mortgage over land admeasuring 48,867 sq mtrs and building in dist. Morbi, Gujarat and first charge by the way of hypothecation over respective subsidiary company's plant and machinery which was purchased from the respective bank borrowing.	Repayable in 24 monthly instalments commencing from March 2022
Term loan - from banks (secured)	-	0.05	Rate of interest is varying for each loan.	Secured against respective assets financed.	
Term loan - from banks (secured)	-	0.26	10.5% to 11% per annum	Secured against respective assets financed.	Repayable in equal monthly instalments over 3 years.
Deferred payment liabilities Interest free loan from Financial Institution	6.02	2.70	N. A.	Secured against first charge on part of factory land and building of the company at Sikandrabad, Uttar Pradesh.	Repayable in one instalment after 7 years from date of disbursement.
Loan from others - Unsecured	17.05	25.03	9% per annum	-	Payable after one year from the date of demand
Working capital facility (secured)	17.92	17.00	Rate of interest is variable and linked to MCLR.	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of the respective subsidiary company (at its factories at Morbi, Gujarat).	On demand
Working capital facility (secured)	11.83	1.55	Rate of interest is variable and linked to MCLR.	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of the respective subsidiary company (at its factories at Morbi, Gujarat).	On demand
Working capital facility (secured)	14.01	11.92	Rate of interest is variable and linked to MCLR.	Secured by first charge on inventories and book debts and second charge of movable and immovable assets, both present and future of the respective subsidiary company and further guaranteed by the Holding Company and Anjani Vishnu Holdings Limited in the ratio of 51:49.	On demand
Working capital facility (secured)	9.40	1.09	Rate of interest is variable and linked to MCLR.	Working capital facility includes cash credit limit from SBI banks is secured against stock and book debts of the respective subsidiary company	On demand
Working capital facility (secured)	8.17	3.02	Rate of interest is variable and linked to LIBOR.	Secured against hypothecation of entire raw materials, stock in process, stores and spares, packing materials, finished goods and book debts of the respective subsidiary company, both present and future. Above loan is further secured by guarantee of Holding Company.	Upto 150 days

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

Working capital facility (secured)	5.92	7.78	9% to 9.25%	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of the Holding Company (at its factories at Sikandrabad, Uttar Pradesh and Gailpur, Rajasthan).	On demand
Working capital facility (secured)	5.24	2.23	Rate of interest is variable and linked to MCLR.	"Secured against first charge on Inventories and Book debts of the respective subsidiary company, both present & future. Above loan is further secured by guarantee of Holding Company."	On demand
Working capital facility (secured)	3.18	1.25	Rate of interest is variable and linked to MCLR.	Secured against hypothecation of entire raw materials, stock in process, stores and spares, packing materials, finished goods and book debts of the respective subsidiary company, both present and future. Above loan is further secured by Equitable mortgage of Factory Land and building situated at Village Shapar, Morbi. This loan is further secured by guarantee of Holding Company, shareholders and directors of the respective subsidiary company.	On demand
Working capital facility (secured)	-	9.24	Rate of interest is variable and linked to MCLR.	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of the respective subsidiary company (at its factories at Morbi , Gujarat)	On demand

18. Provisions

	Non-current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits obligation (refer note 34)	5.24	10.31	12.68	10.25
Total	**5.24**	**10.31**	**12.68**	**10.25**

19. Trade payables

	As at 31 March 2018	As at 31 March 2017
Trade payables (including acceptances)	257.75	267.72
Total	**257.75**	**267.72**

Note :

a) The carrying values of trade payables are considered to be a reasonable approximation of fair value.

b) Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Group continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days.

c) The above trade payables include the amount due to micro and small enterprises (refer note 38).

(Amount in ₹ crores, unless otherwise stated)

20. Other financial liabilities

	As at 31 March 2018	As at 31 March 2017
Current maturities of long-term debt (refer note 17)	35.24	42.58
Unclaimed dividends*	1.73	1.51
Interest bearing deposits from customers	10.77	9.03
Security deposits	14.08	13.74
Creditors for expenses	30.53	25.22
Outstanding liabilities	30.32	22.99
Creditors for capital goods	15.02	28.76
Total	**137.69**	**143.83**

* Not due for deposit to Investors Education and Protection Fund

21. Other liabilities

	As at 31 March 2018	As at 31 March 2017
Advance received from customers	13.82	15.06
Statutory dues payable	41.06	50.41
Deferred government grant	3.15	-
Total	**58.03**	**65.47**

22. Current tax liabilities (net)

	As at 31 March 2018	As at 31 March 2017
Current tax liabilities (net)	6.85	11.67
Total	**6.85**	**11.67**

23A. Deferred tax liabilities (net)

	As at 31 March 2018	As at 31 March 2017
(a) Deferred tax liability on:		
Difference between book balance and tax balance of property, plant and equipment	116.72	112.48
	116.72	112.48
(b) Deferred tax asset on:		
Provision for employee benefit obligations	3.75	3.23
Others	3.12	0.10
	6.87	**3.33**
Deferred tax liabilities (net)	**109.85**	**109.15**

Movements in deferred tax liabilities and deferred tax assets:

	Property, plant and equipment	Compensated absences	Other provisions	Total
As at 31 March 2016	**95.35**	**(2.77)**	**0.28**	**92.86**
Charged/(credited) to the statement of profit or loss	17.13	(0.46)	-	16.67
(Credited) to other comprehensive income	-	-	(0.38)	(0.38)
As at 31 March 2017	**112.48**	**(3.23)**	**(0.10)**	**109.15**
Charged/(credited) to the statement of profit or loss	4.24	(0.52)	(3.14)	0.58
Charged/(credited) to other comprehensive income			(0.08)	(0.08)
As at 31 March 2018	**116.72**	**(3.75)**	**(3.32)**	**109.65**

Notes on the consolidated financial statement for the year ended 31 March 2018
(Amount in ₹ crores, unless otherwise stated)

23B. Income-tax expense

	Year ended 31 March 2018	Year ended 31 March 2017
(a) Income-tax expense debited to statement of profit and loss		
Current tax		
Current tax on profits for the year	126.17	126.34
Adjustment of tax relating to earlier periods	(0.23)	0.07
Total current tax expense	125.94	126.41
Deferred tax		
Deferred tax charge for the year	0.78	16.08
	0.78	16.08
Total tax expense	**126.72**	**142.49**
(b) Income-tax expense debited to other comprehensive income		
Deferred tax		
Deferred tax charge/(credit) for the year	(0.08)	(0.38)

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax	355.32	396.30
Tax at the Indian tax rate of 34.608% (31 March 2017: 34.608%)	122.96	137.15
Adjustments in respect of current income-tax of previous years	(0.23)	0.07
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of non deductible expenses	1.38	1.17
Deductions not leading to timing differences	(4.24)	(5.54)
Income exempt from tax	-	(0.32)
Losses in subsidiary company not recognised as deferred tax asset	6.59	9.96
Impact of change in effective tax rate in brought forward tax liability	0.26	-
Income-tax expense	**126.72**	**142.49**

24. Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products (including excise duty)		
Tiles	2,638.11	2,731.23
Others	140.56	119.27
	2,778.67	2,850.50
Other operating revenues	3.88	4.01
Total	**2,782.55**	**2,854.51**

Note:
1) Sale of goods includes excise duty collected from customers of ₹71.95 crore (31 March 2017: ₹304.88 crore).
2) Consequent of introduction of Goods and Service Tax (GST) with effect from 1 July 2017, Central excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 (Ind AS 18) on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of revenue. Accordingly, the figures for the year ended 31 March 2018 are not strictly comparable with previous year.

(Amount in ₹ crores, unless otherwise stated)

25. Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income on:		
Fixed deposits with bank	3.49	2.32
Other financial assets carried at amortised cost	0.38	0.45
Net gain on foreign currency transaction and translation	0.13	3.15
Other non-operating income	6.84	9.44
Total	**10.84**	**15.36**

26. Cost of materials consumed

	Year ended 31 March 2018	Year ended 31 March 2017
Body material	393.77	382.71
Glaze, frits and chemicals	199.07	180.96
Packing material	137.15	113.46
Total	**729.99**	**677.13**

27 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance		
Finished goods	215.96	216.92
Stock-in-trade	23.49	31.50
Work-in-progress	24.57	28.25
Total	**264.02**	**276.67**
Finished goods used for fixed assets	-	(0.02)
Closing balance		
Finished goods	226.52	215.96
Stock-in-trade	17.16	23.49
Work-in-progress	24.86	24.57
Total	**268.54**	**264.02**
Add: Adjustment on account of loss of control over subsidiary	(8.35)	-
	(12.87)	**12.63**

28. Employee benefits expense

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	296.03	270.52
Contribution to provident fund and other funds (refer note 34)	14.67	10.88
Share based payments to employees (refer note 40)	1.74	1.86
Staff welfare expenses	5.21	5.45
Total	**317.65**	**288.71**

29. Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest	22.93	32.65
Other borrowing costs	1.17	1.35
Total	**24.10**	**34.00**

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

30. Depreciation and amortisation expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on property, plant and equipment (refer note 4)	87.76	80.45
Amortisation of intangible assets (refer note 5)	0.77	0.94
	88.53	**81.39**

31. Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Power and fuel	519.44	448.02
Advertisement, publicity and sales promotion	105.26	79.93
Stores and spares consumed	88.45	88.91
Packing freight and forwarding expenses	50.77	85.95
Traveling and conveyance	32.97	30.31
Rent	17.40	13.52
Repairs and maintenance		
- Building	5.10	6.27
- Plant and machinery	14.36	13.52
- Others	4.29	3.96
Excise duty variance on opening and closing inventories	(38.19)	(1.29)
Research and development expenses (refer note 47)	16.79	10.92
Sales commission	13.41	18.30
Legal and professional charges	10.09	8.57
Payment to auditor as :		
- auditor	0.61	0.42
- for other services	0.23	0.24
Loss on disposal of property, plant and equipment	1.02	3.91
Provision for expected credit loss	0.66	0.35
Corporate social responsibility expenditure (refer note 46)	3.98	3.37
Net loss on foreign currency transaction and translation	0.14	-
Miscellaneous expenses	29.48	29.99
	876.26	**845.16**

32. Earnings per share

	Year ended 31 March 2018	Year ended 31 March 2017
Profit attributable to equity holders of the Holding company for basic earnings (₹in crore) for the year	234.96	252.81
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	158,940,022	158,938,000
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	159,332,722	159,356,000
Earnings per share		
- Basic (in ₹)	14.78	15.91
- Diluted (in ₹)	14.75	15.86
Note: Weighted average number of equity shares used as denominator -		

(Amount in ₹ crores, unless otherwise stated)

	No. of shares	
	31 March 2018	31 March 2017
Weighted average number of equity shares used as denominator in calculating basic earnings per shares	158,940,022	158,938,000
Adjustments for calculation of diluted earnings per share:		
- Options	392,700	418,000
Weighted average number of equity shares and potential equity shares used as denominator in calculating diluted earnings per share	**159,332,722**	**159,356,000**

33. Related party transactions

(a) List of entities substantially owned directly or indirectly by the Company:

(i) Direct subsidiaries:

Name of the subsidiary	Country of Incorporation	% holding as at 31 March 2018	% holding as at 31 March 2017
Soriso Ceramic Private Limited	India	51%	51%
Jaxx Vitrified Private Limited	India	82%	61%
Vennar Ceramics Limited	India	51%	51%
Cosa Ceramics Private Limited	India	51%	51%
Kajaria Floera Ceramics Private Limited (formerly, known as Floera Ceramics Private Limited)	India	70%	51%
Kajaria Bathware Private Limited	India	100%	100%
Taurus Tiles Private Limited (till 29 June 2017)	India	*N.A.	51%

*ceased to be a subsidiary during the year.

(ii) Indirect subsidiaries:

Subsidiaries of wholly owned subsidiary, Kajaria Bathware Private Limited (where control exists):

Name of the subsidiary	Country of Incorporation	% holding as at 31 March 2018	% holding as at 31 March 2017
Kajaria Sanitaryware Private Limited (subsidiary of Kajaria Bathware Private Limited, a wholly owned subsidiary of the Company)	India	82%	82%

(b) Key management personnel:

Name of the KMP	Designation
Mr. Ashok Kajaria	Chairman & Managing Director
Mr. Chetan Kajaria	Joint Managing Director
Mr. Rishi Kajaria	Joint Managing Director
Mr. D.D. Rishi	Non Executive Director (w.e.f. 1 July 2017)
Mr. B.K. Sinha	Whole Time Director
Mr. R.K.Bhargava	Independent director
Mr. R. R. Bagri	Independent director
Mr. D. P. Bagchi	Independent director
Mr. H.R. Hegde	Independent director
Mrs. Susmita Singha	Independent director

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

(c) Enterprises owned by Key Management Personnel or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise:-

Name of the Company
Dua Engineering Works Private Limited
Malti Devi Kajaria Foundation
Kajaria Ceramics Employees Gratuity trust

Details relating to remuneration to KMP

Name of KMP	Year ended 31 March 2018		Year ended 31 March 2017	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ashok Kajaria	4.13	-	3.75	-
Mr. Chetan Kajaria	7.38	-	7.21	-
Mr. Rishi Kajaria	7.38	-	7.21	-
Mr. D. D. Rishi	0.23	0.02	0.85	-
Mr. B. K. Sinha	0.70	-	0.63	-
Mr. R. K. Bhargava	-	0.04	-	0.04
Mr. R. R. Bagri	-	0.04	-	0.04
Mr. D. P. Bagchi	-	0.04	-	0.04
Mr. H. R. Hegde	-	0.03	-	0.03
Mrs. Susmita Singha	-	0.03	-	0.02

Details of transactions with enterprises over which KMP or their relatives are able to exercise significant influence:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
A. Transactions with related parties		
Rent paid		
Dua Engineering Works Private Limited	1.67	1.93
Service charge paid		
Dua Engineering Works Private Limited	-	0.83
Donation paid		
Malti Devi Kajaria Foundation	0.44	0.37
Loan given		
Kajaria Ceramics Employee Gratuity Trust	1.27	0.07
Loans repaid		
Kajaria Ceramics Employee Gratuity Trust	1.14	0.06
B. Outstanding balances:		
Loan given		
Kajaria Ceramics Employee Gratuity Trust	0.20	0.07

34. Employee benefit plans

The Group has following post-employment benefit plans:

a) **Defined contribution plan**

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Group has no obligation, other than the contribution payable to the provident fund. The Group's contribution to the provident fund is ₹8.22 crore (31 March 2017: ₹7.11 crore).

(Amount in ₹ crores, unless otherwise stated)

b) Defined benefit plans - Gratuity

The Group has defined benefit gratuity plan for its employees where annual contributions are deposited to an insurer to provide gratuity benefits by taking a scheme of insurance, whereby these contributions are transferred to the insurer. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination / resignation. The benefit vests on the employee completing 5 years of service. The Group makes provision of such gratuity asset/liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method. Plan assets also include investments and bank balances used to deposit premiums until due to the insurance company.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

Changes in the present value of the defined benefit obligation are as follows:

	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation at the beginning of the year	**26.73**	**20.56**
Current service cost	2.94	3.01
Interest cost	2.05	1.54
Benefits paid	(1.27)	(0.84)
Actuarial loss on obligations - OCI	0.17	2.45
Past service cost	1.19	-
Defined benefit obligation at the end of the year	**31.81**	**26.73**

Changes in the fair value of plan assets are as follows:

	As at 31 March 2018	As at 31 March 2017
Fair value of plan assets at the beginning of the year	**15.76**	**10.32**
Contribution by employer	9.60	4.14
Benefits paid	(1.27)	(0.83)
Expected Interest Income on plan assets	1.25	0.78
Actuarial gain/(loss) on plan asset	(0.03)	1.35
Fair value of plan assets at the end of the year	**25.31**	**15.76**

Amount recognised in the consolidated balance sheet:

	As at 31 March 2018	As at 31 March 2017
Fair value of plan assets	**25.31**	**15.76**
Defined benefit obligation	31.81	26.73
Amount recognised in the Consolidated Balance Sheet (refer note 18)	**6.50**	**10.97**
Current	1.78	0.67
Non current	4.73	10.29

Amount recognised in Consolidated Statement of Profit and Loss:

	As at 31 March 2018	As at 31 March 2017
Current service cost	**2.94**	**3.01**
Interest expense	2.05	1.54
Expected return on plan asset	(1.25)	(0.78)
Past service cost	1.19	-
Amount recognised in Statement of Profit and Loss	**4.93**	**3.77**

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

Amount recognised in Other Comprehensive Income:

	As at 31 March 2018	As at 31 March 2017
Actuarial changes arising from changes in financial assumptions	**(1.40)**	**2.94**
Experience adjustments	1.60	(1.84)
Amount recognised in Other Comprehensive Income	**0.20**	**1.10**

The major categories of plan assets of the fair value of the total plan assets are as follows:

Gratuity	As at 31 March 2018	As at 31 March 2017
Investment details	**Funded**	**Funded**
Investment with Gratuity funds	100%	100%

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	As at 31 March 2018	As at 31 March 2017
Discount rate	7.50% to 8.00%	7.50%
Expected rate of return on Plan assets	7.75%	7.50%
Future salary increases	5% to 8.75%	8.50%
Attrition Rate :		
18-30 years	2.00%	1.00%
30-44 years	2.00%	1.00%
44-58 years	1.00%	1.00%
Retirement age	58 years	60 years
Mortality	IALM 2006-08 Ultimate	

Note:

a.) The discount rate is based upon the market yield available on government bonds at the accounting date relevant to currency of benefits payments for a term that matches the liability.

b.) The estimates for future salary increase rate taxes amount of inflation, seniority, promotion, business plan, human resource policy and other relevant factors on long term basis.

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 and 31 March 2017 is as shown below:

Gratuity	Sensitivity level		Impact on defined benefit obligation	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Assumptions				
Discount rate	+1%	+1%	(3.15)	(3.18)
	-1%	-1%	3.72	3.82
Future salary increases	+1%	+1%	3.63	3.72
	-1%	-1%	(3.12)	(3.15)
Withdrawal rate	+1%	+1%	(0.29)	(0.31)
	-1%	-1%	0.32	0.35

Note:

1. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.
2. Sensitivities due to mortality and withdrawals are insignificant and hence ignored.
3. Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

The following payments are expected contributions to the defined benefit plan in future years (in absolute terms i.e. undiscounted)

	As at 31 March 2018	As at 31 March 2017
Within the next 12 months (next annual reporting period)	1.43	0.60
Between 2 and 5 years	5.76	1.79
Beyond 5 years	22.00	20.80
Total expected payments	**29.19**	**23.19**

The average duration of the defined benefit plan obligation at the end of the reporting period is 13 years (31 March 2017: 16 years).

c) Other long-term benefits - Compensated absences (unfunded)

	Year ended 31 March 2018	Year ended 31 March 2017
Amounts recognised in the consolidated balance sheet	11.42	9.59

35. Operating lease commitments - Company as lessee

The Company and the subsidiaries have taken various commercial premises under operating leases. These lease have varying terms, escalation clauses and renewal rights. On renewal the terms of leases are re-negotiated. Rent amounting to ₹17.40 crore (31 March 2017: ₹13.52 crore) has been debited to the consolidated statement of profit and loss during the year. The future minimum lease payments are as follows:

	As at 31 March 2018	As at 31 March 2017
Not later than one year	2.87	1.05
Later than one year but not later than five years	3.21	1.62
Later than five years	-	-

36. Commitments, contingencies and litigations

	As at 31 March 2018	As at 31 March 2017
(a) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	8.68	4.11
(b) Contingent liabilities		
(i) Corporate Guarantees given	157.08	243.23
(ii) Claims against the Company not acknowledged as debt		
- In respect of Value added tax, Service Tax and Custom Duty Demands pending before various authorities and in dispute	22.78	11.56
- In respect of Income-tax	0.01	-
- In respect of consumer cases	1.91	1.82

The Group is contesting the above demands and the management, including its solicitor, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The Group has certain litigations involving customers, vendors and suppliers and based on legal advice of in-house legal team, the management believes that no material liability will devolve on the Group in respect of these litigations.

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

37. Segment reporting

Basis of segment reporting

The Group has following business segments, which are its reportable segments. These segments offer different products and services, and are managed separately because they require different technology and production processes:

Reportable segment	Operations
Tiles	Manufacturing and trading of ceramic and vitrified wall and floor tiles
Others including bathware and sanitaryware products	Manufacturing of sanitaryware and faucet

Operating segment disclosures are consistent with the information provided to and reviewed by the chief operating decision maker. The measurement principles of segments are consistent with those used in Significant Accounting Policies.

Particulars	31 March 2018			31 March 2017		
	Tiles	Others	Total	Tiles	Others	Total
A. Segment revenue	**2,641.35**	**141.20**	**2,782.55**	**2,734.44**	**120.07**	**2,854.51**
B. Segment results	**370.23**	**(2.40)**	**367.83**	**425.79**	**(10.85)**	**414.94**
C. Reconciliation of segment result with profit after tax						
Segment results	370.23	(2.40)	367.83	425.79	(10.85)	414.94
Add/(Less):						
Other income			10.84			15.36
Finance costs			(24.10)			(34.00)
Exceptional item			0.75			-
Income taxes			(126.72)			(142.49)
Profit after tax as per Statement of Profit and Loss			**228.60**			**253.81**
D. Other information						
Segment assets	1,893.75	159.13	2,052.88	1,845.07	134.41	1,979.48
Un-allocable assets			87.41			60.64
Total assets			**2,140.29**			**2,040.12**
Segment liabilities	280.52	153.82	434.34	334.23	119.26	453.49
Un-allocable liabilities			288.84			335.49
Total liabilities			**723.18**			**788.98**
Capital expenditure	122.08	13.23	135.31	140.18	5.24	145.42

38. **Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under, to the extent the Company has received intimation from the 'Suppliers' regarding their status under the Act.**

Particulars	As at 31 March 2018	As at 31 March 2017
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
Principal amount due to micro and small enterprises	18.79	15.28
Interest due on above	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-

(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

39. During the year ended 31 March 2018, the Holding company has sold off 46% stake in Taurus Tiles Private Limited ('Taurus') which has resulted in a balance stake of only 5% in Taurus. Therefore, Taurus ceases to be a subsidiary of Kajaria Ceramics Limited. The exceptional item of ₹0.75 crore represents gain on sale of shares of Taurus after adjusting for the pro rata accumulated losses of Taurus as on the date of sale.

The balance 5% stake in Taurus has been measured at Fair Value through Other Comprehensive Income which has resulted in recognition of a loss of ₹0.47 crore by the Group.

40. Share based payments

Kajaria Ceramics Employee Stock Option Plan, 2015 ('ESOP 2015' or the 'Plan') was approved by the Board of Directors and the shareholders of the Company on 7 September 2015. The plan entitles employees of the group to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Company is given below:

Particulars	Kajaria Ceramics Employee Stock Option Plan 2015
Exercise Price	₹425
Vesting conditions	45,800 options 24 months after the grant date ('First vesting')
	91,600 options 36 months after the grant date ('Second vesting')
	137,400 options 48 months after the grant date ('Third vesting')
	183,200 options 60 months after the grant date ('Fourth vesting')
Exercise period	Stock options can be exercised within a period of 8 years from grant date.
Number of share options granted	458,000

Stock options will be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹850 per option which is 7.42 % below the stock price i.e. ₹918.10 per share on the date of grant, i.e. 20 October 2015.

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

During the year ended 31 March 2017, face value of equity shares of the Company was sub-divided to ₹1 per share from ₹2 per share. Accordingly, the exercise price also reduced to ₹425 per share from ₹850 per share and number of stock options increased to 458,000 equity shares from 229,000 equity shares. The number and weighted average exercise price of share options are as follows:

Particulars	Number of options	Weighted average exercise price per option
At 1 April 2016	2,29,000	425.00
Share split during the year (refer note 15)	2,29,000	425.00
Forfeited during the year	(40,000)	425.00
At 31 March 2017	**4,18,000**	**425.00**
Exercisable as at 31 March 2017	**4,18,000**	
Weighted average remaining contractual life (in years)	**6.55**	
At 1 April 2017	4,18,000	425.00
Forfeited during the year	(13,000)	425.00
Exercised during the year	(12,300)	425.00
At 31 March 2018	**3,92,700**	425.00
Exercisable as at 31 March 2018	**3,92,700**	
Weighted average remaining contractual life (in years)	**5.55**	

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. The following principal assumptions were used in the valuation:

Grant date	20 October 2015	20 October 2015	20 October 2015	20 October 2015
Vesting date	20 October 2017	20 October 2018	20 October 2019	20 October 2020
Expiry date	20 October 2023	20 October 2023	20 October 2023	20 October 2023
Fair value of option at grant date	260.22	310.20	354.01	392.99
Exercise price	425.00	425.00	425.00	425.00
Expected volatility of returns	27.63%	27.63%	27.63%	27.63%
Weighted average contractual life (in years)	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years
Expected dividend yield	0.40%	0.40%	0.40%	0.40%
Risk free interest rate	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%

(Amount in ₹ crores, unless otherwise stated)

41. Category wise classification of financial instruments

	As at 31 March 2018		As at 31 March 2017	
	FVOCI	Amortised costs	FVOCI	Amortised costs
Financial assets				
Non-current				
Investments	0.42	-	0.09	-
Loans	-	17.61	-	18.62
Current				
Trade receivables	-	450.67	-	338.92
Cash and cash equivalents	-	79.68	-	49.84
Other bank balances	-	2.71	-	2.12
Loans	-	6.58	-	3.03
Other financial assets	-	4.72	-	1.50
Total financial assets	**0.42**	**561.97**	**0.09**	**414.02**
Financial liabilities				
Non-current				
Long term borrowings	-	59.42	-	115.50
Current				
Short term borrowings	-	75.67	-	55.08
Current maturities of long term debt	-	35.24	-	42.58
Trade payables	-	257.75	-	267.72
Security deposits received	-	14.08	-	13.74
Interest bearing deposits from customers	-	10.77	-	9.03
Creditors for capital goods	-	15.02	-	28.76
Creditors for expenses	-	30.53	-	25.22
Outstanding liabilities	-	30.32	-	22.99
Other payables	-	1.73	-	1.51
Total financial liabilities	**-**	**530.53**	**-**	**582.13**

The management assessed that fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group determines fair values of financial assets or liabilities by discounting the contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. The fair value of investments in mutual funds is determined using quoted net assets value of the funds. Further, the subsequent measurements of all assets and liabilities (other then investments in mutual funds) is at amortised cost, using effective interest rate method.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the Group's interest bearings borrowings are determined using discount rate that reflects the Group's discount rate at the end of the reporting period. The own non-performance risk as at the reporting period is assessed to be insignificant.
- The fair value of unquoted instruments and other financial assets and liabilities is estimated by discounting future cash flows using rates using rates currently applicable for debt on similar terms, credit risk and remaining maturities.

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

42. Fair value hierarchy

The following tables present financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There are no financial liabilities measured at fair value as at 31 March 2018 and 31 March 2017.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31 March 2018 and 31 March 2017 as follows:

As at 31 March 2018

	Level 1	Level 2	Level 3	Total
Investments	0.08	-	0.34	0.42
Total	**0.08**	**-**	**0.34**	**0.42**

As at 31 March 2017

	Level 1	Level 2	Level 3	Total
Investments	0.08	-	0.01	0.09
Total	**0.08**	**-**	**0.01**	**0.09**

Valuation technique used to determine fair value for level 3 :

Investments: Discounted Cash flow method using risk adjusted discount rate.

43. Financial risk management objectives and policies

The Group's activities expose it to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Group's senior management is supported by a Risk Management Compliance Board that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below.

I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, trade payables, interest bearing deposits, loans and derivative financial instruments.

The sensitivity analyses of the above mentioned risk in the following sections exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in note 36.

(Amount in ₹ crores, unless otherwise stated)

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is based on the currently observable market environment.

	Year ended 31 March 2018		Year ended 31 March 2017	
	Increase/ decrease in basis points	Effect on profit before tax	Increase/ decrease in basis points	Effect on profit before tax
INR	+50	(1.39)	+50	(1.00)
INR	-50	1.39	-50	1.00

B. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

	% change in rate	Effect on profit before tax	
		31 March 2018	31 March 2017
USD	+5%	(0.63)	0.14
	-5%	0.63	(0.14)
EURO	+5%	(0.19)	(1.34)
	-5%	0.19	1.34

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.

II. Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises primarily from financial assets such as trade receivables, other balances with banks, loans and other receivables. The Group has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

The Group provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group's policy is to provides for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at reporting date.

Notes on the consolidated financial statement for the year ended 31 March 2018
(Amount in ₹ crores, unless otherwise stated)

A. Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At the year end the Group does not have any significant concentrations of bad debt risk other than that disclosed in note 11.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 41. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

B. Financial instruments and cash deposits

The management considers the credit quality of current accounts and deposits with banks to be good and reviews the banking relationships on an on–going basis.

The Group does not require any security in respect of the above financial assets. There are no impairment provisions as at each statement of financial position date against these financial assets, except as disclosed in respect of trade receivables above. The management considers that all the above financial assets that are not impaired or past due for each of the statement of financial position dates under review are of good credit quality.

III. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2018					
Borrowings*	81.61	29.30	53.40	6.02	170.33
Trade payables	257.75	-	-	-	257.75
Other financial liabilities	45.46	34.96	22.03	-	102.45
	384.82	**64.26**	**75.43**	**6.02**	**530.53**
As at 31 March 2017					
Borrowings*	67.64	27.53	112.80	5.19	213.16
Trade payables	265.04	2.68	-	-	267.72
Other financial liabilities	80.47	20.78	-	-	101.25
	413.15	**50.99**	**112.80**	**5.19**	**582.13**

* In absolute terms i.e. discounted and including current maturity portion

44. Derivative instruments and unhedged foreign currency exposure

The Group has no outstanding derivative instrument at the year end. The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under:

	As at 31 March 2018		As at 31 March 2017	
	Amount in foreign currency	Amount in ₹ crores	Amount in foreign currency	Amount in ₹ crores
Foreign trade payables				
USD in crore	0.08	5.14	0.13	8.22
EURO in crore	0.22	18.14	0.32	22.58
Foreign trade receivables				
USD in crore	0.12	7.46	0.05	3.49
AUD in crore	0.01	0.72	-	-
Short term borrowings				
USD in crore	0.12	7.56	-	-
EUR in crore	0.01	0.61	-	-

45. Capital management

The Group's capital management objectives are:

a) to ensure the Group's ability to continue as going concern; and

b) to provide an adequate return to stakeholders

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Holding company. The Group manages its capital structure and makes adjustments in light of changes in economic condition and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing borrowings, less cash and cash equivalents.

Particulars	As at 31 March 2018	As at 31 March 2017
Total borrowings	170.33	213.16
Less: Cash and cash equivalents	(79.68)	(49.84)
Total debts	**90.65**	**163.32**
Capital employed	1,351.02	1,175.12
Total capital employed	**1,351.02**	**1,175.12**
Gearing ratio (%)	**6.71%**	**13.90%**

46. Corporate social responsibility ('CSR')

As per Section 135 of the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Holding company was required to spend ₹6.70 crore (31 March 2017: ₹5.19 crore) for Corporate Social Responsibility activities. The Holding company has incurred CSR expenditure of ₹3.98 crore during the current financial year (31 March 2017: ₹3.37 crore) on the projects/activities for the benefit of the public in general and in the neighbourhood of the manufacturing facilities of the Holding company.

Notes on the consolidated financial statement for the year ended 31 March 2018

(Amount in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(i) Construction/acquisition of any asset		
Paid in cash	0.79	0.21
Other than cash	0.30	-
(ii) On purposes other than (i) above		
Paid in cash	2.89	3.16
	3.98	**3.37**

47. Research and development expenditure

Research and development expenditure incurred during the year ended 31 March 2018 and 31 March 2017 is as follows:

Particulars	31 March 2018	31 March 2017
Capital expenditure	0.80	0.09
Revenue expenditure	16.79	10.92
Total	**17.59**	**11.01**

48. Post reporting date events

No adjusting or significant non-adjusting event has occurred between 31 March 2018 and the date of authorisation of Company's standalone financial statements. However, the Board of Directors of the Company have recommended a final dividend of ₹3 per share (31 March 2017: ₹3 per share) on equity shares of ₹1 each for the year ended 31 March 2018, subject to the approval of shareholders at the ensuing annual general meeting.

49. Disclosure of additional information pertaining to the Holding Company and Subsidiaries as per Schedule III of Companies Act, 2013

	Net assets as at 31 March 2018		Share in profit or loss (Including OCI) for the year 2017-18	
	As % of consolidated net assets	Net assets (Total assets minus total liabilities)	As % of consolidated profit or loss	Profit/(Loss)
A. Holding company				
Kajaria Ceramics Limited	85.01%	1,204.65	113.51%	258.81
B. Subsidiaries				
Soriso Ceramic Private Limited	1.45%	20.57	0.74%	1.69
Jaxx Vitrified Private Limited	0.78%	11.05	-8.11%	(18.49)
Vennar Ceramics Limited	2.30%	32.66	-2.87%	(6.55)
Tauras Tiles Private Limited*	0.00%	-	1.36%	3.11
Floera Ceramics Private Limited	0.72%	10.15	0.00%	-
Cosa Ceramics Private Limited	4.82%	68.32	2.61%	5.96
Kajaria Bathware Private Limited	0.26%	3.62	-4.43%	(10.11)
Non-controlling interests in all subsidiaries	4.66%	66.09	-2.80%	(6.41)

* ceased to be subsidiary as at 31 March 2018

	Net assets as at 31 March 2017		Share in profit or loss (Including OCI) for the year 2016-17	
	As % of consolidated net assets	Net assets (Total assets minus total liabilities)	As % of consolidated profit or loss	Profit/(Loss)
A. Holding company	80.18%	1,003.12	105.71%	267.53
Kajaria Ceramics Limited				
B. Subsidiaries				
Soriso Ceramic Private Limited	1.51%	18.88	1.27%	3.21
Jaxx Vitrified Private Limited	2.36%	29.54	0.37%	0.93
Vennar Ceramics Limited	2.41%	30.21	0.37%	0.94
Tauras Tiles Private Limited	0.62%	7.76	-4.03%	(10.19)
Floera Ceramics Private Limited	0.76%	9.52	0.01%	0.03
Cosa Ceramics Private Limited	4.98%	62.36	3.27%	8.28
Kajaria Bathware Private Limited	1.10%	13.73	-7.35%	(18.61)
Non-controlling interests in all subsidiaries	6.08%	76.02	0.38%	0.97

50. Scheme of Arrangement

The Hon’ble National Company Law Tribunal, vide its order dated 22 February 2018, approved a Scheme of Arrangement (the ‘Scheme’) between the Holding Company and Kajaria Securities Private Limited (‘KSPL’). Pursuant to the Scheme, all the properties, assets, rights, claims and obligations of the erstwhile KSPL have been transferred and vested in the Holding Company on a going concern basis. Pursuant to the Scheme, existing equity shares of the Holding Company held by KSPL stand cancelled and the Holding Company has issued 64,669,867 equity shares of ₹1 each to shareholders of erstwhile KSPL in proportion of their shareholding in KSPL and authorised share capital of KSPL has been transferred to the authorised share capital of the Holding Company. Accordingly, authorised share capital of the Holding Company has been increased.

Since there is no specific guidance for accounting of such arrangements under Indian Accounting Standards, accounting has been done as per the accounting treatment stated in the Scheme. Accordingly, the difference between the net assets acquired and reserves of KSPL that vested with the Holding Company has been debited to capital reserves. The Holding Company has acquired net assets amounting to ₹0.29 crore and reserves amounting to ₹66.49 crore and ₹66.20 crore has been debited to capital reserves. Further during the year ended 31 March 2017, dividend was distributed to KSPL amounting to ₹19.31 crore which has been adjusted against retained earnings.

51. The consolidated financial statements for the year ended 31 March 2018 were approved by the Board of Directors on 8 May 2018.

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

per **Neeraj Sharma**
Partner

Place: New Delhi
Date: 8 May 2018

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Ram Chandra Rawat
COO (A&T) and Company Secretary
(FCS No. 5101)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Sanjeev Agarwal
Chief Financial Officer

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ashok Kajaria	(Chairman & Managing Director)
Mr. Chetan Kajaria	(Joint Managing Director)
Mr. Rishi Kajaria	(Joint Managing Director)
Mr. Basant Kumar Sinha	(Director- Technical)
Mr. Dev Datt Rishi	(Non-Executive Director)
Mr. Raj Kumar Bhargava	(Independent Director)
Mr. Ram Ratan Bagri	(Independent Director)
Mr. Debi Prasad Bagchi	(Independent Director)
Mr. H. Rathnakar Hegde	(Independent Director)
Mrs. Sushmita Singha	(Independent Director)

KEY MANAGERIAL PERSONNEL

Mr. Ram Chandra Rawat	COO (A&T) & Company Secretary
Mr. Sanjeev Agarwal	CFO

COMMITTEE OF THE BOARD

AUDIT COMMITTEE

Mr. Raj Kumar Bhargava	Chairman
Mr. Ashok Kajaria	Member
Mr. Ram Ratan Bagri	Member
Mr. H. Rathnakar Hegde	Member
Mr. Debi Prasad Bagchi	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Ram Ratan Bagri	Chairman
Mr. Ashok Kajaria	Member
Mr. Chetan Kajaria	Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. Debi Prasad Bagchi	Chairman
Mr. Ashok Kajaria	Member
Mr. H. Rathnakar Hegde	Member
Mr. Ram Ratan Bagri	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Sushmita Singha	Chairperson
Mr. Chetan Kajaria	Member
Mr. Rishi Kajaria	Member

RISK MANAGEMENT COMMITTEE

Mr. Ashok Kajaria	Chairman
Mr. Chetan Kajaria	Member
Mr. H. Rathnakar Hegde	Member
Mr. Dev Datt Rishi	Member
Mr. Ram Chandra Rawat	Member
Mr. Sanjeev Agarwal	Member

BUSINESS RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

Mr. Ashok Kajaria	Chairman
Mr. Chetan Kajaria	Member
Mr. Rishi Kajaria	Member
Dr. Rajveer Choudhary	Member
Mr. Bhupendra Vyas	Member
Mr. Rajeev Gupta	Member

REGISTERED OFFICE

SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana - 122001
Telephone :+91-124-4081281
CIN : L26924HR1985PLC056150

CORPORATE OFFICE

J-1 / B-1 (Extn.), Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110044
Telephone : 91-11-26946409
Fax No. : 91-11-26946407

WORKS

- A-27 to 30, Industrial Area, Sikandrabad, Distt Bulandshahr (U P)-203205.
- 19 Km Stone, Bhiwadi – Alwar Road, Village Gailpur, Distt Alwar (Rajasthan) -301707.
- Alwar Shahpura Road, Village & Post Malutana, Tehsil- Thanagazi, District Alwar (Rajasthan) -301022.

SUBSIDIARIES

1. Soriso Ceramic Private Limited
2. Jaxx Vitrified Private Limited
3. Vennar Ceramics Limited
4. Cosa Ceramics Private Limited
5. Kajaria Bathware Private Limited
6. Kajaria Floera Ceramics Private Limited

AUDITORS

STATUTORY AUDITORS

Walker Chandiok & Co. LLP

INTERNAL AUDITORS

Ernst & Young LLP

SECRETARIAL AUDITORS

Chandrasekaran Associates, Company Secretaries

BANKERS

State Bank of India
HDFC Bank
IDBI Bank
Canara Bank

REGISTRAR & SHARE TRANSFER AGENT

MCS Share Transfer Agent Limited
F-65, Okhla Industrial Area, 1st Floor, Phase-1,
New Delhi-110020
Ph. No.: 91-11-41406149-52
Fax No.: 91-11-41709881

SHARES LISTED AT

National Stock Exchange of India Limited
BSE Limited

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