30 YEARS OF TRANSFORMATION

Kajaria

September 3, 2021

The National Stock Exchange of India Limited	BSE Limited
Exchange Plaza	P.J. Towers
Bandra Kurla Complex, Bandra (E)	Dalal Street
Mumbai - 400 051	**Mumbai – 400 001**

Dear Sirs,

This is in continuation of our letters dated August 31, 2021 and September 1, 2021. We wish to inform you that the 35th Annual General Meeting ('AGM') of the Company will be held through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') on **Tuesday, September 28, 2021 at 3.00 p.m. (IST)**, in compliance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with General Circular no. 14/2020 dated April 08, 2020, General Circular no.17/2020 dated April 13, 2020, General Circular no. 20/2020 dated May 05, 2020 and General Circular no. 02/2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by SEBI.

In this regard, we enclose a copy of the Notice of the 35th AGM (alongwith Annual Report for the financial year 2020-21), being despatched to the members 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 Wednesday, September 22, 2021 to Tuesday, September 28, 2021 (both days inclusive), for the purpose of AGM.

Kindly take the same on record.

Thanking you,

For Kajaria Ceramics Limited

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

Encl.: As above

Kajaria Ceramics Limited

Corporate Office : J1/B1 (Extn.), Mohan Co - op Industrial Estate, Mathura Road, New Delhi - 110044, **Ph.:** +91-11-26946409 | **Fax:** +91-11- 26946407
Regd Office: SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon-122001, Haryana, **Ph.:** +91-124-4081281
CIN No. : L26924HR1985PLC056150, **E-mail:** info@kajariaceramics.com | **Web.:** www.kajariaceramics.com

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 35th (Thirty Fifth) Annual General Meeting of the members of Kajaria Ceramics Limited (the 'Company') will be held on Tuesday, September 28, 2021 at 3:00 p.m. (IST) through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following business(es):

Ordinary Business(es):

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, 2021 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, 2021, the statement of profit and loss, the cash flow statement for the financial year ended on March 31, 2021, notes to financial statements, reports of the Board and Auditors' thereon be and are hereby received, considered and adopted.

   RESOLVED FURTHER THAT the audited consolidated financial statements of the Company including the Balance Sheet as at March 31, 2021, the statement of profit and loss, the cash flow statement for the financial year ended on March 31, 2021, notes to financial statements, along with the Auditors' report thereon be and are hereby received, considered and adopted."

2. To appoint a Director in place of Mr. Dev Datt Rishi (DIN: 00312882), 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. Dev Datt Rishi (DIN: 00312882), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

Special Business(es):

3. To re-appoint Mr. Ashok Kajaria (DIN: 00273877) as the Chairman & 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, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable rules, if any 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 as may be required, approval of the members of the Company be and is hereby accorded to re-appoint Mr. Ashok Kajaria (DIN: 00273877), who has already attained the age of 70 years, as the Chairman & Managing Director of the Company for the period of 5 consecutive years w.e.f. April 1, 2021 to March 31, 2026 or such other shorter period as may be permitted under Regulation 17(1B) or other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, being not liable to retire by rotation, on such term(s) and condition(s) (including remuneration) as set out in the Contract of Service dated January 21, 2021 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 including to change the designation (collectively referred to as 'Variation') the scope of remuneration payable to the Chairman & 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 Chairman & Managing Director under applicable law.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Chairman & 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 21, 2021, 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."

4. To re-appoint Mr. Chetan Kajaria (DIN: 00273928) as the 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, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable rules, if any and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) 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 as may be required, 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 5 consecutive years w.e.f. April 1, 2021 to March 31, 2026, 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 21, 2021 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 including to change the designation (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 21, 2021, 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."

5. To re-appoint Mr. Rishi Kajaria (DIN: 00228455) as the 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, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable rules, if any and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) 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 as may be required, 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 5 consecutive years w.e.f. April 1, 2021 to March 31, 2026, 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 21, 2021 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 including to change the designation (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 21, 2021, 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."

6. To consider appointment of Mr. Dev Datt Rishi (DIN: 00312882) 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 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act'), the Companies (Appointment and Qualifications of Directors) Rules, 2014 and other applicable rules, if any read with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Nomination and Remuneration Policy of the Company , the Articles of Association of the Company and on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the members of the Company be and hereby accorded to appoint Mr. Dev Datt Rishi (DIN: 00312882), 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 and who has submitted a declaration that he meets the criteria for independence as provided in Listing Regulations and Section 149(6) of the Act and being eligible for appointment, as an Independent Director of the Company for the period effective from the conclusion of the 35th Annual General Meeting of the Company upto the conclusion of the 39th Annual General Meeting of the Company to be held in the Calendar Year 2025 and who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the applicable provisions of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014 read with the applicable provisions of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Nomination and Remuneration Policy of the Company and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the members of the Company be and hereby accorded that Mr. Dev Datt Rishi (DIN: 00312882), who will be attaining the age of 75 years during the above tenure, will continue as an Independent Director of the Company till the completion of the above said tenure."

7. To consider advancing loan(s) under Section 185 of Companies Act, 2013

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

"**RESOLVED THAT** pursuant to the provisions of Section 185 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) ['the Act'] read with and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, approval of members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include, unless context requires otherwise, any committee thereof or any Director or Officer of the Company authorised by the Board to exercise the powers conferred on the Board under this resolution) to advance any loan(s) to subsidiaries (including step-down subsidiary) of the Company, in which any Director of the Company is interested or deemed to be interested, upto an aggregate amount not exceeding Rs. 500 Crores (Rupees Five Hundred Crores only) excluding the loan(s) exempted under the Act and other applicable laws, if any, in one or more tranches, outstanding at any point of time, to be utilised for its principal business activities only.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to negotiate, finalise, vary, modify and agree to the terms and conditions of the aforesaid loan(s) without being required to seek any further consent or approval of the members 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, and to take all necessary steps, to execute all such documents, instruments and writings and to do all necessary acts, deed and things in order to comply with all the legal and procedural formalities and to do all such acts, deeds or things incidental or expedient thereto and as the Board may think fit and suitable in its absolute discretion."

By Order of the Board
For Kajaria Ceramics Limited

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

Place: New Delhi
Date: August 3, 2021

NOTES:

1. In view of the massive outbreak and extraordinary circumstances created due to COVID-19 pandemic, the Ministry of Corporate Affairs ('**MCA**') vide its General Circular no. 14/2020 dated April 08, 2020, General Circular no.17/2020 dated April 13, 2020, General Circular no. 20/2020 dated May 05, 2020 and General Circular no. 02/2021 dated January 13, 2021 (collectively referred as '**MCA Circulars'**), and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (collectively referred to as '**SEBI Circulars**') (MCA Circulars and SEBI Circulars collectively referred as '**Circulars**') has allowed the companies to hold the Annual General Meeting ('**AGM**' or '**Meeting**') become due in the year 2021 through Video Conferencing ('**VC**') / Other Audio Visual Means ('**OAVM**') without the physical presence of the Members at a common venue. Therefore, in compliance to the MCA Circulars, applicable provisions of the Companies Act, 2013 (the '**Act**') and SEBI Circulars and Regulations, the 35th AGM of the Company is scheduled to be held through VC/OAVM in the manner given below. The deemed venue of this meeting shall be considered at the Registered Office of the Company situated at SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana-122001. In compliance with the General Circular no. 20/2020 issued by the MCA, item(s) mentioned in Special Business(es) of the Notice of the AGM are considered unavoidable and forms part of this Notice.

2. In view of relaxation given by MCA Circulars and SEBI Circulars, the Annual Report including Financial Statements, Auditor's report, Directors' Report, Notice of this AGM along with all the annexures and attachments thereof is being sent through email to those Members whose email addresses are registered with the Company / Depositories and no physical copy of the same will be sent by the Company. Members may note that the Notice and Annual Report of the Company for the financial year 2020-21 will also be available on the Company's website i.e. www.kajariaceramics.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively and is also available on the website of National Securities Depository Limited (agency for providing the remote e-voting facility).

3. The Explanatory Statement, pursuant to the provisions of Section 102 of the Act, in respect of Special Business(es) to be transacted at the 35th AGM, is annexed and forms part of this Notice.

4. Brief resume and other particulars of Mr. Ashok Kajaria, Mr. Chetan Kajaria, Mr. Rishi Kajaria and Mr. Dev Datt Rishi pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**the Listing Regulations**') read with the Secretarial Standard on General Meetings ('**SS-2**') issued by the Institute of Company Secretaries of India, are annexed herewith as **Annexure A**.

5. Pursuant to Section 113 of the Act, Institutional / Corporate Members are requested to send to the Company certified copy of the Board Resolution / Power of Attorney authorizing their representative(s) to participate in remote e-voting or to attend and vote on their behalf at the Meeting at rupesh@cacsindia.com or investors@kajariaceramics.com or admin@mcsregistrars.com with a copy marked to evoting@nsdl.co.in, before e-voting/ attending AGM from their registered email address.

6. It is being informed that physical presence of the members has been dispensed with for attending the meeting through VC/OAVM, therefore, the facility to appoint proxy to attend and cast vote for the Members will not be available for this AGM and the Proxy Form, Attendance Slip and route map are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

7. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

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

9. Only bonafide members of the Company whose names appear on the Register of Members will be permitted to join the Meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from joining the AGM.

10. 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. 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 - MCS Share Transfer Agent Limited, F-65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi 110020 (the '**RTA**').

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

    i) *Any change or update in their mailing address;*

    ii) *Particulars of their PAN, Bank account & e-mail ids in case the same have not been registered with the Company;*

    Further, please note that Members holding equity shares in electronic form are requested to contact to their respective DP with whom they are maintaining the Demat accounts for updation in address, e-mail ids, Bank details, Bank mandate, ECS mandate, etc.

    Pursuant to the amendment in Regulation 40 of the Listing Regulations, with effect from 1st April, 2019, any request for transfer of shares held in physical form shall not be processed, except in case of transmission or transposition of shares or in case of transfer deed(s) once lodged with the Company prior to 1st April, 2019 and returned/rejected due to deficiency in the documents. Thus, the Members holding shares in physical form are requested to dematerialised their shareholding, as the shares of the Company are under compulsory demat trading.

    The Company has dedicated e-mail ID, i.e. 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.

12. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Act, Certificate that the Kajaria Ceramics Employee Stock Option Plan, 2015 has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and all the documents referred to in the accompanying Notice, are open for inspection in electronic form by the members during the AGM. All documents referred to in the Notice will also be available electronically for inspection by the members. Members seeking to inspect such documents can send an email to investors@kajariaceramics.com

13. The Registers of Members and the Share Transfer Books of the Company will remain closed from Wednesday, September 22, 2021 to Tuesday, September, 28, 2021 (both days inclusive) in terms of the provisions of the Act and the Listing Regulations for the purpose of the AGM.

14. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. Members, who have not encashed their dividend warrant for the financial year 2013-14 and/or the dividend warrants issued for any subsequent financial years so far, are requested to make their claim to the Company / the RTA of the Company or send an email to investors@kajariaceramics.com or admin@mcsregistrars.com. However, all the unclaimed dividend pertaining to the financial years before the financial year 2013-14 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

15. The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 including any statutory modification(s) or re-enactment(s) thereof (the 'IEPF Rules'), amongst other matters, provide for transfer of the shares, in respect of which dividend has not been paid or claimed for seven or more consecutive years, to IEPF Authority and the shares shall be credited to the Demat Account of IEPF Authority, within 30 days of such shares becoming due to be transferred to the IEPF.

    Accordingly, the Company had transferred total 5,08,182 equity shares of Re. 1/- each, in respect of which dividend had not been claimed by the shareholders for 7 consecutive years or more (i.e. During the year 2020-21: 54,470, During the year 2019-20: 36,618, During the year 2018-19: 53,362 equity shares and during the year 2017-18: 3,63,732 equity shares) to IEPF Authority.

    Pursuant to the IEPF Rules, the unclaimed dividend for the financial year 2013-14 has become due for transfer in favour of the IEPF Authority on 31st July, 2021 (i.e. Due date) and accordingly, both the unclaimed dividend and shares in respect of which dividend had not been claimed by the shareholders for 7 consecutive years or more will be transferred to the IEPF Authority within 30 days of the Due date.

    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 IEPF Rules.

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

16. 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.

17. Members who would like to express their views/ask questions before or during the meeting may send an email at Company's email address investors@kajariaceramics.com from their registered email id with the Company or RTA mentioning their views/questions along with their full name, demat account number/folio number, registered email id, mobile number and such other details as may be deemed fit by Saturday, September 18, 2021 [upto 5:00 p.m.(IST)]. Only the views/questions of those shareholders will be taken-up who has mailed it to the Company within prescribed time and will be replied suitably. A Member who has been registered as a Speaker, will only be allowed to speak during the meeting, subject to the discretion of the Company.

18. ***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.***

INSTRUCTIONS FOR REMOTE E-VOTING AND JOINING THE AGM THROUGH VC/OAVM AS PER MCA CIRCULARS ARE AS FOLLOWS:

19. The Company shall be providing two way teleconferencing facility for the ease of participation of the members.

20. Members are requested to participate on first come first serve basis. However, the participation of members holding 2% or more shares, Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairperson of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, the Statutory Auditors and the Secretarial Auditors of the Company is not restricted on first come first serve basis. Participation is restricted up to 1000 members only.

21. The facility for joining the AGM through VC/OAVM will be opened 15 minutes before and after the scheduled time of commencement of the AGM.

22. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and SS-2 and Regulation 44 of the Listing Regulations (including amendments thereto) and the MCA Circulars and the SEBI Circulars, the Company is pleased to provide:

    (i) facility to the members to exercise their right to vote on resolution(s) proposed to be considered at the AGM by remote e-voting before the AGM; and

    (ii) facility of e-voting at the AGM to the members on resolution(s) proposed to be considered at the AGM.

    The facility of casting vote through remote e-voting system from a place other than venue of the AGM (the 'remote e-voting') and e-voting at the AGM will be provided by National Securities Depository Limited ('NSDL').

23. The remote e-voting period commences at 9:00 a.m. (IST) on Friday, September 24, 2021 and ends at 5:00 p.m. (IST) on Monday, September 27, 2021. During this period, members of the Company holding shares either in physical form or in dematerialized form, as on Cut-off date of Tuesday, September 21, 2021 ('**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.

    Those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the resolution(s) through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM as per the process mentioned below in the Notice.

24. The instruction for remote 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 – Access to NSDL e-voting System:</u>

    A. <u>Login method for e-voting and joining the AGM for the shareholders holding shares in demat mode:</u>

    In terms of the SEBI's Circular dated December 9, 2020 on e-voting facility provided by listed companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and e-mail Id in their demat accounts in order to access e-voting facility. Login method for Individual shareholders holding shares in demat mode is given below:

Type of shareholders	Login Method
Shareholders holding shares in demat mode with NSDL	1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the 'Beneficial Owner' icon under 'Login' which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on options available against the Company name or e-voting service provider - NSDL and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select 'Register Online for IDeAS' Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Please visit the e-voting website of NSDL and open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on options available against the Company's name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
Shareholders holding shares in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the e-voting Menu. The Menu will have links of e-voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. 4. Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-voting is in progress.
Shareholders (holding shares in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Once login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on options available against the Company's name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining the Meeting & voting during the Meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for the shareholders holding shares in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL:

Login type	Helpdesk details
Shareholders holding shares in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Shareholders holding shares in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-3058542-43

B. Login method for the shareholders other than the shareholders holding shares in demat mode and shareholders holding shares in physical mode:

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

(ii) Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholders/Members' 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. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

(c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

(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.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

(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.

<u>Step - 2 – Process to cast your vote electronically and join Meeting on NSDL e-voting system:</u>

(i) After successful login at Step -1, you will be able to see the all the companies 'EVEN' in which you are holding shares and whose voting cycle and the Meeting is in active status.

(ii) Select 'EVEN' (Electronic Voting Event Number) of Kajaria Ceramics Limited and for joining the Meeting, you need to click on "VC/OAVM" link placed under 'Join General Meeting'.

(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.

<u>General Guidelines for e-voting:</u>

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 Scrutiniser 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 <u>www.evoting.nsdl.com</u> to reset the password.

25. <u>Process for those shareholders whose e-mail ids are not registered with the Company / depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolution(s) set out in this Notice:</u>

i. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to <u>investors@kajariaceramics.com</u>

ii. In case shares are held in demat mode, please provide DPID-CLID (16 digit DP-ID + CL-ID or 16 digit Beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to <u>investors@kajariaceramics.com</u>

iii. Alternatively, a shareholder may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

26. <u>Instructions for members for e-voting on the day of the AGM are as under:</u>

i. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

ii. Only those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the resolution(s) through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

iii. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

iv. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for remote e-voting.

27. Instructions for members for attending the AGM through VC/OAVM are as under:

i. A Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. The Members may access by following the steps mentioned above for 'Access to NSDL e-voting system'. After successful login, you can see link of 'VC/OAVM link' placed under 'Join General meeting' menu against the Company's name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of the Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush.

ii. Members are encouraged to join the Meeting through Laptops for better experience.

iii. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.

iv. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

v. Members who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investors@kajariaceramics.com. The same will be replied by the Company suitably.

vi The shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.

28. The voting rights of Members for remote e-voting and for e-voting at AGM shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on cut-off date i.e. Tuesday, September 21, 2021

29. 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 i.e. Tuesday, September 21, 2021 only shall be entitled to avail the facility of remote e-voting / e-voting facility during the AGM.

30. 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 e-voting at the AGM. However, a person who is not a member as on the Cut-off date should treat this Notice for information purpose only.

31. Any person, who acquire shares of the Company and become a member of the Company after dispatch of the Notice of the AGM and holding shares as on the Cut-off date i.e. Tuesday, September 21, 2021, may obtain the login ID and password by sending a request (along with Name, Folio No./DP ID-Client ID, as the case may be and shareholding) at evoting@nsdl.co.in or admin@mcsregistrars.com.

However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using 'Forgot User Details/Password' or 'Physical User Reset Password' option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of shareholders holding shares in demat mode who acquires shares of the Company and becomes a shareholder of the Company after sending of the Notice and holding shares as of the Cut-off date i.e. Tuesday, September 21, 2021, may follow steps mentioned in the Notice of the AGM under 'Access to NSDL e-voting system'.

In case of any queries connected with voting by electronic means, you may refer the frequently Asked Question (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, Manager, NSDL, Trade World, A Wing, Fourth and Fifth Floor, Kamala Mills Compound, Lower Parel, Mumbai- 400013 through email at evoting@nsdl.co.in or on Toll Free No. 1800 1020 990 / 1800 22 44 30.

32. Please note that the members who have exercised their right to vote through electronic means as above shall not be eligible to e-voting at the AGM, but they may attend the AGM. E-voting cast at the AGM 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.

33. The Board of Directors of the Company has appointed Mr. Rupesh Agarwal (Membership No.: ACS 16302, CP No.: 5673) or failing of him Mr. Shashikant Tiwari (ACS No.: 28994, CP No. 13050) or failing him Dr. S. Chandrasekaran (FCS No. 1644, CP No. 715) Practicing Company Secretaries, M/s Chandrasekaran Associates, Company Secretaries, having its office situated at 11F, Pocket - IV, Mayur Vihar, Phase- 1, Delhi- 110091, as the Scrutiniser to scrutinize the voting through remote e- voting and e-voting process, in a fair and transparent manner.

34. The Scrutiniser shall immediately after the conclusion of the Meeting, will count the e-voting cast at the Meeting and the vote cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and shall make, within the time permissible under the applicable laws, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, and submit the same to the Chairman or a person authorised by him, who shall counter sign the same.

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

36. Subject to receipt of requisite number of votes, the resolution(s) set out in the Notice of the AGM shall be deemed to be passed at the 35th AGM scheduled to be held on Tuesday, September 28, 2021.

By Order of the Board
For Kajaria Ceramics Limited

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

Place: New Delhi
Date: August 3, 2021

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

ITEM NO. 3:

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), U.S.A. 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 45 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. The Company has shown an excellent growth and tremendous performance under his dynamic leadership.

Pursuant to the provisions of the Companies Act, 2013 ('Act') and rules made thereunder and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the members of the Company at the 30th Annual General Meeting ('AGM') held on August 24, 2016 re-appointed Mr. Ashok Kajaria as the Chairman & Managing Director of the Company for a period of 5 years effective from April 1, 2016. Presently, he has attained the age exceeding 70 years and as per the Act read with Schedule V of the Act, the approval of the members will also be required by way of a special resolution.

Accordingly, the Board of Directors of the Company ('the Board') in their meeting held on January 21, 2021, 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. Ashok Kajaria as the Chairman & Managing Director of the Company for a further period of 5 years w.e.f. April 1, 2021 to March 31, 2026 or such other shorter period as may be permitted under Regulation 17(1B) or other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. He will not be liable to retire by rotation. The said re-appointment is subject to provisions of the Act and rules made thereunder and approval of Members of the Company.

Pursuant to Regulation 17(1B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (originally proposed to be effective from April 01, 2020), the Chairman of top 500 listed companies shall be a Non-executive Director. However, the SEBI vide its Notification dated January 10, 2020 had deferred the implementation of the said provisions by 2 years i.e. upto April 01, 2022. Hence, the aforesaid appointment as the Chairman and Managing Director of the Company shall be for a period of five years w.e.f. April 1, 2021 to March 31, 2026 or such other shorter period as may be allowed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms and conditions of the said re-appointment of Mr. Ashok Kajaria as the Chairman & Managing Director of the Company w.e.f. April 1, 2021 to March 31, 2026 for a period of 5 years are as follows:

Mr. Ashok Kajaria, in the capacity of the Chairman & Managing Director of the Company, will be entitled to the following remuneration w.e.f. April 1, 2021:

1) **Salary:**

   Rs. 26,50,000 per month

   In addition to the Salary, the Chairman & Managing Director shall be entitled to the following Perquisites:

2) **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 Chairman & Managing Director will not be entitled to sitting fee for attending the meeting(s) of the Board of Directors ('the Board') of the Company or its Committee(s).

2. If during the currency of tenure of the Chairman & Managing Director, the Company has no profits or profits are inadequate, in any financial year, the Chairman & Managing Director shall be entitled to remuneration by way of Salary and Perquisites as per the limits prescribed in Schedule V to the Companies Act, 2013 read with other applicable laws.

3. The Chairman & Managing Director hold office as such, subject to the provisions of the Section 167 of the Companies Act, 2013.

4. The Chairman & Managing Director shall not be liable to retire by rotation.

5. The Chairman & Managing Director shall not become interested or otherwise concerned directly or through his relatives as defined under the Companies Act, 2013 or entered into any other contract without the prior approval of the Board so long as he functions in such capacity.

6. The Chairman & 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 Chairman & 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. The Chairman & 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 Chairman & 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 Chairman & Managing Director or any breach of the Contract of Service dated January 21, 2021, which in the opinion of the Board requires termination from the office of the Chairman & Managing Director, the Company shall be entitled to terminate this Contract without any notice and compensation.

9. The Chairman & Managing Director shall have powers as delegated by the Board of Directors, from time to time, for the management and control of the Company.

10. The Chairman & 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 Chairman & Managing Director or required to be done by the Company in General Meeting or by the Directors.

11. The Chairman & 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 Clause 8 above, the Company can at its discretion terminate the Contract by giving three months' notice of such termination or on payment of three months' salary and no compensation will be payable to the Chairman & Managing Director for the unexpired portion of the above referred Contract of Service.

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

14. The Board may at its discretion revise/modify the terms and conditions (including designation) from time to time, subject to the compliances under the Companies Act, 2013 and other applicable laws.

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 Contract of Service dated January 21, 2021 setting out the terms and conditions of re-appointment of Mr. Ashok Kajaria including remuneration shall be available, electronically, for inspection by members from the date of circulation of this Notice upto the date of AGM. 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.

Mr. Ashok Kajaria is not debarred from holding the office of the director by virtue of any SEBI order or any other such authority pursuant to BSE Circular LIST/COMP/14/2018-19 dated June 20, 2018 and NSE circular NSE/CML/2018/24 dated June 20, 2018. Accordingly, the Board recommends the special resolution in relation to the re-appointment of Mr. Ashok Kajaria as the Chairman & 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. 3 of the Notice.

ITEM NO. 4:

Pursuant to the provisions of the Companies Act, 2013 ('Act') and rules made thereunder and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the members of the Company at the 32nd Annual General Meeting ('AGM') held on August 27, 2018 re-appointed Mr. Chetan Kajaria as the Joint Managing Director of the Company for a period of 3 years effective from April 1, 2018.

Keeping in view the excellent performance of the Company under his dynamic leadership, the Board of Directors of the Company ('the Board') in their meeting held on January 21, 2021, 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 5 years w.e.f. April 1, 2021 to March 31, 2026, 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, 2021 to March 31, 2026 for a period of 5 years are as follows:

Mr. Chetan Kajaria, in the capacity of the Joint Managing Director of the Company, will be entitled to the following remuneration w.e.f. April 1, 2021:

1) **Salary:**

   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 the 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 meeting(s) of the Board of Directors ('the Board') of the Company or its Committee(s).

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 read with other applicable laws.

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

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

5. 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. 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. 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 21, 2021, which in the opinion of the Board requires termination from the office of the Joint Managing Director, the Company shall be entitled to terminate this Contract without any notice and compensation.

9. 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. 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. 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 Clause 8 above, the Company can at its discretion terminate the Contract 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 by giving three months' notice in writing to the Company at the Corporate Office. In that event he undertakes 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 at its discretion revise/modify the terms and conditions (including designation) from time to time, subject to the compliances under the Companies Act, 2013 and other applicable laws.

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 Contract of Service dated January 21, 2021 setting out the terms and conditions of re-appointment of Mr. Chetan Kajaria including remuneration shall be available, electronically, for inspection by members from the date of circulation of this Notice upto the date of AGM. 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.

Mr. Chetan Kajaria is not debarred from holding the office of the director by virtue of any SEBI order or any other such authority pursuant to BSE Circular LIST/COMP/14/2018-19 dated June 20, 2018 and NSE circular NSE/CML/2018/24 dated June 20, 2018. Accordingly, the Board recommends the special 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. 4 of the Notice.

ITEM NO. 5:

Pursuant to the provisions of the Companies Act, 2013 ('Act') and rules made thereunder and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the members of the Company at the 32nd Annual General Meeting ('AGM') held on August 27, 2018 re-appointed Mr. Rishi Kajaria as the Joint Managing Director of the Company for a period of 3 years effective from April 1, 2018.

Keeping in view the excellent performance of the Company under his dynamic leadership, the Board of Directors of the Company ('the Board') in their meeting held on January 21, 2021, 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 5 years w.e.f. April 1, 2021 to March 31, 2026, 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, 2021 to March 31, 2026 for a period of 5 years are as follows:

Mr. Rishi Kajaria, in the capacity of the Joint Managing Director of the Company, will be entitled to the following remuneration w.e.f. April 1, 2021:

1) **Salary:**

   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 the 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 meeting(s) of the Board of Directors ('the Board') of the Company or its Committee(s).

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 read with other applicable laws.

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

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

5. 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. 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. 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 21, 2021, which in the opinion of the Board requires termination from the office of the Joint Managing Director, the Company shall be entitled to terminate this Contract without any notice and compensation.

9. 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. 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. 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 Clause 8 above, the Company can at its discretion terminate the Contract 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 by giving three months' notice in writing to the Company at the Corporate Office. In that event he undertakes 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 at its discretion revise/modify the terms and conditions (including designation) from time to time, subject to the compliances under the Companies Act, 2013 and other applicable laws.

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 Contract of Service dated January 21, 2021 setting out the terms and conditions of re-appointment of Mr. Rishi Kajaria including remuneration shall be available, electronically, for inspection by members from the date of circulation of this Notice upto the date of AGM. 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.

Mr. Rishi Kajaria is not debarred from holding the office of the director by virtue of any SEBI order or any other such authority pursuant to BSE Circular LIST/COMP/14/2018-19 dated June 20, 2018 and NSE circular NSE/CML/2018/24 dated June 20, 2018. Accordingly, the Board recommends the special 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, 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. 5 of the Notice.

ITEM NO. 6:

Mr. Dev Datt Rishi is a Non- Executive Director and joined the Board w.e.f. January 14, 2015. He was on the Board of Directors ('the Board') of the Company as the Whole-time Director till June 30, 2017 and thereafter, he continues as the Non-Executive Director of the Company since July 1, 2017.

Regulation 16(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the 'Listing Regulations'] read with Section 149(6) of the Companies Act, 2013 [the 'Act'], inter-alia, provides that 'Independent Director' means a non-executive director who, neither himself, nor whose relative(s) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed. In view of the said provisions of the Listing Regulations read with the Act, Mr. Dev Datt Rishi is now eligible to be appointed as an Independent Director of the Company.

Pursuant to Section 149(10) of the Companies Act, 2013 (the 'Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 ('Rules'), an Independent Director shall hold office for a term upto five consecutive years on the Board of a company and would be eligible for re-appointment for another term upto five consecutive years on passing of a special resolution by members. An Independent Director will not be liable to retire by rotation.

The Board considers that continued association of Mr. Dev Datt Rishi would be of immense benefit to the Company and accordingly, it is desirable 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 its satisfaction with his performance and contribution made to the Company. In the opinion of the Board, Mr. Dev Datt Rishi fulfils the conditions specified in the Act and the rules made thereunder read with the Listing Regulations for his 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 appoint Mr. Dev Datt Rishi as an Independent Director of the Company for the period effective from the conclusion of the 35th Annual General Meeting of the Company upto the conclusion of the 39th Annual General Meeting of the Company to be held in the Calendar Year 2025.

It is specifically mention that during the above said tenure of Mr. Dev Datt Rishi, he will be attaining the age of 75 years. It is, therefore, approval of members of the Company, by way of a special resolution will also be required as prescribed under Regulation 17(3A) of the Listing Regulations.

The Board of the Company is of opinion that Mr. Dev Datt Rishi is person of integrity, possess relevant expertise and vast experience and he is meeting the criteria of independence and on the recommendation of the Nomination and Remuneration Committee, the Board considers the continuity of his directorship as justified and recommends continued association of Mr. Dev Datt Rishi as the Independent Director of the Company on attaining the age of 75 years till the above said tenure.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Dev Datt Rishi 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. Dev Datt Rishi 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 appointment of Mr. Dev Datt Rishi shall be available, electronically, for inspection by members from the date of circulation of this Notice upto 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.

Mr. Dev Datt Rishi is not debarred from holding the office of the director by virtue of any SEBI order or any other such authority pursuant to BSE Circular LIST/COMP/14/2018-19 dated June 20, 2018 and NSE circular NSE/CML/2018/24 dated June 20, 2018. Accordingly, the Board recommends the special resolution in relation to the appointment of Mr. Dev Datt Rishi as an Independent Director, for the approval by the Members of the Company.

Mr. Dev Datt Rishi, the proposed appointee, may be deemed to be concerned or interested in this resolution with respect to his 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. 6 of the Notice.

ITEM NO. 7:

In order to support for the business requirements of the Company's subsidiaries (including step-down subsidiary) for its principal business activities and the matters connected thereto, the Company is required to advance loan to them. Presently, the Company has subsidiaries viz. Kajaria Bathware Private Limited, Kajaria Plywood Private Limited, Kajaria Tiles Private Limited (wholly-owned subsidiary), Kajaria Sanitaryware Private Limited (step-down subsidiary), Jaxx Vitrified Private Limited, Cosa Ceramic Private Limited and Vennar Ceramics Limited.

Section 185 of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) ['the Act'] provides that a company may advance any loan including loan represented by way of book debt to and/or give any guarantee and/or provide any security in connection with any loan taken/to be taken by any person in whom any of the director of the company is interested, if a special resolution is passed by the company in general meeting. Further, Section 185 of the Act does not apply in case of any loan made by a holding company to its wholly-owned subsidiary company or any guarantee given or security provided by a holding company in respect of any loan made to its wholly-owned subsidiary company; or any guarantee given or security provided by a holding company in respect of loan made by any bank or financial institution to its subsidiary company.

In view of the above provisions, the Company will be in a position to provide financial assistance by way of making loan to its subsidiaries (including step-down subsidiary) for their principal business activities and the matters connected thereto for an aggregate amount of Rs. 500 Crores (Rupees Five Hundred Crores) excluding the loans exempted under the provisions of the Act, in one or more tranches, outstanding at any point of time.

The Board of Directors ('the Board') of the Company will carefully evaluate proposals and provide such loans through deployment of funds out of internal resources/accruals and/or any other appropriate sources, from time to time, only for principal business activities (including the matter connected thereto) of the subsidiaries (including step-down subsidiary) of the Company excluding the loans exempted under the provisions of the Act, in one or more tranches, outstanding at any point of time and the same will in the ordinary course of business and in the interest of the Company.

Hence, in order to enable the Company to provide the above said financial assistance to its subsidiaries (including step-down subsidiary) excluding the loans exempted under the provisions of the Act, in which Directors of the Company are interested, directly or indirectly, under Section 185 of the Act and rules made thereunder, it is proposed to obtain approval of the members of the Company by way of a Special Resolution.

The Board of the Company recommends the Special Resolution mentioned in the Item No. 7 of this Notice for approval by the Members of the Company.

Except Mr. Ashok Kajaria, Mr. Chetan Kajaria and Mr. Rishi Kajaria, being common Directors/Members, as the case may be, including their relatives to the extent of their shareholding in the Company, if any, none of the other Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Special Resolution set out at Item No. 7.

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. Ashok Kajaria (DIN: 00273877)	Mr. Chetan Kajaria (DIN: 00273928)	Mr. Rishi Kajaria (DIN:00228455)	Mr. Dev Datt Rishi (DIN: 00312882)
Date of Birth	01.08.1947	24.12.1974	14.10.1978	05.08.1949
Age as on 31st March, 2021	74 Years	46 Years	43 Years	72 Years
Date of first appointment on the Board of the Company	20.12.1985	15.01.2000	26.07.2003	14.01.2015
Qualification	B.Sc., BSME, UCLA (California), U.S.A.	B. Engg. (Petrochem) from Pune University and MBA from Boston College, U.S.A.	B.Sc. in Business Administration from Boston University, U.S.A.	B.Sc. (Engineering) Chemical Hons., Diploma in Management
Experience	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 45 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. 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.He 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.	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. He 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. To entrench the presence of the Kajaria brand into every Indian household, he successfully contoured the Group's presence into the plywood space by adopting an asset-light operating model.	He 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. He 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 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, standardization, projects, training and organization development, etc.
Terms and conditions of appointment/re-appointment	As per the terms of the Contract of Service dated January 21, 2021 which are specified in the explanatory statement of the Notice.	As per the terms of the Contract of Service dated January 21, 2021 which are specified in the explanatory statement of the Notice.	As per the terms of the Contract of Service dated January 21, 2021 which are specified in the explanatory statement of the Notice.	As mentioned in explanatory statement of the Notice and as per the terms and conditions of the appointment letter.
Remuneration sought and last drawn	Remuneration Sought: As per the terms of the Contract of Service which are specified in the explanatory statement of the Notice	Remuneration Sought: As per the terms of the Contract of Service which are specified in the explanatory statement of the Notice	Remuneration Sought: As per the terms of the Contract of Service which are specified in the explanatory statement of the Notice	Remuneration Sought: No remuneration will be payable except sitting fees for attending the Board and its Committee meetings

	Remuneration last drawn as Chairman & Managing Director: As mentioned in the Corporate Governance Report.	Remuneration last drawn as Joint Managing Director: As mentioned in the Corporate Governance Report.	Remuneration last drawn as Joint Managing Director: As mentioned in the Corporate Governance Report.	Remuneration last drawn as Non-Executive Director: As mentioned in the Corporate Governance Report.
Shareholding in the Company as on 31st March, 2021	10,47,004 Equity Shares	13,39,880 Equity Shares	18,05,716 Equity Shares	624 Equity Shares
Relationship with other Directors and Key Managerial Personnel of the Company	He is the father of Mr. Chetan Kajaria and Mr. Rishi Kajaria. Other than above, Mr. Ashok Kajaria is not related to other Directors and Key Managerial Personnel of the Company.	Mr. Ashok Kajaria is the father of Mr. Chetan 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 is the father of Mr. Rishi Kajaria. Mr. Chetan Kajaria is the brother of Mr. Rishi Kajaria. Other than above, Mr. Rishi Kajaria is not related to other Directors and Key Managerial Personnel of the Company.	He is not related to other Directors and Key Managerial Personnel of the Company.
Nos. of Board Meetings attended during the financial year 2020-21	4 (Four)	4 (Four)	4 (Four)	4 (Four)
Directorships held in other Public Limited Companies including other Listed Companies	Nil	Nil	Nil	Nil
Chairmanships / Memberships of the Committee of the Board of Directors of the Company*	He is a member in Audit Committee and Stakeholders Relationship Committee of the Company.	He is a member in Stakeholders Relationship Committee of the Company.	Nil	Nil
Chairmanships / Memberships of the Committee of the Board of Directors of other Public Limited Companies*	Nil	Nil	Nil	Nil

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

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

Place: New Delhi
Date: August 3, 2021

Kajaria

RESURGENT

KAJARIA CERAMICS LIMITED

Annual Report 2020-21

CONTENT

...LIKE ALL BATTLES WORTH BEING FOUGHT, THE QUEST FOR SUCCESS IS WON FIRST IN THE MIND.

IT'S NOT MONEY, PEOPLE, OR OPPORTUNITY THAT'S HOLDING US BACK. IT IS US.

SO, BEFORE WE SUCCEED IN THE EXTERNAL WORLD, WE HAVE TO MASTER OUR INNER WORLD.

AT KAJARIA, WE FIRST REINFORCED OUR MIND.

Identified our true selves.
In knowing ourselves well, we also learnt of our fears within. And knowledge is the essence of winning battles.

Believed in ourselves.
We had braved and overcome multiple challenges. We reminded ourselves that it was just another bad-phase. It too would pass. We would overcome. Again!

Refrained from hearsay.
We searched for facts. Because in such times, most stuff you hear and read around you is not entirely true or very subjective.

Picked the slow road to success.
Even if someone promised the quick road, we had our choice clear. Because, we are a battle-hardened warship. We love the journey more than the destination.

Decided to keep moving.
Because we believe in the basic philosophy of progress. No matter what you do, never stand still.

THEN, WE RESOLVED TO CHALLENGE THE PREVAILING CHALLENGES.

Started our plant operations with the first opportunity of unlocking, knowing that there were opportunities hidden somewhere in the prevailing adversity.

Boosted our IT infrastructure and its capabilities; it allowed more people to work-from-home.

Replaced the physical with the digital means of communication; our travelling costs declined sharply.

Sharpened our focus on optimising our cost structure; it provided comfort in going the extra mile.

Connected with all our dealers regularly, we got an accurate update on ground realities.

Continued to do what we do best, fuelling aspiration with our aesthetic creations.

When demand resurfaced, we were ready. In the right place. At the right time.

22%
Growth in **EBITDA** over FY20

21%
Growth in **Net Profit** over FY20

127%
Growth in **Net Cash from Operations** over FY20

349 bps
Improvement in **EBITDA margin** over FY20

342 bps
Improvement in **ROCE** over FY20

166 bps
Improvement in **ROE** over FY20

THE PROOF OF ALL WE SAY LIES IN HOW WE FINISHED.

WE RESURGED WITH A WINNING PERFORMANCE.

THE NO. 1 TILE COMPANY IN INDIA.

THE MOST RESPECTED TILE BRAND IN INDIA.

THE 8th LARGEST TILE MANUFACTURER IN THE WORLD.

OUR EDGE

Multi-locational manufacturing units | Largest and widest dealer network | Largest product basket

OUR VERTICALS

Ceramic Wall & Floor Tiles | Polished Vitrified Tiles | Glazed Vitrified Tile | Bathware solutions | Plywood & Laminates

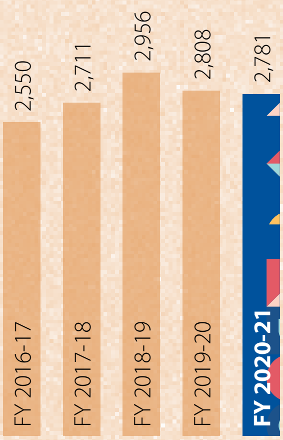
OUR BRANDS

Kajaria

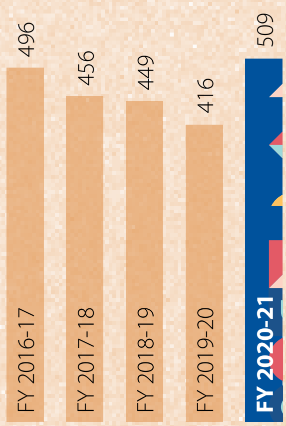
Kerovit by Kajaria

KEY PERFORMANCE INDICATORS

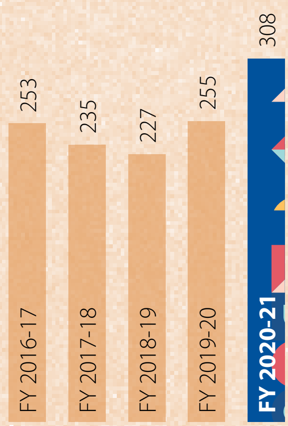
Revenue
(₹ Crore)



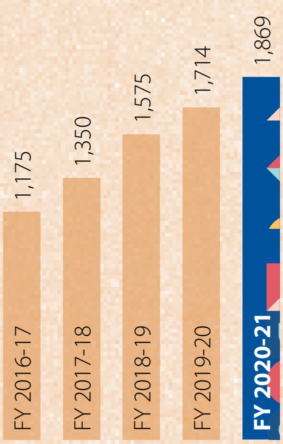
EBITDA
(₹ Crore)



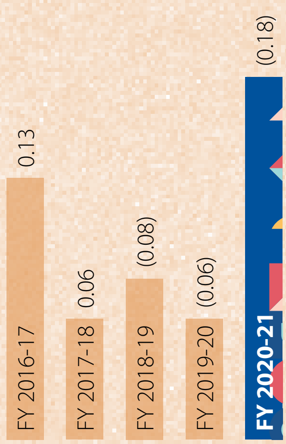
Net Profit
(₹ Crore)



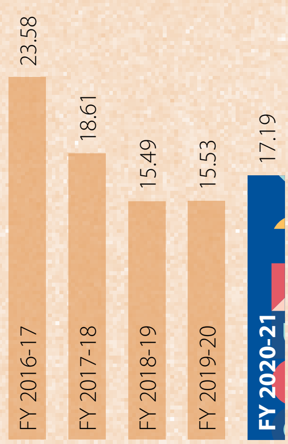
Networth
(₹ Crore)



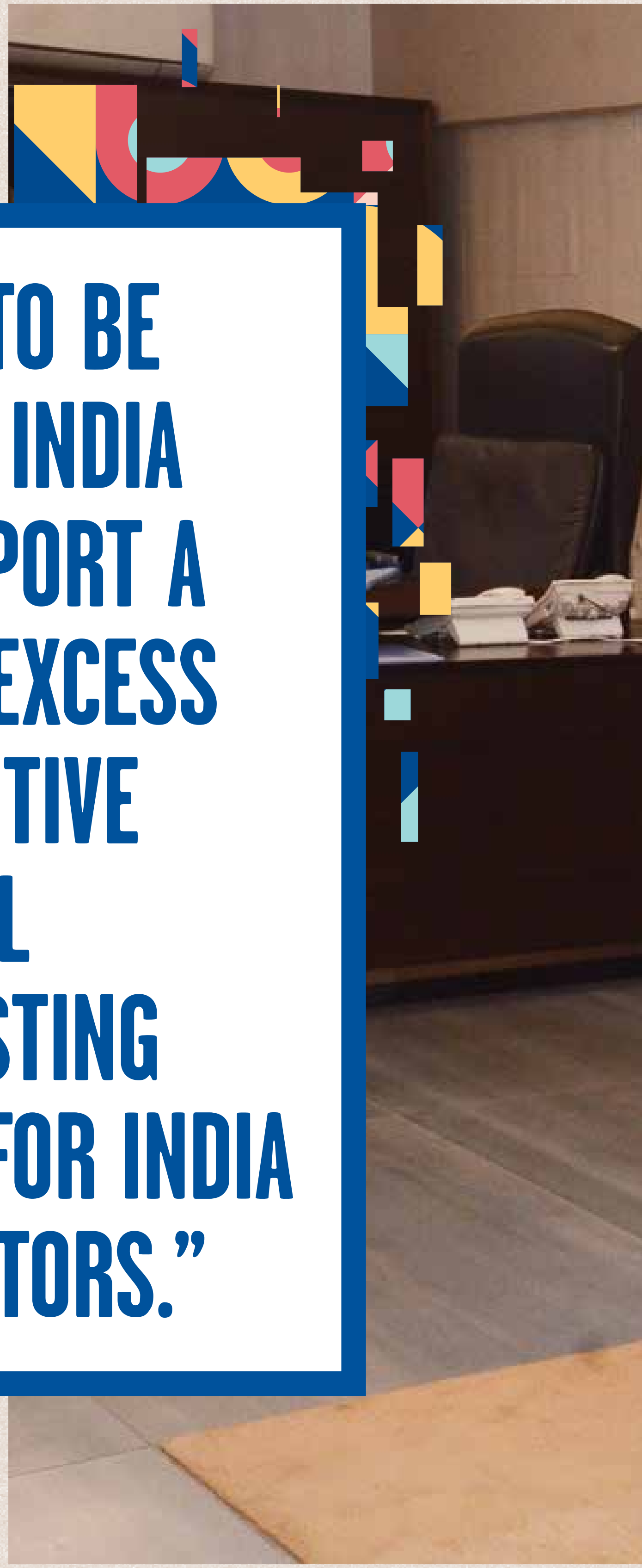
Net debt-equity ratio
(X)



Return on Networth
(%)



"FY22 APPEARS TO BE PROMISING WITH INDIA EXPECTED TO REPORT A GDP GROWTH IN EXCESS OF 9%. THIS POSITIVE RESURGENCE WILL PROVIDE INTERESTING OPPORTUNITIES FOR INDIA INC. ACROSS SECTORS."



Ashok Kajaria
Chairman & Mg. Director

Chetan Kajaria
Joint Mg. Director

Rishi Kajaria
Joint Mg. Director

Dear Shareholders

We trust you and your families are safe.

FY21 has been one of the most eventful years in living memory. The Covid-19 impact on lives and livelihoods can be regarded as one of the most significant black swan events of our time. Through these tough times, we have witnessed remarkable resilience of our fellow Indians, government responsiveness and multi-faceted co-operation – much of which have changed the way we live and interact.

FY21 was a year of contrasting halves. The first half witnessed economic erosion. The second half saw an equally remarkable recovery assisted by the efforts of the Government and the banking sector. The story for us at Kajaria, was largely similar.

Our performance remained tepid in the first half owing to subdued business opportunities consequent from dampened consumer confidence. In the second half of the fiscal, demand re-surfaced steadily owing to the buoyant Tier II and III towns as they emerged as activity pockets. Supply, on the other hand, was lower owing to reduced presence of the informal sector, a number of players increased their focus on addressing export opportunities emanating out of new and large markets.

Hence, increasing volumes coupled with our cost optimisation strategies resulted in a satisfactory performance. Revenue from operations stood at ₹2781 Crore in FY21, against ₹2808 Crore in FY20, a marginal decline of 1%; Net Profit grew by 21% over the previous year. We surpassed the budgets set at the beginning of the year, with relative ease.

FY21, in one sentence, was a dismal start with a remarkable finish.

Looking forward

To the current year: FY22 was a good start, but our momentum was constrained by a more fatal and aggressive second wave. What is heartening is that India once again came together to flatten this curve in a shorter period than the first wave. Unfortunately, though the losses were more painful. Even as we pen our thoughts, the nation has opened in a phased manner, with an aggressive push for inoculating its people, which holds the promise of reducing economic adversity from a probable third wave.

Barring this roadblock, FY22 appears to be promising with India expected to report a GDP growth in excess of 9%. This positive resurgence is expected to provide interesting opportunities for India Inc. across sectors.

This time around, metros, urban and Tier I cities are expected to spearhead the resurgence. A number of projects which were stalled in FY21 are expected to commence in FY22. New avenue of growth such as Data Centers and organised warehousing projects are expected to create demand. The pent-up demand from Tier II and III towns should surface towards the second half of the current year.

Moreover, the informal sector should continue to look West - towards solidifying its presence in the new and large market destinations namely, the US, the UK and Europe – providing a healthy opportunity for the branded players to gain market share in the domestic market.

The pandemic has opened interesting growth opportunities beyond the domestic boundaries. As global consuming markets are working on strengthening their supply chain, with a China+1 sourcing strategy, they are considering India as reliable and dependable supplier.

We assure our shareholders that our Brand, our Team and our Balance Sheet will drive us to outpace the industry.

Over the medium-term: The way we look at it is that the pandemic is not a roadblock to India's resurgence, it has only delayed it by a period of time. The positives that India holds remain intact. The focus to becoming better has only sharpened. The policy impetus to catch up on the time lost will be more aggressive. As such opportunities, going forward, will only abound.

Having said that, the origin of opportunities, in our opinion, could shift a little.

Over the coming years we expect, the accelerated urge to urbanisation will temper down. Tier II and III towns will emerge as new age economy drivers owing to their demonstrated resilience during the health emergency. This transition will attract considerable investments in these towns, positioning them as new age construction hub. We are reasonably confident of this shift because of the silent change transpiring here.

In keeping with these realities, we are augmenting our manufacturing capabilities – our three brownfield projects at Gailpur (Rajasthan), Morbi (Gujarat) and Srikalahasti (Andhra Pradesh) – which will take our total installed capacity from 70.4 MSM to 82.8 MSM. These projects should commence operations by the end of FY22.

We are also strengthening our dealer network further to ensure that we are able to effectively capitalise on the exciting future and deliver healthy returns to our shareholders.

Statement of gratitude

In closing, we would like to thank the Board for guiding us to execute our responsibilities in the best possible manner. We would like to extend our appreciation to our team for their relentless efforts in facing and overcoming challenges.

Our deep appreciation to our shareholders for their confidence and support. We also place on record our gratitude to our other stakeholders – vendors, dealers, customers, bankers and Central and State government authorities – for their consistent support and assistance in our journey.

Warm regards,

The Management Team

Our bathware subsidiary reported a healthy topline growth and positive bottomline, a first since its inception.

MOVING UP STRIDE-BY-STRIDE

	Revenue (₹ Crore)	EBITDA (₹ Crore)	Net Profit (₹ Crore)
Q1	277.56	(7.57)	(27.10)
Q2	712.51	143.69	89.12
Q3	838.32	181.77	120.52
Q4	952.51	190.93	127.09

MANAGEMENT DISCUSSION & ANALYSIS

Economic overview

ABOUT OUR ECOSYSTEM

India having successfully battled the Covid-19 second wave is firmly on the road to resurgence as lockdowns instituted to contain the second wave have been opened. Moreover, the aggressive vaccination drive across India is shoring confidence in the Indian diaspora to return to work, albeit with Covid-appropriate precautions.

Though India started FY21 on a dismal note with its GDP contracting by 24.4% in the first quarter of FY21 but recovered smartly to emerge as one of the select few economies to report a positive growth for the three-month period October-December'20 – India's GDP grew by 0.4%. As resurgence gained momentum, India's GDP growth for Q4 of 2020-21 was even better at 1.6%.

The hardest hit sectors, pandemic related lockdowns and the social distancing norms, were tourism and travel, hospitality, aviation and construction. The agricultural sector maintained its resilience through adversities and emerged as a silver lining during the pandemic.

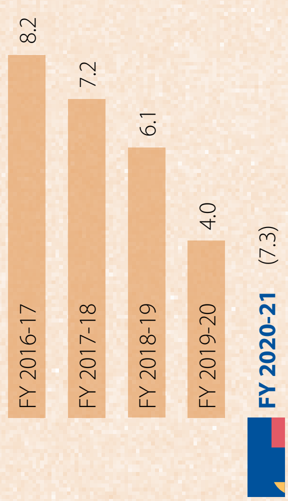
To accelerate economic recovery, India followed a multi-pronged strategy of containment, fiscal and long-term structural reforms. Calibrated fiscal and monetary support was given by the government to boost consumption and investment in India.

The manufacturing sector rebounded sharply in the second half owing to the unlocking of the economy, the festive season and growing consumer confidence.

In keeping with this uptick, GST collections crossed the ₹1 Lakh Crore mark for every month in the second half of 2020-21 – it was ₹1.23 Lakh Crore in March 2021, the highest collection since the launch of GST.

The outbreak of the second wave of Covid-19 in India, thwarted the economic momentum India achieved in Q4 of 2020-21. But a resurgent India has bounced back. According to a report by rating agency ICRA, the economic recovery has gained momentum after the lifting of the localised lockdowns imposed in the aftermath of the second wave, but is "incomplete". The Reserve Bank of India (RBI) has projected India's GDP growth for FY22 at 9.5%.

GDP Growth
(%)



ABOUT OUR BUSINESS SPACE

Can you think of any mall or airport without tiles? Have you recently seen any home without tiles? Could you remember visiting any departmental store (small or large) which did not have tiles?

This has got you thinking. Because the chances are that 95% of people reading this line would not have.

Tiles, today, have become an essential element of the construction industry. They are used in commercial space, residential complexes and high-footfall areas.

Tiles are the silent heroes of home décor. Their aesthetic appeal have made them a critical component of home designing strategies. They are prudently used in every space of a home. On the floor to make space appear large and on the wall to add style and glamour to the look. Tiles in effect have become a style statement.

In high footfall areas (commercial and retail), tiles are preferred for their appeal, their strength, life and the convenience of seamless maintenance.

GLOBAL TILE MARKET

The global ceramic tiles market has witnessed a period of constant growth over the last 10 years driven by - the rising demand for ceramic tiles in buildings and construction; rapid development of residential and commercial buildings due to population growth, increasing urbanisation and rise of per capita income; along with technological advancements in this sector that have fueled product innovation and cost efficiencies.

The first slowdown of global production and consumption started in CY 18 and has continued in CY19. In CY19, world tile production fell to 12,673 million sqm, 3.7% down from the 13,157 million sqm in CY18. Just like the previous year, production in Asia contracted by a further 5%, dropping from 8,980 million sqm to 8,532 million sqm, equivalent to 67.3% of global production. This fall was largely due to a significant decline in the volumes produced in China.

World tile consumption fell from 12,902 million sqm in CY18 to 12,375 million sqm in CY19 (-4.1%), a decline of approximately 500 million sqm. The biggest contraction was again Asia, where demand fell to 7,995 million sqm (-6.3).

World exports in CY19 grew by just 1.1% compared to CY18 to reach 2,837 million sqm. This figure is a combined result of the contraction in Chinese exports (down by 75 million sqm) and the growth in almost all the other major exporting countries, especially India (an increase of 86 million sqm) where the exports grew by 31.4% over CY18.

World Manufacturing Areas

	CY2019 (MSM)	% of world production	% variance 2019/2018
European Union (28)	1,304	10.3%	-2.8%
Other Europe (including Turkey)	570	4.5%	-7.8%
North America (Mexico included)	330	2.6%	-4.9%
Central-South America	1,173	9.3%	2.2%
Asia	8,532	67.3%	-5.0%
Africa	759	6.0%	5.7%
Oceania	5	0.0%	0.0%
TOTAL	**12,673**	**100.0%**	**-3.7%**

World Consumption Areas

	CY2019 (MSM)	% of world consumption	% variance 2019/2018
European Union (28)	1,021	8.3%	1.2%
Other Europe (including Turkey)	506	4.1%	-10.1%
North America (Mexico included)	544	4.4%	-3.7%
Central-South America	1,257	10.2%	0.7%
Asia	7,995	64.6%	-6.3%
Africa	1,002	8.1%	7.2%
Oceania	50	0.4%	-7.4%
TOTAL	**12,375**	**100.0%**	**-4.1%**

(Source: Ceramic World Review)

India in the world

In CY19, India maintained its position as the second largest tile producer with an increase in volumes from 1,145 million sqm to 1,266 million sqm (+10.6%). The increase was not so much driven by domestic consumption, which grew by just 4% to 780 million sqm, as by a fresh surge in exports.

The 20% growth in exports recorded in CY18 (274 million sqm) was followed by a further 31.4% increase in CY19 (360 million sqm), making India the world's third largest exporting country after China and Spain.

Performance in FY21

It was a mixed year for the Indian tile industry with a see-saw in its fortunes. Tile offtake remained dismal in the initial months of the fiscal owing to pandemic-mandated lockdown, shaken consumer-confidence and logistical challenges.

Tier II and III towns and rural India witnessed the first uptick in demand owing to the relatively muted impact of the pandemic on themselves and their livelihoods. Demand from urban pin codes and metros resurged the second half of the fiscal as the adversities of the first wave of Covid-19 waned. As a result, while the first half of FY21 remained largely muted for the national brands, the second half was significantly better.

The going was relatively better for the Morbi cluster. Despite disruptions caused by the Covid-19 pandemic, India's largest hub of ceramic industry at Morbi enjoyed significant demand from international markets. This was owing to the anti-China policy adopted by some and the China+1 strategy adopted by some other tile consuming nations. This helped open new markets.

India's tiles exports increased significantly in FY21 as compared to the previous year.

This diversion mandated the informal players to reduce supply to traditional domestic regions; it helped national brands to make in-roads into the domestic market.

Prospects that promise demand

1) Reverse migration has been a major trend that has pushed up demand considerably for homes across Indian Tier II and Tier III cities along with factors like ready availability of bigger spaces, lower construction costs, and enhanced value for money in terms of property prices.

2) The Government had announced the creation of 100 additional airports in India by 2024; majority of these airports are to be located in Tier I and II cities with an objective of strengthening connectivity. Majority of these airport projects are yet to be initiated. Also, large expansions have also been planned (some initiated) for India's premier airports in New Delhi, Hyderabad, Mumbai and Kolkata.

3) According to JLL India, the top eight cities of India added 28 million sq. ft to India's warehousing inventory to reach a total storage space capacity of 238 million sq. ft in 2020. The advisory projects that there will be 344 mn sq. ft of warehousing space in India by 2022.

ABOUT THE BUSINESS

Kajaria Ceramics, the largest Indian tile manufacturer enjoys a strong presence across the tile value chain providing customers with the largest basket of tiles across all price points.

Kajaria Bathware, a subsidiary of Kajaria Ceramics manufacturers and markets bathroom solutions (sanitaryware and faucets) under the Kerovit brand.

Kajaria Plywood Pvt. Ltd. (its subsidiary) initiated its presence in the plywood sector in FY18 offering wood panel products under the brand name of KajariaPLY.

OUR PRODUCT VERTICALS

Product	Manufacturing	Capacity
Ceramic Wall & Floor Tiles	Manufactured at Gailpur (Rajasthan) and Vijayawada (Andhra Pradesh) and outsourced from quality-conscious vendors in Gujarat.	**28.10** MSM p.a. Manufacturing capacity
Polished Vitrified Tiles	Manufactured at Malootana (Rajasthan), Morbi (Gujarat) and outsourced from quality-conscious vendors in Gujarat.	**19.80** MSM p.a. Manufacturing capacity
Glazed Vitrified Tiles	Manufactured at Gailpur (Rajasthan), Sikandrabad (Uttar Pradesh) and Srikalahasti (Andhra Pradesh).	**22.50** MSM p.a. Manufacturing capacity
Bathware (comprises of Faucets and Sanitaryware)	Faucet manufacturing facility at Gailpur (Rajasthan).	**10** Lakh pieces p.a. Manufacturing capacity
	Sanitaryware manufacturing facility at Morbi (Gujarat).	**7.50** Lakh pieces p.a. Manufacturing capacity
Plywood & Laminates	Outsourced from quality conscious vendors in Gujarat, Uttarakhand, West Bengal and Karnataka.	

CERAMIC WALL & FLOOR TILES

The division's sales volumes in FY21 matched up with that of FY20 despite marginal sales in the initial months in FY20. This was, in part, owing to pent up consumer demand and certain business development initiatives which helped gain traction. Some of the highlights for the year include:

- Motivated dealers through innovative schemes to increase offtake & boost confidence for future business.
- Introduced out-of-the-box designs in value-added sizes, attraction of which motivated dealers to lift extra material.
- Organised caravan shows in December'2020 across 15 cities showcasing 140 concepts (250 shades) across various sizes generating healthy bookings by dealers.
- Continued with drive of increasing points of purchase by adding new dealers across the country which generated decent volumes.

Business vertical 2

POLISHED VITRIFIED TILES

FY21 was a heartening year for this business division as almost all its plants operated a full capacity utilisation. This was made possible due to prudent shifting of products between operating units which helped in optimising costs and gaining market acceptance. This also helped in introducing an array of interesting products which were well received by dealers and consumers. Some of the highlights for the year include:

- Introduced the full-body vitrified tiles for high-footfall applications in two variants.
- Launched the Step Stone collection (ready to use step and risers); Kajaria is the first organised tile player to introduce this product.
- Commenced marketing the Flakes variant within the Terazo series; these are full-body tiles with stone chips (akin to mosaique tiles) which received very good customer feedback.
- Entered the slab category with Vitronite, large slabs for kitchen top and table top applications with a granite and marble look.

Business vertical 3

GLAZED VITRIFIED TILES

Despite intense competition in this space from the informal segment and organised players, the division maintained sales volume and value at the previous year levels. The first full year of operations of the manufacturing facility at Srikalahasti in South India helped the Company strengthen its presence in the region.

The team continued to widen its product basket. It launched thin tiles (5 mm thickness) – its high-strength and light weight allows for interior and exterior applications – widening the opportunity canvass. In addition, the team continued to refurbish its product basket with aesthetically appealing designs and textures.

The division increased its presence in Tier II & III towns which are emerging as new-age construction hubs in India.

Business vertical 4

BATHWARE

FY21 was a good year owing to wider awareness and better acceptance resulted in greater traction for the bathware products. The division registered a positive bottomline for the first time since inception.

The team launched an exclusive Aurum Collection aimed at the well-heeled customers. This range is displayed at the Company's exclusive Kerovit showrooms viz. Kerovit World & Kerovit Studio.

The Company took control of the Customer Relationship Management system under its fold, earlier managed through a franchisee. It created 17-18 centers across India to receive and redress customer grievances, a critical element to grow business over the coming years.

Business vertical 5

PLYWOOD & LAMINATES

FY21 was a good year for the plywood vertical as increasing awareness and growing acceptance of its product resulted in a healthy growth in sales volumes. This vertical undertook multiple initiatives to improve existing products, widen the product range and grow product and brand awareness among decision-makers and opinion-influencers with the objective of sustaining business growth over the coming years:

- Launched the Super 710+ variant a hardwood product in select markets – widened the premium Metallic Range.
- Introduced digitally printed variants in the affordable Pro Series (Pro 710 & Pro Build).
- Executed a second manufacturing tie-up at Surat, Gujarat, exclusively for Flush Doors.
- Intensified the ground level connect program of engaging & training carpenters as well as contractors for promoting and using good quality wood panel products along with the correct application; Rolled out multiple digital initiatives targeting end-consumers.

INTERNAL CONTROL & IT'S ADEQUACY

Kajaria maintains a system of well-established practices and procedures for effective internal control of operations and other allied activities.

The internal audit function is strengthened in consultation with statutory auditors and the Audit Committee for monitoring statutory compliances and operational aspects.

Material controls and systems related issues are brought to the attention of the Audit Committee for periodic reviews and resolution.

RISK MANAGEMENT

At Kajaria, our risk strategy is determined by a risk appetite defined for a series of risk criteria. The criteria are based on sectoral circumstances, terrain realities, liquidity available and our earnings target within accepted volatility limits. These criteria provide a reference for our operating divisions.

Our 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 our key managers.

The Company has a robust risk management framework to identify and mitigate risks arising out of internal as well as external factors. There is a formal monitoring process at unit and company level, wherein new risks are identified, categorised as per impact and probability, mapped to key responsibilities of select managers and managed with appropriate mitigation plan.

To ensure transparency and critical assessment, we have a Risk Management Committee that coordinates the risk management system. The risk management framework is reviewed annually by the Audit Committee on behalf of the Board.

OUR BUSINESS CAPITALS

- Manufactured Capital
- Financial Capital
- Human Capital
- Intellectual Capital
- Social & Relationship Capital
- Natural Capital

Manufactured Capital

KAJARIA: BUILT ON A PAN-INDIA MANUFACTURING BASE

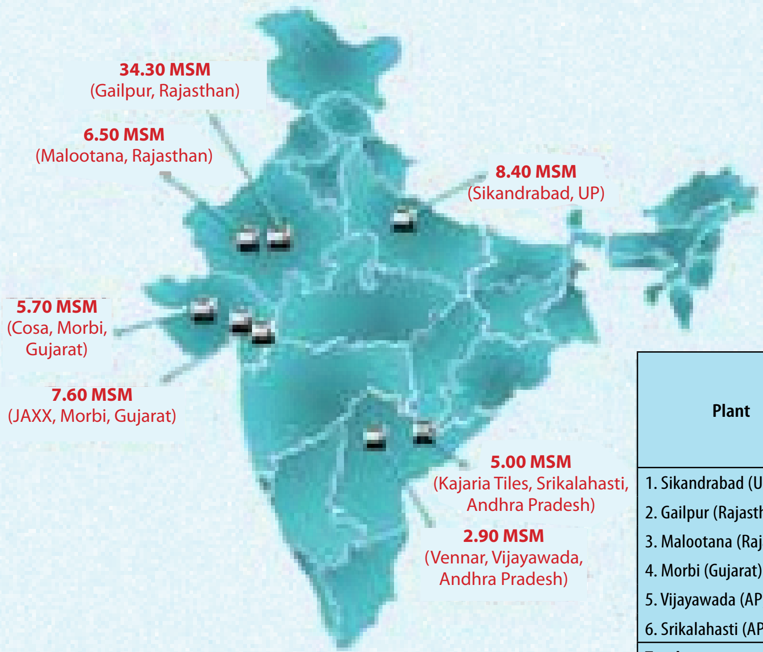
Kajaria continuously invests in improving the efficiency of its manufacturing facilities while ensuring the safety and reliability of its operations. Over the years, we have been strengthening our operations through a combination of organic and inorganic growth initiatives. Our pan-India manufacturing presence enables us to effectively capitalise on regional preferences and efficiently reduce our mind-to-market cycle.

ASSET OVERVIEW

Total Capacity 70.40 MSM

8

MANUFACTURING FACILITIES



Plant	Production Capacity (MSM)			
	Ceramic Wall & Floor Tiles	Polished Vitrified Tiles	Glazed Vitrified Tiles	Total
1. Sikandrabad (UP)	-	-	8.40	8.40
2. Gailpur (Rajasthan)	25.20	-	9.10	34.30
3. Malootana (Rajasthan)	-	6.50	-	6.50
4. Morbi (Gujarat)	-	13.30	-	13.30
5. Vijayawada (AP)	2.90	-	-	2.90
6. Srikalahasti (AP)	-	-	5.00	5.00
Total	**28.10**	**19.80**	**22.50**	**70.40**

In FY22, the Company has planned three brownfield expansions. It would be adding 4.20 MSM of ceramic floor tiles at the Gailpur unit, 3.80 MSM of value-added tiles at the Srikalahasti unit and 4.40 MSM of vitrified tiles at its Jaxx units. The combined investment is estimated at ₹250 Crore. This will take the total manufacturing capacity to 82.80 MSM. The additional capacity is expected to be operational in FY22.

Bathware

In addition to tiles, the Company has entered into bathware solutions in 2014. Its sanitaryware plant, with production capacity of 7.50 Lakh pcs p.a., is situated in Morbi (Gujarat). This faucet unit, with a production capacity of 1.00 million, is situated at Gailpur (Rajasthan).

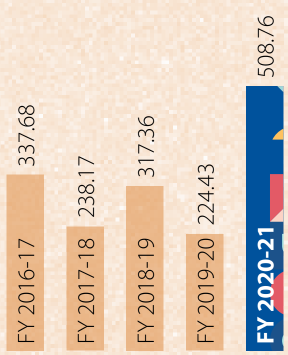
KAJARIA: BUILT ON A PRUDENT CAPITAL STRATEGY

Efficient capital utilisation and cash generation are critical pillars for strengthening the organisational edifice with the objective of sustaining profitable growth.

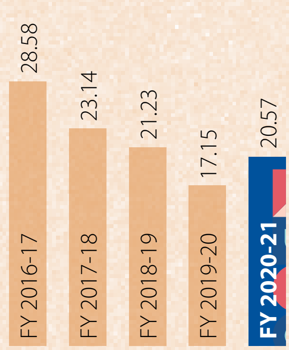
Kajaria has, for years, maintained a sharp focus on building a robust financial capital platform which allows it to invest in-house resources for funding capital-intensive projects even as it rewards shareholders. Its zero-debt position and significant cash & bank balance (including liquid investments) bear testimony to its ability to seamlessly navigate through choppy times.

The Company continues to focus stepping up efficiency across the board through technology interventions and disciplined monitoring, exercising stringent control on overhead costs and optimising the working capital cycle. It enables enhancing sustainable business profitability and organisational liquidity.

Net Cash from Operations (₹ Crore)



Return on Capital Employed (%)



About FY21

FY21 was a unique year. Unprecedented challenges to start with followed by a full throttle business acceleration and growth opportunity. For Kajaria, the stress of the pandemic was relatively lesser owing to its deleveraged position and abundant cash reserve. In keeping with this sudden change, Kajaria adopted a nimble-footed approach to tide over the changing trends.

The Company utilised this liquidity pool to manage the initial months of business disruption. It ensured timely payment of all dues to its other stakeholders namely employees, vendors and other business partners. To tide over the tough times, the Company also relaxed the payment terms for dealers to enable them tide over these trying times.

Analysis of Financial Statements

Kajaria Ceramics registered a healthy performance in FY21 despite challenging circumstances.

Net sales stood at ₹2,780.90 Crore in FY21 against ₹2,808.01 Crore in FY20 despite the lockdown and dismal customer confidence in the first half of the year.

Cost management initiatives coupled with reduced gas prices for part of the year assisted the Company in shoring business profitability. EBITDA increased from ₹415.90 Crore in FY20 to ₹508.82 Crore in FY21. Likewise, EBITDA margin scaled from 14.81% in FY20 to 18.30% in FY21.

A resurgent Kajaria reported a Net Profit of ₹308.05 Crore in FY21 against ₹255.33 Crore in FY20.

Net Cash from Operating Activities stood at ₹508.76 Crore in FY21 against ₹224.43 Crore in the previous year.

While equity remained unchanged, the Company's Networth climbed from ₹1,714.27 Crore as on March 31, 2020 to ₹1,868.86 Crore as on March 31, 2021 owing to the ploughing of business surplus.

During the year, the Company prudently utilised its cash flow to reduce its external debt – the Debt-Equity ratio (net) improved further - from (0.06) as on March 31, 2020 to (0.18) as on March 31, 2021.

Despite the rather pressing business circumstances especially in the first half of the fiscal, the Company successfully maintained its working capital cycle.

The Company has revised its dividend policy, under which the Company will endeavor to maintain a Dividend Payout Ratio (Dividend payable / Profit After Tax) at around 40% to 50% of Consolidated Profit After Tax. Kajaria announced an interim dividend of ₹10 per equity share for FY21 leading to a payout of ₹159.08 Crore during the fiscal under review.

Focus in FY22

- Sustain the cost optimisation drive.
- Optimise the working capital cycle.
- Invest in brownfield expansions to cater to increased demand.

18.30%

EBITDA Margin

(0.18)

Debt-Equity ratio (net)

17.19%

Return on Equity

KAJARIA: BUILT BY THE PASSION OF ITS ENERGETIC TEAM

Kajaria's human capital is the foundation of leadership, innovation and customer engagement. The Company nurtures this capital by empowering employees, providing a safe working environment, training for enhancing skills and rewarding its people for exemplary performance.

Investing in People

Kajaria continues to invest in its people by providing them avenues to expand their knowledge capital. The Company's institutionalised training calendar comprised technical, behavioural and safety training modules which were conducted by its in-house trainers and external faculty. Training also comprised on-the-job knowledge sharing – primarily for freshers – by their peers. Great emphasis was put on imparting knowledge on quality management and rejection analysis and control. The Company also encouraged team members to enroll for on-line training courses, in-lieu of the pandemic, covering a wide spectrum of topics.

Safety first

Kajaria's focus on employees' health and safety ensures business continuity and fosters employee wellbeing. Its key facilities are ISO certified. The Company's safety committee at its operating units ensure strict adherence to the safety SOPs. The team lays a close eye on hazard identification from time to time in keeping with the dynamic business realities and on-time implementation of control measures. The Safety Team conducts regular safety audits and awareness programme for all the employees. This includes fire safety and other mock drills on various aspects such as IMS (QMS,OHAS & EMS) certification awareness programs, ISO training at units, Fire safety training, On site emergency planning, Training on personal protective equipment (PPE), among other areas.

The Company has taken a comprehensive health insurance policy for its entire team.

Gender sensitivity

Kajaria remains committed in providing a work environment that ensures every women employee is treated with dignity and respect and afforded equitable treatment. The Company is also committed to promoting a work environment that is conducive to the professional growth of its employees and encourages equality of opportunity.

The Company does not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its employees are not subjected to any form of harassment. It is implementing POSH act for which it has conducted many awareness sessions for its employees.

The Company also introduced the Maternity Benefit Amendment Act enabling the provision to "work from home" for women after the expiry of the 26-week leave period.

The Company adheres to the Equal Remuneration Act through which it ensures equal remuneration irrespective of employee gender.

Managing the pandemic

Kajaria's people first initiatives were clearly showcased in its people policies rolled out during the two waves of Covid to keep its people safe, engaged and stress-free.

Policies & practices

- Created and institutionalised SOPs aligning with the Government protocols.
- Restricted the entry of people to offices only for essential work.
- Setup of Covid help desk, at entrance of the factory.
- Installed sanitizing tunnels for all entering into factory premises.
- Distributed safety masks to all plant personnel.
- Maintained distance between work stations as prescribed by the Government authorities.
- Maintained regular sanitizing of common areas.
- Provided hand wash & sanitizer with a touch-free mechanism at all entry and exit points and common areas.
- Created an awareness campaigning at factory level.
- Created a list of hospitals/clinics authorised to treat COVID- 19 patients, in the nearby areas, which was displayed at various places in the office in case of need.
- Organised Covid vaccination camp inside the factory premises with the help of local Government Hospital for the employees.

KAJARIA: BUILT BY THE POWER OF ITS RESIDENT INTELLECT

Kajaria's intellectual Capital includes our industry perceptiveness, competitive intelligence, understanding of markets and customers, and its human power. Building on these, enables Kajaria to remain sustainable and serve the customers with better quality products that fuel aspiration.

Technology

Kajaria has a passion for remaining at the cutting-edge of technology. Its manufacturing units are equipped with modern technology. Moreover, its continuing focus on process automation and investment in sophisticated equipment with the objective of upping product quality has positioned Kajaria as the number 1 in the industry.

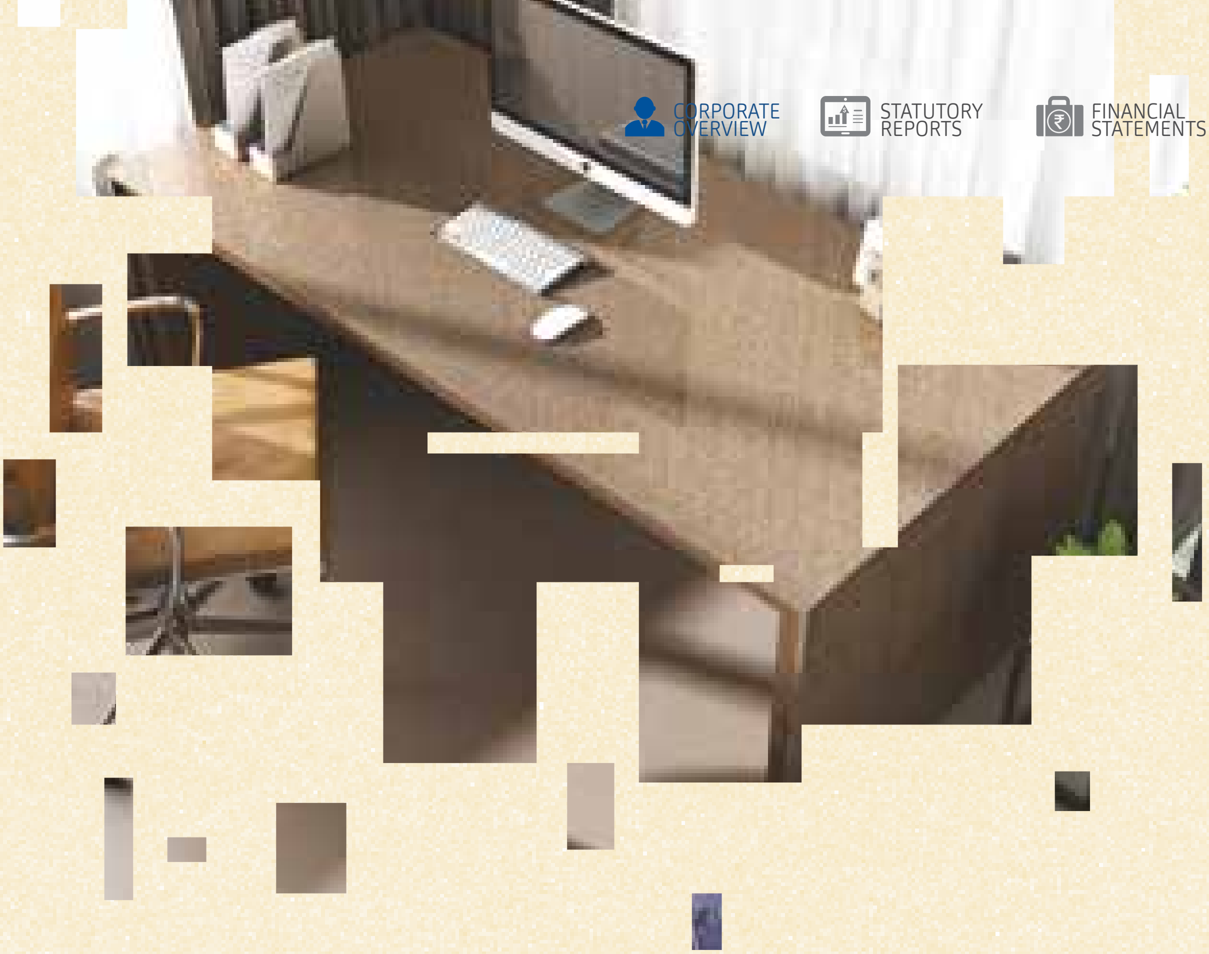
As early as 2011, Kajaria was among the first few to introduce digital printing technology in ceramic and glazed vitrified tiles, which today have become the industry standard.

In FY21, the Company installed the state-of-the-art Tunnel Kiln which helps in uniform baking resulting in a longer-lasting product. It also replaced manual glazing operations with a Robo-glazing line; it will ensure uniform glazing across the entire product which will provide a superior finish and appreciably enhance aesthetic appeal.

Also, the Company invested in a Physical Vapour Deposition (PVD) unit, , in its bathware manufacturing facility, for making colored products. This is the second unit in India to have such 'state-of-the-art' facility and the only Indian bathware player with this equipment.

R&D

The R&D units at the manufacturing units are innovations hubs for the Company. While the key focus of the Company's R&D units is squarely on developing new product sizes, designs and



textures, the R&D unit also utilises its expertise in process improvements with the aim of strengthening productivity and product quality.

The R&D team has faithfully rejuvenated its product basket with new tile series and new product sizes - creating the widest range of products offered by any tile company in India. As a result, Kajaria can boast of having a product for every tile application and at every price point.

Over the years, the Company has pioneered a number of sizes and product types for the Indian customers, ensuring that Kajaria becomes the first brand of recall for tiles across India. In keeping with this passion, the Company introduced 256 new SKUs (floor and wall tiles) in FY21.

In the recent past, the R&D altered its raw material mix from high-thermal inputs to low-thermal variants after considerable efforts. This helped in improving machine productivity while optimising costs. The R&D team also continues to work on improving batch cycle time which assists in improving product output.

Information technology

At Kajaria, Intellectual Capital is manifested in the knowledge base we have created over the years. It is one of the core pillars of our Enterprise Risk Management (ERM) strategy.

As the digital tusnami swept over the Indian business ecosystem, further accentuated by the pandemic, Kajaria strengthened its IT infrastructure and solutions. During the year, the Company implemented important initiatives which will go a long way in seamlessly streamlining and integrating business operations:

- Migrated the SAP ERP ECC to S4 HANA platform for faster processing and enhancement for business; also implemented TCS and TDS systems.
- Implemented the SAP Concur mobile app for travel management to make paperless travel management system and control travel expenses.
- Moved its Email application to Microsoft O365 to make organisations email system more reliable and secure.
- Set up controls to provide access to SAP application through the two-factor authentication system for external as well as internal users.
- Implemented cyber security controls and application with strict policies to protect IT infra and endpoint devices for protection.
- Strengthened the ISMS policies for controlling and monitoring access to IT applications as per a predefined authority chart.
- Introduced the SAP Fiori app for approvals & reporting.
- Developing a dealer portal app for superior dealer interaction, communication and business management.

KAJARIA: BUILT ON THE STRENGTH OF ITS DECADES-OLD RELATIONS

Kajaria realises that one of its major key attributes of the larger sustainability domain is "thriving with the communities". Because its business largely depends on our ability to create and sustain long-term and strong relationships with our customers, employees, shareholders and the wider community. As such, the Company continues its efforts to provide increased benefits to its partners across the value chain.

Connecting with society

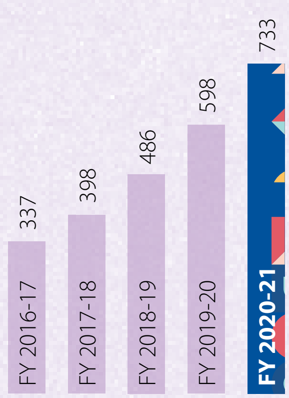
Kajaria strives to make a difference in the lives of people with a special focus on neighbouring and local areas of the Company's manufacturing locations.

In keeping with this aspiration, the Company implements various CSR programmes / projects that have made a positive on communities residing around the periphery of its operating facilities. The Company's key themes for its social programmes include health, sanitation, conservation of natural resources, social relief, promoting sports, Welfare of Armed Forces, Rural Development and education, etc. It implements its CSR initiatives directly and through various trusts/societies/ NGOs. Some of the important projects implemented were:

1) Funded the construction of a Check Dam at Thanagaji, Alwar (Rajasthan) by PHD Rural Development Foundation Committee (Under the aegis of PHD Chamber of Commerce and Industry, New Delhi).
2) Supported the education of underprivileged children at Sarada Shishu Tirtha Kantivita, Darjeeling (West Bengal), an institution managed by Vivekananda Vidyavikashh Parishad, West Bengal Unit.
3) Funded the construction of drains at Sikanderabad Industrial Area, U.P. for improving the sanitation facility of villages in that area.
4) Funded the renovation and construction of toilets under the Swachh Bharat programme.
5) Funded the training of aspiring sportsmen to promote nationally recognised sports.

Spending on CSR

(₹ Lakh)



Our front face

Kajaria, over the years, has created the largest distribution networks in its business space. Its expansive and entrenched network is its front face to the end consumers.

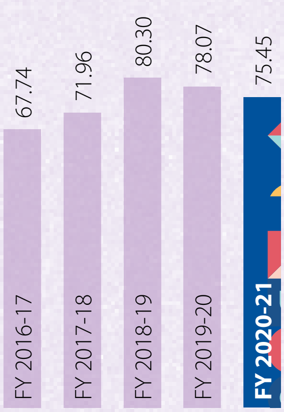
Kajaria treats its distribution network as its extended family – as such it continues to nurture healthy relations with its distribution network. The result of its efforts is reflected in the rising sales volumes and the dominant market share in an increasingly competitive and dynamic market place.

The Company's dealer network comprises exclusive and multi-brand outlets. The exclusive outlets have been classified under different categories namely Kajaria Galaxy, Kajaria Star, Kajaria World and Kajaria Prima Plus – based on their size and product offering. The Company has also created display/experience centers (for product display) in key cities.

The success of Kajaria's distribution network is reflected in an important reality – its growing sales volume.

Sales volume

(MSM)



1,600+

Dealer network

What drives dealers to partner with Kajaria?

Rejuvenating the basket: Kajaria continues to rejuvenate its large product basket, catering to all price points, with aesthetically superior products which continues to attract customer attention.

Renovating showrooms: Kajaria has a dedicated team that focuses on enhancing the look & feel and layout of dealer showrooms. In addition to improving the layout of tiles, the team also uplifts the appeal of the showroom… enhancing customer experience.

Reinforcing the recall: Kajaria's brand spend and national, regional and local level brand awareness initiatives, creates footfalls for its dealers.

Rewarding performance: Kajaria takes its dealers on destinations meets. At the annual functions, the Company to rewards it performing dealers. In times of stress, Kajaria continues to stand by its dealer family.

Connecting with the masses

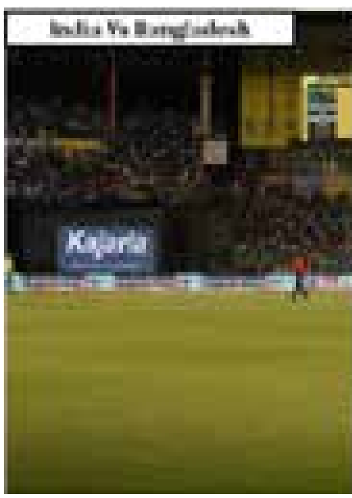
Kajaria invest heavily in branding to create product awareness. It's association with high decibel national sporting events and its presence in high footfall areas has strengthened its connect with the masses and magnified the brand multifold. Its continued association with national youth celebrities – Akshay Kumar for the tile business, Anushka Sharma for the bathware segment and Ranveer Singh for the plywood segment – as its brand ambassadors has positioned the brand out of the clutter. These initiatives have positioned Kajaria as the leading tile brand in India.

Kajaria continued to strengthen its presence through aggressive campaigns on all social media channels namely Facebook, Instagram, LinkedIn and YouTube. The Kajaria page on Facebook has more than a million followers. The 'Desh ki Mitti' TVC on YouTube has over 15 million views. The Company also launched an awareness campaign on the social media which generated considerable interest. With OTT platforms gaining viewership especially during the lockdown, the team established its presence on platforms such a Hotstar, Zee5 and Sonyliv – coming closer to its prospective customer. As the lockdown was eased, the Company undertook a large outdoor advertisement campaign in Tier 2 and 3 cities pan India.

Kajaria is recognised in the Indian tile industry for revolutionising tile marketing in India – from vertical stacking of tile boxes in hardware shops to pioneering the concept of displaying tiles in stylish showrooms equivalent to jewellery stores and providing customer with mock-ups of bathrooms, kitchens and living rooms – a first time experience for the Indian customer. Kajaria taught dealers not to sell tiles but to Showcase Aspiration.

Kajaria's brand is visible at 30 airports in India

Kajaria participates in high-decibel national sporting events



KAJARIA: BUILT BECAUSE IT RESPECTS THE EARTH

Kajaria sustainability strategy focuses on environmental responsibility, climate protection, and ensuring long-term availability of resources. Ever since it commenced its journey, the commitment to sustainable processes at all the operating sites remains firm. The Company follows the '3R policy' of sustainability.. Reduce, Recyle and Replenish.

REDUCING

Energy management: Tile manufacturing is a power intensive process. Much of the energy consumption is in the furnaces that bake the tiles. This furnace uses LNG (except Malootana) which is a non-polluting energy source. At Kajaria, optimising energy consumption has remained very high on the priority list of the operations team. In keeping with this reality, the team has implemented important initiatives:

- Invested in waste-heat recovery solutions which diverts the heat captured to other manufacturing processes (namely drying).
- Replaced conventional motors with VFD (Variable Frequency Drive) variants. This results in considerable savings as tiles move across the manufacturing process on horizontal conveyors which are driven by motors.
- Maintained the power factor (without significant fluctuation) which optimises power consumption.
- Replaced conventional lighting across all plants with LED variants (the luminosity is far intense than conventional lighting sources while the energy consumption is a fraction of that).

The Company plans to convert the coal-fired furnace at Malootana to use LNG-fuelled furnace, in keeping with its commitment to a clean and green operations.

Energy saving rooted in the product: Tiles have not become a preferred solution only leveraging the aesthetics plank, it is so because it saves considerable energy for the customer.

a) Marble and stone flooring require considerable energy for cutting and polishing while tile are literally plug-and-play flooring solutions which do not need an electrical source for its layout (maybe marginal at best).

b) In the age of verticalisation (high-rise buildings) lifting marble, granite and other stone options could emerge quite a burden; the same does not hold true for tiles.

Extending life of tiles: Kajaria enjoys dominance in the domestic tile industry primarily for the quality of its tiles. This is borne out in an important reality – the load-bearing capacity of its tiles is far higher than what is mandated – for wall tiles it is 200 kg/cm2 against 150 kg/cm2 and for floor tiles it is 350 kg/cm2 -plus against the standard 240 kg/cm2. The tiles are stain proof which maintains its appeal for a considerable time.

Minimal use of plastic: Use of plastic at Kajaria is highly restricted. The Company uses plastic corners in packing the finished tiles to prevent any damage to the tile corners. Furthermore, while film wrapping of finished tile boxes is done for export consignments (which are very minimal), this practice has been discontinued for domestic despatches in keeping with environmental concerns.

Optimising the use of paper: The Company has prudently reduced the thickness of the board used in packaging of finished tiles – it has optimised the use of paper. Also, the Company has invested in a contemporary ERP solution which minimised paper consumption at its offices.

Reducing ink consumption: The Company replaced conventional printing with digital printing which optimised the use of ink by more than 80%.

Air pollution: Sustainability is embedded into the Company's supply chain. This is evident in an important reality - a multi-locational manufacturing presence minimising the plant to market distance. In addition, the Company follows the following practices that showcases its priority towards minimising air pollution through product delivery:

- Works with handpicked transport operators who have a young fleet of vehicles which are non-polluting.
- Practices full load transportation which improves freight efficiency.
- Checks PUC certificate of all vehicles at its premises.
- Examines vehicle fitness at periodic intervals.
- Promotes the use of green-fuel vehicles.

RECYCLING

Tile manufacturing process is largely waste free. Waste generated and its management is detailed below:

1) **Broken tiles:** They are ground. Post grinding the raw material is used along with the body raw materials.
2) **Waste heat:** This is captured and used in drying units.
3) **Waste water:** It is treated in the ETP units at the plant campus and reused in the manufacturing process and landscaping. The Company owned plants are zero-discharge facilities (liquid and solid waste).
4) **Automation:** To minimise human handling of finished tiles (which could lead to breakage) the Company has invested in automation solutions.
5) **E-waste:** All e-waste is sold to Government authorised vendors.

REPLENISHING

Green energy: As an environment respecting corporate, Kajaria has invested in rooftop solar installations (6.30 MW) at its facilities. Going forward, more such installations are on the anvil. The Company has also invested in wind power. It has three wind turbines (3.75 MW) in Rajasthan which delivery the energy generated to the Gailpur unit, the flagship manufacturing plant. About 20% of Gailpur's energy is from renewable sources (solar and wind).

Water table: The Company has created pits within its plant campus to accumulate rain water to partially replace the intake of freshwater. It has also invested in rainwater harvesting solutions that recharge the water table in its location.

Green cover: The Company continues to intensify the green cover through plantation drives within its plant and in surrounding areas to improve the air quality in the neighbourhood.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ashok Kajaria	(Chairman & Managing Director)
Mr. Chetan Kajaria	(Joint Managing Director)
Mr. Rishi Kajaria	(Joint Managing Director)
Mr. Dev Datt Rishi	(Non-Executive Director)
Mr. Raj Kumar Bhargava	(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. H. Rathnakar Hegde	Member
Mr. Debi Prasad Bagchi	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mrs. Sushmita Singha	Chairperson
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
Mrs. Sushmita Singha	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. Dev Datt Rishi	Member
Mr. H. Rathnakar Hegde	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 122001, Haryana
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: Maootana, Tehsil: Thanagazi, Distt.: Alwar (Rajasthan) -301022.

SUBSIDIARIES

1. Kajaria Bathware Private Limited
2. Kajaria Plywood Private Limited
3. Kajaria Tiles Private Limited
4. Jaxx Vitrified Private Limited
5. Vennar Ceramics Limited
6. Cosa 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, 1st Floor, Okhla Industrial Area, 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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 35th Annual Report together with the audited financial statements of your Company for the financial year ended 31st March 2021.

FINANCIAL RESULTS

The Company's financial performance for the year ended on 31st March 2021 is summarized below: (₹ in Crores)

Particular	Standalone		Consolidated	
	Year ended 31st March 2021	Year ended 31st March 2020	Year ended 31st March 2021	Year ended 31st March 2020
Revenue from Operations	2523	2572	2781	2808
Profit Before Other Income, Exceptional Items, Depreciation, Interest and taxes	433	376	509	416
Profit before Tax	406	339	413	312
Tax Expense	104	60	104	59
Profit After Tax (before Minority interest)	302	279	309	253
Minority Interest	-	-	(1)	(2)
Profit After Tax (after Minority interest)	302	279	308	255

Financial highlights and state of Affairs of the Company

In an unusual year, Kajaria demonstrated its resilience to report a good performance in the face of unprecedented headwinds.

A tepid start owing to the pandemic was followed by an unexpected upsurge in demand that sustained through most part of the second half of the year. Prudently prepared for this sudden shift in gears, Kajaria remained committed to delivering value to its customers and creating wealth for its shareholders.

Despite a marginal dip of 1% in revenue from operations, Net Profit increased by 21%. The Company reported a Net Profit in excess of ₹300 Crore for the first time in its history.

The State of Affair of the Company is detailed in the 'Management Discussion and Analysis' section which forms part of this report.

Outlook

The start to the new fiscal almost mirrored with that of FY21. The only difference was that the second wave was even more aggressive in its spread and fatal in its consequence. Even as the country endured the pain of immense loss of lives and livelihood, the resurgent Indian flattened the pandemic curve in a shorter time span. The journey of economic progress has restarted once again.

The uptick in consumer confidence has helped in kick starting commercial activity. Moreover, the aggressive vaccination drive across districts and cities suggest that India should be lesser impacted for a third wave, if any.

Moreover, with the Morbi cluster focused on exports, the vacuum created in the domestic market augurs well for the national brands to widen their presence and increase market share. Additionally, the Government thrust on investment in infrastructure creation is expected to open new growth vistas.

Over the medium term, the growing prevalence and increasing acceptance of working from anywhere culture promises to reduce urbanization. The workforce would prefer to stay in Tier II, III and IV towns. These towns could then emerge as new construction hubs dotting the Indian landmass. When this transpires, demand for tiles, the preferred flooring and cladding solution, will continue to move northward.

Dividend

The Board of Directors of the Company had declared Interim Dividend of ₹10/- (i.e. 1000%) per equity share for the year ended 31st March, 2021 at their meeting held on 21st January, 2021 and accordingly, during the year 2020-21, the Company had paid the Interim Dividend for the year ended 31st March, 2021 aggregating to ₹159.08 Crores. The said Interim Dividend shall be deemed to be Final Dividend for the financial year ended 31st March, 2021. In view of same, your Directors have not recommended final dividend for the financial year ended on 31st March 2021.

Consolidated Financial Statements

The Company adopted Indian Accounting Standard (Ind-AS) from 1st April, 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 ('the Act') and the relevant rules issued thereunder read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (' the Listing Regulations') and the other accounting principles generally accepted in India. The Consolidated Financial Statements form part of the Annual Report.

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.

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

During the year under review, no new company has become or ceased as subsidiary of the Company. A report on performance and financial position (Form AOC-1) of each of the subsidiaries as per the Act is provided as **Annexure-1.**

Share Capital

The Authorised Share Capital of the Company is ₹129,10,00,000 (Rupees One Hundred Twenty Nine Crores Ten Lakh only) divided into 52,00,00,000 (Fifty Two Crores) Equity Shares of ₹1/- each (Rupee One) aggregating to ₹52,00,00,000 (Rupees Fifty Two Crores Only) and 77,10,000 (Seventy Seven Lakhs Ten Thousand Only) Redeemable Preference Shares of ₹100/- each (Rupees One Hundred Only) aggregating to ₹77,10,00,000 (Rupees Seventy Seven Crores Ten Lakh Only).

During the year 2020-21, the Company's paid up share capital has been increased by issue of 1,23,800 equity shares of ₹1/- each pursuant to the Kajaria Ceramics Employee Stock Option Plan 2015. Accordingly, the paid up share capital of the Company, as on 31st March, 2021, was 15,90,81,000 equity shares of ₹1 each.

After the closure of the financial year 2020-21, the Company's paid up share capital has further been increased by issue of 86,350 equity shares of ₹1/- each pursuant to the Kajaria Ceramics Employee Stock Option Plan 2015. Thus, presently, the paid up share capital of the Company is 15,91,67,350 equity shares of ₹1 each.

The Company has not issued shares with differential voting rights or sweat equity shares during the year 2020-21. As on 31st March, 2021, none of the Directors of the Company hold any 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 shareholders of the Company on 7th September, 2015 for issue and allotment of options exercisable into not more than 10,62,000* equity shares of ₹1 each (Originally the 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 ('the Board') 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 ('Stock option') to the employees of the Company and its subsidiaries. 1,37,700 equity shares of ₹1 each (11,700 equity shares during the year 2020-21, 29,000 equity shares during the year 2019-20, 44,000 equity shares during the year 2018-19, 13,000 equity shares during the year 2017-18 and 40,000 equity shares during the year 2016-17) had been forfeited/lapsed due to resignation/death of ESOP Option holders. Details regarding the ESOP Plan 2015 are given at Note No. 43 to the financial statements.

During the year under review, there are no material changes in the ESOP Plan 2015 and the same is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 ('ESOP Regulations'). The disclosures under Regulations 14 of ESOP Regulations is uploaded on the Company's website viz.: https://www.kajariaceramics.com/pdf/disclosure_pursuant_to_sebi_2020_21.pdf

* 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, 2021, 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, 2021 and of the profit of the Company for the period ended 31st March, 2021;

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 systems 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 in the Listing Regulations. A separate section on corporate governance, along with a certificate from M/s Chandrasekaran Associates, 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, as may be required under the applicable laws, are usually obtained on yearly basis, 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 placed before the Audit Committee by way of a statement giving details of all related party transactions for its review. All related party transactions are disclosed in Note No. 40 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 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 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ['the CSR Rules'], the Company has formulated a Corporate Social Responsibility Policy ('CSR Policy') indicating the activities to be undertaken by the Company. The constitution of the Corporate Social Responsibility Committee ('CSR Committee') is disclosed in the Annual Report on CSR Activities as an **Annexure-3** of this report.

The Board, at its meeting held on June 14, 2021, has approved the revised CSR Policy of the Company, as per the amendments in Section 135 and other applicable provisions, if any, of the Act, read with CSR Rules, notified on 22nd January, 2021

The Corporate Social Responsibility ('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 neighbouring 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, social relief, promoting sports, rural development and education, etc. During the year under review, the CSR programmes initiated by the Company includes taking steps for Swachh Bharat, preventive health care, constructing sanitation facilities in the schools, etc. near the manufacturing facilities, contributing to the education and social economic development of under privileged children and for rural area development. These CSR initiatives are implemented directly and through various trusts / societies / NGOs. These projects are also in accordance with Schedule VII of the Act.

The Annual Report on CSR activities as prescribed under the CSR Rules is set out as **Annexure-3**, forming part of this Report. The

Company had incurred CSR expenditure of ₹666 Lakhs during the year 2020-21. The remaining amount of the CSR budget for the financial year 2020-21 (i.e. ₹67 Lakhs), pertains to the ongoing CSR projects/activities, which is to be incurred during the financial year 2021-22 and onwards, in accordance with the provisions of the Act read with the CSR Rules.

The unspent amount of ₹67 Lakhs which pertains to unspent CSR amount for the financial year 2020-21 towards ongoing CSR projects/activities had been carried over to the financial year 2021-22 and onwards, in accordance with the provisions of the Act read with the CSR Rules.

Scheme of Amalgamation

A Scheme of Arrangement adopted by the Board of the Company ('the Board') during the year 2019-20, which provides for, inter-alia, the amalgamation of Kajaria Tiles Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited), wholly-owned subsidiary with the Company with appointed date as 1st April, 2019 ('Scheme') and the same was filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench ('NCLT') vide application dated 26th September, 2019 for approval under Sections 230-232 read with other applicable provisions of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The Company had received the order dated 3rd February, 2020 from the NCLT with respect to the first motion application filed by the Company. The Company has filed the Second Motion Application with the NCLT and the same is pending before the NCLT.

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 has 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 identifies, from time to time, 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 read with the Listing Regulations is in place and is uploaded on the Company's website i.e. https://www.kajariaceramics.com/pdf/Risk_Management_Policy.pdf

Internal Control Systems and their adequacy

The Company believes in a strong internal control framework, which 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 of the Company's operations are carried out by the Internal Auditors and periodically covers different areas of business. The audit scope, mythology to be used, reporting framework are defined well in advance, subject to consideration of the Audit Committee of the Company. 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 of the Company. 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

The term of Mr. Ashok Kajaria as the Chairman & Managing Directors of the Company expired on 31st March, 2021. The Board has re-appointed him as the Chairman & Managing Director of the Company for the further period of five (5) years w.e.f. 1st April, 2021 to 31st March, 2026, subject to the approval of members of the Company at the ensuing Annual General Meeting ('AGM') of the Company.

The terms of Mr. Chetan Kajaria and Rishi Kajaria as the Joint Managing Directors of the Company expired on 31st March, 2021. The Board has re-appointed them as the Joint Managing Directors of the Company for the further period of five (5) years w.e.f. 1st April, 2021 to 31st March, 2026, subject to the approval of members of the Company at the ensuing AGM of the Company.

Mr. Dev Datt Rishi, who is liable to retire by rotation, has offered himself for re-appointment as the Director at the ensuing AGM of the Company. The Board recommends for his re-appointment in the ensuing AGM of the Company.

Subject to the approval of shareholders by way of a special resolution, it is also proposed to appoint Mr. Dev Datt Rishi as the Independent Director for a period effective from the conclusion of the 35th Annual General Meeting of the Company upto the conclusion of the 39th Annual General Meeting of the Company. The requisite disclosures/declarations including a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act read with the Listing Regulations, have been received.

The Nomination and Remuneration Committee and the Board have also recommended appointment of Mr. Dev Datt Rishi for the above said period.

During the above said proposed term, age of Mr. Dev Datt Rishi will also exceed 75 years. Accordingly, approval of members of the Company, by way of a special resolution would also be required for the above purpose.

All Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Regulations 16(1)(b) & 25(8) of the Listing Regulations and in the opinion of the Board of the Company, all Independent Directors of the Company have integrity, expertise, experience as prescribed under the Companies (Appointment and Disqualification of Directors) Rules, 2014 read with the Companies (Accounts) Rules, 2014 (including amendment thereof).

All Directors of the Company have also given declarations that they are not debarred from holding the office of Director by virtue of any SEBI order or any other such statutory authority as required under the Circular dated 20th June, 2018 issued by BSE Limited and National Stock Exchange of India Limited.

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

Performance Evaluation

The Board has, on recommendation of the Nomination and Remuneration Committee and in line with the Nomination and Remuneration Policy of the Company, carried out an annual performance evaluation of the Board as a whole, its Committees and all Directors including the Chairman.

The manner in which the annual performance 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 Managerial Personnel and other Senior Management and their remuneration. The Nomination and Remuneration Policy includes the criteria for determining qualification, positive attributes, independence, etc. is placed on the Company's website, i.e. https://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

M/s Walker Chandiok & Co LLP, Chartered Accountants, (Firm Registration Number 001076N/N500013), the Statutory Auditors of the Company has given their report on the financial statements of the Company for the financial year ended 31st March, 2021, which forms part of the Annual Report. There is no qualification, reservation, adverse remark, comments, observations or disclaimer given by the Statutory Auditors in their report. There were no frauds reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013.

M/s Walker Chandiok & Co LLP, Chartered Accountants, had been appointed as the Statutory Auditors of the Company at the 31st AGM of the Company held on 10th August, 2017, for a period of five years effective from the conclusion of the 31st AGM of the Company upto the conclusion of the 36th AGM of the Company, subject to ratification by the shareholders of the Company at each AGM of the Company.

The shareholders of the Company had, at the 32nd AGM of the Company held on 27th August, 2018, approved that the annual ratification of appointment of M/s Walker Chandiok & Co LLP, Chartered Accountants, for their remaining term shall be done, if so required under the Companies Act, 2013. The provisions of the Companies Act, 2013, now does not require the said annual ratification of the Statutory Auditors of the Company.

M/s Walker Chandiok & Co LLP, Chartered Accountants are eligible to continue as the Statutory Auditors of the Company for the remaining term in accordance with the provisions of the Companies Act, 2013 read with rules made thereunder and applicable laws.

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, Company Secretaries, Delhi were appointed as the Secretarial Auditors, to undertake the Secretarial Audit of the Company for the year ended 31st March 2021. 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. There were no frauds reported by the Secretarial Auditors under Section 143(12) of the Companies Act, 2013.

Disclosures under the Companies Act, 2013 and rules made thereunder:

Annual Return

The Annual Return in Form MGT-7 is available at https://www.kajariaceramics.com/pdf/Annual_Return_Form_MGT_7_2020-21.pdf.

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, Guarantees 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, 38 and 40 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 - 6** to this report.

Meetings of Board

The Board of the Company met four (4) times during the financial year 2020-21 on 26th June, 2020, 7th August, 2020, 20th October, 2020 and 21st January, 2021. Details of the meetings of the Board of Directors held during the financial year 2020-21 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 the Directors and Employees of the Company by adopting the Whistle Blower Policy to report about the genuine concerns, unethical behaviour, fraud or violation of Company's Code of Conduct and leakage/suspected leakage of Unpublished Price Sensitive Information with respect to the Company. The Whistle Blower Policy may be accessed on the website of the Company i.e. https://www.kajariaceramics.com/pdf/whistel_blowing_policy.pdf

Maintenance of Cost Records

The Company is not required to maintain of cost records as per sub-section (1) of Section 148 of the Companies Act, 2013.

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 and Trainees) are covered under this Policy. The Company has not received any sexual harassment complaints during the year 2020-21.

Particulars of Employees

The information required pursuant to Section 197 of the Companies Act, 2013 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- 7** to this 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.

Proceeding under Insolvency and Bankruptcy Code, 2016

No application or any proceeding has been filed against the Company under the Insolvency and Bankruptcy Code, 2016 during the financial year 2020-21.

Details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof

The Company has not made any one-time settlement, therefore, the same is not applicable.

Significant and material orders passed by the regulators or courts or tribunals

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 securities 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 its 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 Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: 3rd August, 2021

Annexure - 1

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	Jaxx Vitrified Private Limited (CIN: U26933GJ 2010PTC062933)		Vennar Ceramics Limited (CIN: U26919TG 1994PLC031858)		Cosa Ceramics Private Limited (CIN: U26933GJ 2010PTC063444)		Kajaria Bathware Private Limited * (CIN: U26943DL 2013PTC252495)		Kajaria Tiles Private Limited (CIN: U26933HR2014PTC081026)		Kajaria Plywood Private Limited (CIN: U36109DL 2017PTC324260)	
Date since when subsidiary were acquired	15/01/2012		09/04/2012		17/10/2012		15/05/2014		23/09/2015		05/06/2018	
AS AT	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Capital												
˜- Equity Shares	14.95	14.95	24.00	24.00	9.10	9.10	25.00	25.00	10.00	10.00	9.90	9.90
˜- Preference Shares	0.00	0.00	0.00	0.00	0.00	0.00	4.41	4.41	0.00	0.00	0.00	0.00
Reserves	-4.76	-7.55	12.88	11.56	58.19	62.74	41.74	29.95	2.73	-2.51	-27.09	-16.57
Total Assets	177.14	207.38	75.73	82.81	127.89	115.45	197.52	193.98	225.02	215.17	9.37	8.42
Total Liabilities	166.95	199.98	38.85	47.25	60.6	43.61	126.37	133.82	212.29	207.68	26.56	15.09
Investments	0.01	0.01	-	-	-	-	-	-	-	-	-	-
Turnover	198.16	272.51	55.78	57.64	78.99	125.71	209.00	174.24	118.48	44.48	39.15	28.92
Profit before Taxation	2.72	-3.56	1.78	0.36	-6.08	-1.13	11.83	-5.15	6.14	-2.03	-10.53	-10.24
Provision for Taxation	-	-	-0.47	-0.06	1.52	-0.98	-	-	-0.91	-	-	-
Profit After Taxation	2.72	-3.56	1.31	0.42	-4.56	-0.15	11.83	-5.15	5.23	-2.03	-10.53	-10.24
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% of Shareholding	87.37%	87.37%	51%	51%	51%	51%	100%	100%	100%	100%	97.89%	97.89%

*Consolidated figures including performance of its subsidiary Kajaria Sanitaryware Private Limited. The Company holds 100% (85% on diluted basis) equity shares of Kajaria Bathware Private Limited.

Note: There is no Associate or JV Company other than those mentioned above.

For and on behalf of the Board of Directors

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

Place: New Delhi
Date: 3rd August, 2021

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 31.03.2021

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 31.03.2021

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	Total Amount
NIL							

For and on Behalf of Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: 3rd August, 2021

Annexure – 3

ANNUAL REPORT ON CSR ACTIVITIES

1. **Brief outline on CSR Policy of the Company:**

   Corporate Social Responsibility ('CSR') is strongly connected with the principles of sustainability. An organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of the Company to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

   In order to provide further impetus to the social interventions and make the entire process and activities more impact driven, the Company has adopted the Corporate Social Responsibility Policy ('CSR Policy') pursuant to the provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

   The Company recognizes and is always committed towards sustainable development and inclusive growth. The Company strives to ensure strong corporate culture which emphasizes on integrating the CSR values with business objectives. The Company also pursue initiatives related to quality management, environment preservation and social awareness. The Policy includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

2. **Composition of CSR Committee of the Company:**

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. Sushmita Singha	Chairperson / Non-executive & Independent Director	4	4
2.	Mr. Chetan Kajaria	Member / Executive Director	4	4
3.	Mr. Rishi Kajaria	Member / Executive Director	4	4

3. **Web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:**

Web-link of Composition of CSR Committee	https://www.kajariaceramics.com/composition-of-committees.php
Web-link of CSR Policy	https://www.kajariaceramics.com/pdf/CSR_Policy.pdf
Web-link of CSR Project	https://www.kajariaceramics.com/pdf/CSR_Project_for_FY_2020_21.pdf

4. **Details of Impact assessment of CSR projects carried out in pursuance of Sub-rules (3) of Rules 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014:**

   Not Applicable

5. **Details of the amount available for set-off in pursuance of Sub-rule (3) of Rules 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any.**

Sl. No.	Financial Year	Amount available for set-off from preceding financial year	Amount required to be set-off for the financial year, if any
		Not Applicable	
	Total		

6. **Average Profit of the Company as per Section 135(5):**

   ₹366.69 Crores

7. **(a) Two percent of average profit of the Company as per Section 135(5):**

   ₹7.33 Crores

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:

Not Applicable

(c) Amount required to be set-off for the financial years, if any:

Not Applicable

(d) Total CSR obligation for the financial year (7a+7b-7c):

₹7.33 Crores

8. (a) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (₹in Lakhs)	Amount Unspent (₹ in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of Fund	Amount	Date of transfer
666	92.07*	30th April, 2021	Not Applicable		

* ₹25.07 Lakhs out of ₹92.07 Lakhs to be adjusted from the CSR Budget for the financial year 2021-22.

(b) Details of CSR amount spent against 'ongoing projects' for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (₹ in Lakhs)	Amount spent in the current financial year (₹ in Lakhs)	Amount transferred to Unspent CSR account for the project as per Section 135(6) (₹ in Lakhs)	Mode of implementation-Direct (Yes/No	Mode of implementation- Through Implementing Agency	
				State	District						Name	CSR Registration Number
1.	Check Dam at Thanagaji, Alwar (Rajasthan) by PHD Rural Development Foundation Committee (Under the aegis of PHD Chamber of Commerce and Industry, New Delhi)	Cl. (iv): Conservation of Natural Resources, i.e. water	Yes	Rajasthan	Alwar		15.57	7.50	8.07	No	PHD Rural Development Foundation Committee (Under the aegis of PHD Chamber of Commerce and Industry, New Delhi)	Not Applicable
2.	Sarada Shishu Tirtha Kantivita, Darjeeling (West Bengal) by Vivekananda Vidyavikashh Parishad, West Bengal Unit	Cl. (ii): Promoting Education	No	West Bengal	Darjeeling		10.00	0.00	10.00	No	Vivekananda Vidyavikashh Parishad, West Bengal Unit	Not Applicable
3.	Drains (Nalla) at Sikanderabad Industrial Area, U.P. for the villages of that area	Cl.:(i): Sanitation	Yes	Uttar Pradesh	Sikanderabad		75.00	1.00	74.00	Yes	Not Applicable	
	Total						**100.57**	**8.50**	**92.07***			

* ₹25.07 Lakhs out of ₹92.07 Lakhs to be adjusted from the CSR Budget for the financial year 2021-22.

(c) Details of CSR amount spent against 'other than ongoing projects' for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ in Lakhs)	Mode of implementation-Direct (Yes/No	Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Swachh Bharat: Construction / Renovation of Toilets in Government Schools/ Institution, etc.	Clause No. i.- Sanitation	Yes	Uttar Pradesh	Sikandrabad	43.77	Yes*	Not Applicable	Not Applicable
				Rajasthan	Gailpur	73.57			
				Rajasthan	Malootana	38.53			
2.	Social Relief	Clause No. i. - Preventive Healthcare, eradicating poverty and malnutrition	Yes	PAN INDIA		146.10	Yes*	Not Applicable	Not Applicable
3.	Safe Drinking Water	Clause No. iv - Conservation of natural resources	Yes	PAN INDIA		7.93	Yes*	Not Applicable	Not Applicable
4.	Education	Clause No. ii - Promoting Education	Yes	PAN INDIA		297.60	Yes*	Not Applicable	Not Applicable
5.	Sports development	Clause No. vii - Training to promote nationally recognized sports	Yes	PAN INDIA		50.00	Yes*	Not Applicable	Not Applicable
	Total					**657.50**			

*Some CSR activities have been carried out directly and some through support to several other Non-government Organisation, Trust and Charitable Institutions also

(d) Amount spent in Administrative Overheads:

NIL

(e) Amount spent on Impact Assessment, if applicable:

Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e):

₹733 Lakhs

(g) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (₹ in Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	733.00
(ii)	Total amount spent for the Financial year	733.00
(iii)	Excess amount spent for the financial year [(ii) – (i)]	0.00
(iv)	Surplus arising out of the CSR projects or programmes to activities of the previous financial years, if any	0.00
(v)	Amount available for set-off in succeeding financial years [(iii) – (iv)]	0.00

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial year	Amount transferred to Unspent CSR Account under section 135(6)	Amount Spent in the reporting Financial year	Amount transferred to any fund specified under schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
			Not Applicable				
	Total						

b.) Details of CSR amount spent in the financial year for 'ongoing projects' of the preceding financial year(s):

Sl. No.	Project ID	Name of the project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project-Completed/ ongoing
				Not Applicable				
	Total							

10. In case of creation or acquisition of capital assets, furnish the details relating to the asset do created or acquired through CSR spent in the financial year (asset-wise details):

a.) Date of creation or acquisition of the capital asset(s):

Not Applicable

b.) Amount of CSR spent for creation or acquisition of capital asset:

Not Applicable

c.) Details of entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:

Not Applicable

d.) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset):

Not Applicable

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5):

Not Applicable

For and on Behalf of Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Sushmita Singha
Chairperson, CSR Committee
DIN: 02284266

Place: New Delhi
Date: 3rd August, 2021

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 2020-21, the percentage increase in remuneration of Chairman & Managing Director, Joint Managing Directors, Executive Director, Company Secretary and CFO during the financial year 2020-21:

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	53:1	- 46.13%
2	Mr. Chetan Kajaria (DIN: 00273928)	Joint Managing Director	56:1	- 42.86%
3	Mr. Rishi Kajaria (DIN: 00228455)	Joint Managing Director	56:1	- 42.86%
4	Mr. Ram Chandra Rawat (FCS 5101)	COO (A&T) & Company Secretary	Not Applicable	- 13.79%
5	Mr. Sanjeev Agarwal	Chief Financial Officer	Not Applicable	- 15.47%

Note:

The Non-executive Directors of the Company are entitled for sitting fees only. 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 2020-21	- 5.21%
2	Total number of permanent employees on the rolls of the Company as on 31st March, 2021 (on standalone basis)	2475
3	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2020-21 and its comparison with the percentile increase in remuneration of Executive Directors and justification thereof	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2020-21 was -5.09%. Whereas, there was no average increase in remuneration of Executive Directors.

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: 3rd August, 2021

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

The Nomination and Remuneration Policy of Kajaria Ceramics Limited ('the Company') was originally formulated pursuant to the provisions of Section 178 of the Companies Act, 2013 and rules made thereunder ('the Act') read with provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI's Notification dated May 9, 2018 including amendments/ modifications thereof (the 'Listing Regulations') and revised in accordance with the provisions the Act and the Listing Regulations.

This Policy 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 Key Managerial Personnel ('KMPs') of the Company.

2. OBJECTIVES

- 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.
- 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.
- To carry out evaluation of the performance of Directors, as well as Key Managerial Personnel and Senior Management Personnel.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

3. DEFINITIONS

'The Act' means the Companies Act, 2013 and rules made thereunder, as amended from time to time.

'The Board' means Board of Directors of the Company.

'Director' means a Director appointed to the Board of the Company.

'Independent Director' means a Director referred to in Section 149(6) of the Companies Act, 2013 read with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

'Key Managerial Personnel' in relation to a Company means:

- o The Managing Director / Joint Managing Director / Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- o Chief Financial Officer;
- o Company Secretary; and
- o Such other officer(s), as may be prescribed.

'Nomination and Remuneration Committee' or 'Committee' shall mean a Committee of the Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Listing Regulations.

'Policy' means Nomination and Remuneration Policy of the Company.

'Senior Management' shall mean officers/personnel of the Company, who are members of its core management team excluding Board of Directors and this shall comprise all members of management one level below the Chief Executive Officer/Managing Director/Whole-time Director (including Chief Executive Officer, in case he is not part of the Board) and shall also include the Company secretary and Chief financial officer of the Company.

4. APPLICABILITY

The Policy is applicable to:

- Directors (including Independent Directors);
- Key Managerial Personnel ('KMPs'); and
- Senior Management

5. CONSTITUTION OF COMMITTEE

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

The Board may re-constitute the Committee, whenever required, to comply with the provisions of the Act, Listing Regulations and other applicable statutory requirements.

6. ROLES OF THE NOMINATION AND REMUNERATION COMMITTEE

The terms of reference of the Committee will, inter-alia, include 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. While formulating the policy as above said, to ensure 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 including the Company Secretary and Chief Financial Officer) 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.
4. Recommending the Board, all remuneration, in whatever form, payable to senior management including the Company Secretary and the Chief Financial Officer;
5. Formulating the criteria for evaluation of Independent Directors and the Board of Directors of the Company;
6. To extend or continue the term of appointment of Independent Director, on the basis of performance evaluation of Independent Directors;
7. Devising a policy on diversity of Board of Directors;
8. 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 or other concerned authority(ies) 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) of the Company and/or its subsidiary(ies) [including quantum of ESOP grant] 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.
9. To do all other acts as may be delegated by the Board of Directors of the Company or prescribed by law, from time to time.

7. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMPs 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 70 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.

3. The Company shall not appoint a person or continue the Directorship of any person as a Non-executive Director who has attained the age of 75 years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

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) Subject to the applicable provisions of the Listing Regulations and the Act, 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. **KMPs / Senior Management:**

Term of appointment will be governed through a letter of appointment issued to the respective KMP / Senior Management / Employee.

Performance Evaluation:

The evaluation of performance of every Director, KMP and Senior Management Personnel shall be made in accordance with the applicable laws.

The major 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.
   - Fulfillment of Independence criteria by Independent Directors, as specified under the Act / the Listing Regulations.
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 Act or the Listing Regulations or any other applicable Act, rules/ 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, KMPs or Senior Management Personnel.

Retirement:

The Director, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act or any other applicable Act, rules/regulations and the prevailing policy/ guidelines of the Company. The Board will have the discretion to retain the Director, KMPs, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit/interest of the Company.

8. POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR (EXECUTIVE DIRECTOR), KMPs AND SENIOR MANAGEMENT PERSONNEL

General:

(i) The remuneration/compensation/commission etc., to the Whole-time Director, KMPs and Senior Management Personnel will be considered by the Committee and recommended to the Board for its approval. The remuneration/compensation/commission, etc. shall be subject to the prior/post approval of the shareholders of the Company and the provisions of the Act & the Listing Regulations.

(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 Act & the Listing Regulations.

(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.

(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.

(v) The fees/compensation payable to Executive Directors, who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if:

- o the annual remuneration payable to such Executive Director exceeds ₹5 Crore or 2.5% of the net profits of the Company, whichever is higher; or
- o where there is more than one such Executive Director, the aggregate annual remuneration to such Executive Directors exceeds 5% of the net profits of the Company.

The approval of the shareholders under Clause 8(v) above shall be valid only till the expiry of the term of such Executive Director.

Remuneration to the Managing Director, Whole-time Director, KMPs and Senior Management Personnel:

Remuneration to Whole-time Directors, KMPs and Senior Management consists of the following components:

1. **Salary & Perquisites:**

   The Whole-time Director/Managing Director ('MD')/Joint Managing Director ('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 break-up 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 shall be subject to approvals of shareholders of the Company and compliance of the Act & the Listing Regulations.

2. **Commission:**

   MD/JMD would also be entitled for the commission in accordance with the provisions of the Act & the Listing Regulations.

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 MD/JMD/Whole-time Director(WTD), subject to compliance of the applicable provisions of the provisions of the Act/ the Listing Regulations.

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 in the Act and/ or not in compliance of the applicable provisions of the Act, 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 under the Act/ the Listing Regulations.

5. **Stock Options:**

   A Director shall not be entitled to any stock option of the Company. However, KMPs and Senior Management may be granted the stock option 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 the Board or Committee(s) of the Company, as approved by the Board, from time to time, which will be subject to the limits prescribed under the Act.

2. **Stock Options:**

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

9. SEVERANCE ARRANGEMENTS

The Contract of Employment with the Executive Director (WTD/MD/JMD) will provide for compensation of 3 months' pay or advance notice period and for other KMPs and Senior Management employees, the notice period will be 1 month or 1 month salary or as per appointment letter, whichever is higher. There will not be any severance fees.

10. DISCLOSURE

Information on the total remuneration of members of the Company's Board of Directors, WTD/MD/JMD and KMPs/ Senior Management personnel will be disclosed in the Company's annual financial statements, etc., as per the provisions of Act, the Listing Regulations and other statutory requirements.

The disclosures regarding this Policy shall be made on the Company's website www.kajariaceramics.com and in the Annual Report of the Company, as per the provisions of the Act, the Listing Regulations and other statutory requirements.

11. EFFECTIVE DATE

This Policy shall be effective w.e.f. 1st April, 2019.

12. REVIEW / AMENDMENT

The Board of Directors of the Company, on recommendation of the Committee, may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act/other applicable laws shall be binding even if not incorporated in this Policy.

Annexure - 5

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

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

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 authorized 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 31st March, 2021 ('the Period') 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 31st March, 2021 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 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(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, to the extent applicable;

(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, 2018;

(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, 2018; 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.

(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. 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.

Adequate notice is given to all directors to schedule the Board/ Committee Meetings. Agenda and detailed notes on agenda were sent in advance (and at a shorter notice for which necessary approvals obtained, if any) 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 or with requisite majority 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, no specific events / actions took place having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302C000726761

Date: 03.08.2021
Place: Delhi

Notes:

(i) 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.

(ii) Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/expired on or before 31st March, 2021 pertaining to Financial Year 2020-21.

Annexure - A to Secretarial Audit Report

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

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. Wherever 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
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302C000726761

Date: 03.08.2021
Place: Delhi

Annexure - 6

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

A. CONSERVATION OF ENERGY

(i) Energy conservations measures taken

The manufacturing plants of the Company have continued their efforts to reduce the specific energy consumption and the same is monitored in order to minimize wastage and facilitate optimum utilization of energy. The initiatives are being planned and implemented. Maintenance and repairs of all equipment and machineries are carried out timely to ensure optimum energy efficiency. Apart from regular practices and measures for energy conservation, some of the key measures taken to enhance energy conservation during the financial year 2020-21 are as follows:

- Maintaining Power Factor near to Unity for effective utilisation of Grid power and reduction of apparent energy consumption. Utilisation of planned switching and effective use of VFD's with blowers resulting in reduction of apparent as well as active energy consumption.
- Installation of BEE (Bureau of Energy Efficiency) certified electrical items and equipment along with latest generation energy-efficient lighting (i.e. LED) with sensor and variable frequency drives in order to conserve energy and also drive down costs.
- Initiation of Energy Management System (EMS) software development, which will generate real-time data and help to monitor, analyze, & report and also compare the power consumption across all plants of the Company.
- Air leakage audit conducted and the air leakage arrested.
- Maintaining heat recovery system at Gailpur & Malootana (Rajasthan) and Sikandrabad (U.P.) plants to attain considerable fuel savings by allocating the exhaust heat of kilns to vertical/horizontal driers. Some of heat recovery blowers are equipped with VFD to get the maximum efficiency.
- Installation of Natural ventilators in Press area.
- Auto switching on and off of conveyors, blowers, etc., when not in use.

(ii) Utilising alternate sources of energy

a. Solar Energy:

Total installed rooftop solar energy capacity is 6.30 MW at Gailpur & Malootana (Rajasthan) and Sikandrabad, (U.P.) plants of the Company.

For the financial year 2020-21, the solar project has generated about 62.37 Lakhs units, which is about 5.8% of electricity consumption across all the plants of the Company.

b. Wind Energy:

The Company is utilizing wind turbines at Gailpur (Rajasthan) plant to produce green energy. During the financial year 2020-21, the wind turbine project generated about 32.24 Lakhs units, which is about 5% of electricity consumption across all the plants of the Company.

(iii) Capital investment on energy conservation equipments

The Company has spent ₹ 12.72 Lakhs on energy conservation equipments, during the financial year 2020-21.

B. TECHNOLOGY ABSORPTION

The Company has been acquiring, developing, and utilizing technological knowledge to deliver a large variety of technologically advanced products to its customers. The Company focuses on development of innovative products and improvement of processes, so as to achieve the Company's business goal in long-term perspective. The entire product portfolio is based on in-house technology developed by internal team.

(i) Major efforts made towards technology absorption

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

b. The Company's 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 & Malootana (Rajasthan) and Sikandrabad (U.P.) plants has continuously maintained the recognition from the Department of Scientific and Industrial Research (DSIR).

(ii) Benefits derived through such efforts

a. The production capacity at Gailpur (Rajasthan) plant of the Company enhanced through its continuous value generation process by way of formulation, re-engineering, sourcing efficiency, process optimization, searching of new raw material / techniques.

b. Technology absorption efforts have not only allowed the Company to develop new products but also improve its existing ones and reduce the cost of products.

c. 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 the Company to be in the forefront amongst its competitors.

(iii) Technology imported

No technology has been imported during the last three years.

(iv) Expenditure incurred on Research and Development ('R&D')

(₹ in Crores)

Particulars	2020-21	2019-20
a) Capital	0.04	0.05
b) Recurring	11.57	18.34
Total	**11.61**	**18.39**
Total R&D expenditure as a percentage of total turnover	0.46%	0.72%

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange earned in terms of actual inflow during the financial year 2020-21 was ₹ 29.72 Crores (equivalent value of various currencies).

Foreign exchange outgo in terms of actual outflow during the financial year 2020-21 was ₹ 27.03 Crores (equivalent value of various currencies).

For and on Behalf of Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: 3rd August, 2021

Annexure - 7

NAME OF EMPLOYEES OF THE COMPANY

[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 Crores per annum, who was employed throughout the financial year 2020-21:

Sl. No.	Name	Age	Designation	Qualification	Experience	Date of commencement of employment	Remuneration received during the financial year 2020-21 (₹ in Lakhs)	Particular of last employment
1.	Mr. Ashok Kajaria	74	Chairman & Managing Director	B.SC, BSME, UCLA (California), USA	45	01.01.1987	264.29	Managing Director -Kajaria Exports Limited
2.	Mr. Chetan Kajaria	46	Joint Managing Director	B. Engg. (Petrochem), Pune University, MBA from Boston College (USA)	21	15.01.2000	278.20	Managing Director - Kajaria Plus Limited
3.	Mr. Rishi Kajaria	43	Joint Managing Director	B.Sc. in Business Administration from Boston University (USA)	17	26.07.2003	278.20	Director - Kajaria Infotech Limited
4.	Mr. Ram Chandra Rawat	65	COO (A&T) & Company Secretary	M. Com. FCA, FCS	41	14.07.1987	139.57	Chief Accounts Officer - RCS Vanaspati Limited
5.	Mr. Sanjeev Agarwal	57	CFO	B.Com., FCA	34	09.02.1994	136.50	Dy. Manager- (Finance) Orissa Synthetics Limited
6.	Mr. Bhupendra Vyas	63	COO (Marketing)	MMS	40	01.08.2016	187.70	Executive Director- City Tiles Limited
7.	Mr. Pankaj Sethi	50	COO (Marketing)	BE - Civil Engg.	29	01.04.2003	168.59	Regional Manager -Kajaria Infotech Limited
8.	Mr. Vivek Goyal	52	VP (Marketing)	PGDBA – Marketing	30	01.05.2000	166.53	DGM (Marketing) - Kajaria Plus Limited
9.	Mr. Gautam Seth	47	VP (Marketing)	BE- Mech. Engg.	22	01.09.2009	142.91	VP (Marketing) - Kajaria Plus Limited
10.	Dr. Rajveer Choudhary	67	Chief Operating Officer (Gailpur Plant)	M.A., PH.D	39	03.08.1998	141.23	VP - Venus Sugars Limited
11.	Mr. Thushar K. G.	48	GM (Marketing)	PGDBA	25	17.10.2001	129.79	Sr. Sales Executive – Classic Paints & Chemicals
12.	Mr. Jaganathan B.	56	VP (Sales)	B.Com.	32	19.02.2018	113.77	VP (Sales & Marketing) - H&R Johnson (I) Limited
13.	Mr. Dipankar Bhattacharya	53	GM (Marketing)	PGDBA	28	01.08.2007	111.16	AGM (Sales) - Vermora Granito Private Limited

(b) No employee was in receipt of remuneration exceeding ₹8.50 Lakhs per month, who was employed for a part of financial year 2020-21.

(c) During the financial year 2020-21, 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, Mr. Rishi Kajaria and Mr. Pankaj Sethi hold 10,47,004 equity shares, 13,39,880 equity shares, 18,05,716 equity shares and 20,500 equity shares of the Company, respectively.
4. None of the above referred employees, except as mentioned in Note No. 3 above, hold equity shares of the Company.
5. Mr. Ashok Kajaria, Chairman & Managing Director 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 Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: 3rd August, 2021

REPORT ON CORPORATE GOVERNANCE

The Company's Philosophy on Corporate Governance

Corporate governance at Kajaria Ceramics Limited (Kajaria / the Company) is strongly founded on its core values viz. passion, integrity, respect, and accountability in all its actions, operations and engagement with the stakeholders and society at large.

The Company believes that good corporate governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

Being an industry leader for more than 20 years, gives us immense pride and at the same time puts onus on us to raise our own bar of governance. Achieving milestones is important for us, but achieving them the right and ethical way is all the more important and essential.

In keeping with this responsibility, we continuously review our Corporate Governance framework and practices, to uplift them to align them with the best across the globe. The Company's Code of Conduct and Ethics and the Code of Conduct for Prevention of Insider Trading are an extension of our values and reflect our commitment to ethical business practices.

The governance structure at Kajaria is based on the principles of providing adequate authority to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and utmost responsibility so as to meet the expectation of all the stakeholders.

The Board of Directors ('the Board') are responsible and committed to sound principles of Corporate Governance in the Company. The Board of the Company 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;

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

iii. Systems and processes are in place to ensure financial control and compliance of applicable 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 alongwith their Committees are 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 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), the Nomination and Remuneration Committee has been designated to evaluate and recommend the Board, 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 General Meeting/Postal Ballot of the Company.

Composition

The Board has an optimum combination of Executive and Non-Executive Directors including Independent Directors and Woman Director as required under the applicable legislations. The Board consists of eminent individuals from the Industry, management, technical, financial and marketing, etc. The Company is managed by the Board in co-ordination with their Committees and the Senior Management team. As on 31st March, 2021, the Company has Eight (8) Directors on its Board, out of which Three (3) are Executive Directors, One (1) is Non-executive Non-Independent Director and Four (4) are Non-executive-Independent Directors including one (1) Woman Non-executive Independent Director. The Board, on recommendation of the Nomination and Remuneration Committee periodically evaluates the need for change in composition and size of the Board of the Company.

The details of composition of the Board, category 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 2021 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 Chairman-ship of other Boards**	Committee Membership of other Boards**
Mr. Ashok Kajaria (DIN: 00273877)	Chairman & Managing Director (Promoter)	4	4	Yes	1	0	2
Mr. Chetan Kajaria (DIN: 00273928)$	Joint Managing Director	4	4	Yes	1	0	1
Mr. Rishi Kajaria (DIN: 00228455)$	Joint Managing Director	4	4	Yes	1	0	0
Mr. Dev Datt Rishi@ (DIN: 00312882)	Director - (Non-Executive)	4	4	Yes	1	0	0
Mr. Raj Kumar Bhargava (DIN: 00016949)	Director (Non-Executive & Independent)	4	4	Yes	3	3	2
Mr. Debi Prasad Bagchi (DIN: 00061648)	Director (Non-Executive & Independent)	4	4	Yes	1	0	1
Mr. H. Rathnakar Hegde (DIN: 05158270)	Director (Non-Executive & Independent)	4	4	Yes	1	0	1
Mrs. Sushmita Singha (DIN: 02284266)	Director (Non-Executive & Independent)	4	4	Yes	4	1	1

* Excluded the Directorship held in private limited companies, foreign companies and companies incorporated under Section 8 of the Act, 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.

@ Subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting, the Board of Directors of the Company has approved/recommended the appointment of Mr. Dev Datt Rishi as an Independent Director of the Company, for a period effective from the conclusion of the 35th Annual General Meeting upto the conclusion of the 39th Annual General Meeting of the Company.

$ Promoter Group

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

During the year 2020-21, none of the Independent Director resigned from the office before the expiry of his/her tenure.

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 Non-executive/Independent Directors of the Company.

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 public limited companies in which they are Directors.

Category of Directorship in other companies listed on recognized Stock Exchange(s):

Name of other companies listed at the recognized Stock Exchange(s) in which the Directors of the Company hold position of Directorship (alongwith category of Directorship), as on 31st March, 2021, are as under:

Name	Name of other companies listed at the recognized Stock Exchange(s) in which hold Directorship*	Category of Directorship
Mr. Ashok Kajaria (DIN: 00273877)	-	-
Mr. Chetan Kajaria (DIN: 00273928)	-	-
Mr. Rishi Kajaria (DIN: 00228455)	-	-
Mr. Dev Datt Rishi (DIN: 00312882)	-	-
Mr. Raj Kumar Bhargava (DIN: 00016949)	Asian Hotels (West) Limited	Non-executive & Independent Director
	HB Portfolio Limited	Non-executive & Independent Director
Mr. Debi Prasad Bagchi (DIN: 00061648)	-	-
Mr. H. Rathnakar Hegde (DIN: 05158270)	-	-
Mrs. Sushmita Singha (DIN: 02284266)	Radico Khaitan Limited	Non-executive & Independent Director
	Greenpanel Industries Limited	Non-executive & Independent Director

* Excluded the Directorship held in Kajaria Ceramics Limited.

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

The details of equity shares of the Company held by the Independent/Non-Executive Directors as on 31st March, 2021 are as under:

Sr. No.	Name of Independent /Non-executive Directors	Category	No. of equity shares of ₹1 each of the Company held as on 31st March, 2021
1.	Mr. Raj Kumar Bhargava	Non-executive & Independent Director	18,592
2.	Mr. Dev Datt Rishi	Non-executive Director	624

No other Independent Directors, hold any share of the Company 31st March, 2021.

None of the Independent Directors of the Company is serving as an Independent Director in more than 7 Listed Companies. Further, no Independent Director of the Company holds positions of Whole-Time Director/Managing Director in another Listed Company.

Board Meetings

The Board meets at least once in every quarter, in compliance of applicable laws, 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 2020-21, four (4) Board Meetings were held, at least one in every calendar quarter. The dates on which the Board Meetings were held, are as follows:

26th June, 2020, 7th August, 2020, 20th October, 2020 and 21st January, 2021.

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 also placed at the succeeding meeting of the Board.

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 non-Independent 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 company taking into account the views of Excutive Directors and Non-excutive Directors, 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 14th June, 2021.

Familiarization Programme for Independent Directors

At the time of appointment and re-appointment of Independent Directors, 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 an Independent Director of the Company. The Independent Director is also explained in detail the nature, business model of the industry and compliances under the Act, the Listing Regulations and other relevant rules & regulations. The Chairman & Managing Director also has one to one discussion with the newly appointed Director to familiarize him/her with the Company's Operations. The Board Members are provided with necessary documents, reports and policies to enable them to familiarize with the Company's Procedures and Practices. Periodic presentations are made at the Board and its Committee Meetings on the Company's Business, performance and other relevant updates.

The familiarization program alongwith details thereof has been uploaded on the Company's website at:
https://www.kajariaceramics.com/pdf/FamiliarisationProgrammeforIndependentDirectors.pdf/
https://www.kajariaceramics.com/pdf/Details_of_Familiarisation_Programme_for_Independent_Directors.pdf

Audit Committee

During the year 2020-21, the Committee met four (4) times i.e. 26th June, 2020, 7th August, 2020, 20th October, 2020 and 21st January, 2021. 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	Non-executive & Independent	Chairman	4
Mr. Ashok Kajaria	Executive	Member	4
Mr. H. Rathnakar Hegde	Non-executive & Independent	Member	4
Mr. Debi Prasad Bagchi	Non-executive & Independent	Member	4

The Committee's Composition meets the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations. The Members of the Committee are financially literate and possess sound knowledge of accounts, audit, internal controls and financial management expertise.

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 28th September, 2020.

Terms of Reference of Audit Committee

The term of reference of the Audit Committee, inter-alia, includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for the appointment, remuneration, terms of appointment of the Auditors of the Company and reviewing & monitoring the auditor's independence and performance and effectiveness of the audit processes;
3. Approval for payment to the Statutory Auditors for any other permitted services rendered by Statutory Auditors;
4. Reviewing and examining, with the management, the annual financial statements and the Auditors' report thereon, before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Act;
   b. Changes, if any, in accounting policies and practices and reasons for the same;
   c. Major accounting entries involving estimates based on the exercise of judgment by management;
   d. Significant adjustments made in the financial statements arising out of audit findings;

e. Compliance with listing and other legal requirements relating to financial statements;

f. Disclosure of any related party transactions;

g. Modified opinion(s) in the draft Auditors' report.

5. Reviewing, with the management, the quarterly financial results before submission to the Board for approval;

6. Reviewing and monitoring, with the management, the statement of uses / application of funds raised through an issue/public offers (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Approval (including omnibus approval) or any subsequent modification of transactions of the Company with related parties / statement of related party transactions;

8. Scrutiny of inter-corporate loans and investments;

9. Valuation of undertakings or assets of the Company, wherever it is necessary;

10. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems including evaluation of internal financial controls and risk management system and discussion with internal auditors any significant findings and follow up there on;

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

12. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

13. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

14. Review the functioning of the Whistle Blower Policy (Vigil Mechanism);

15. Approval of appointment of Chief Financial Officer ('CFO') after assessing the qualifications, experience & background, etc. of the candidate;

16. Reviewing the utilization of loans and/or advances from/ investment by the Company in its subsidiary exceeding ₹ 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

17. Review of Management discussion and analysis of financial condition and results of operations and Management letters / letters of internal control weaknesses issued by the statutory auditors;

18. Review of Internal audit reports relating to internal control weaknesses and the appointment, removal and terms of remuneration of the Internal Auditors;

19. Review of Financial statement, in particular, investments made by the subsidiary company(s); and

20. *To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and

21. Any other role/functions as may be delegated by the Board of Directors of the Company or prescribed by law, from time to time.

* The Board has, at its meeting held on August 3, 2021, additionally authorised the Audit Committee.

Nomination and Remuneration Committee

During the year 2020-21, the Committee met three (3) times i.e. 26th June, 2020, 11th December, 2020 and 21st January, 2021. The composition of the Committee is as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Debi Prasad Bagchi	Non-executive & Independent	Chairman	3
Mr. Ashok Kajaria	Executive	Member	3
Mr. H. Rathnakar Hegde	Non-executive & Independent	Member	2
Mrs. Sushmita Singha	Non-executive & Independent	Member	3

The Composition of the Nomination and Remuneration Committee is as per Section 178 of the Act 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 28th September, 2020.

The role 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. While formulating the policy as above said, to ensure 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 including the Company Secretary and Chief Financial Officer) 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.
4. Recommending the Board, all remuneration, in whatever form, payable to senior management including the Company Secretary and the Chief Financial Officer;
5. Formulating the criteria for evaluation of Independent Directors and the Board of Directors of the Company;
6. To extend or continue the term of appointment of Independent Director, on the basis of performance evaluation of Independent Directors;
7. Devising a policy on diversity of Board of Directors;
8. 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 or other concerned authority(ies) 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) of the Company and/or its subsidiary(ies) [including quantum of ESOP grant] 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.
9. To do all other acts as may be delegated by the Board of Directors of the Company or prescribed by law, from time to time.

Risk Management Committee

During the year 2020-21, one (1) meeting of the Risk Management Committee was held on 16th March, 2021. 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	1
Mr. H. Rathnakar Hegde	Non-executive & Independent	Member	0
Mr. Ram Chandra Rawat	COO (A&T) & Company Secretary	Member	1
Mr. Sanjeev Agarwal	Chief Financial Officer	Member	1

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

Terms of reference (Role) of the Committee has been revised by the Board, at its meeting held on August 3, 2021. Accordingly, Terms of reference (Role) of the Committee, inter-alia, includes the following:

1. To formulate a detailed Risk Management Policy which shall include:

a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the Risk Management Committee;

b. Measures for risk mitigation including systems and processes for internal control of identified risks; and

c. Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems;

4. To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;

6. To review appointment, removal and terms of remuneration of the Chief Risk Officer (if any).

7. Any other role/function as be assigned by the Board of Directors or required under the applicable law, from time to time.

Performance Evaluation

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out the annual performance evaluation of the Board as a whole, its Committees and all Directors including the Chairman, in line with the criteria specified in the Nomination and Remuneration Policy and as per the recommendation of the Nomination and Remuneration Committee of the Company. The exercise was carried out through a structured evaluation process covering various aspects of the Board, its Committees, Chairman and all Directors' functioning such as composition of Board and its Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc. The Directors expressed their satisfaction with the evaluation process and performance of the Board, its Committees and the Directors including the Chairman. The Independent Directors also evaluated the performance of Non-Independent Directors, the Chairman and Board as a whole. They also assessed the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

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 2020-21 was ₹12.40 Lakhs. The Independent/Non-executive Directors do not have any pecuniary relationship or transactions with the Company. The criteria of making payment to Independent / Non-executive Directors are disclosed in the Nomination and Remuneration Policy of the Company. The said Policy is given as **Annexure- 4** to the Directors Report and is also disclosed on the website of the Company https://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 2021 is as under:

(₹ in Lakhs)

S. No.	Name of Independent / Non-Executive Director	Sitting Fees
1	Mr. Raj Kumar Bhargava	2.40
2	Mr. Debi Prasad Bagchi	3.00
3	Mr. H. Rathnakar Hegde	2.80
4	Mr. Dev Datt Rishi	1.40
5	Mrs. Sushmita Singha	2.80

Other than sitting fees as mentioned above including reimbursement of expenses incurred for attending the meetings of the Board/its Committees, the Independent / Non-Executive Directors did not have any pecuniary relationship or transactions with the Company during the year.

B. Remuneration to Executive Directors

The appointment and remuneration of Executive Directors including Chairman & Managing Director, Joint Managing Directors are governed by the recommendations of the Nomination and Remuneration Committee and approvals by the Board and shareholders of the Company. The terms and conditions of appointment (including remuneration package) of the Chairman & Managing Director and Joint Managing 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 Meeting(s).

The details of remuneration paid to Executive Directors during the year ended 31st March 2021 is as under:

(₹in Crores)

S. No.	Name of Directors	Fixed Component		Performance Linked Incentive	Total
		Salary	Perquisites & other Benefits	Commission	
1.	Mr. Ashok Kajaria	1.48	1.16	-	2.64
2.	Mr. Chetan Kajaria	2.50	0.28	-	2.78
3.	Mr. Rishi Kajaria	2.50	0.28	-	2.78

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 three months and there is no severance fee to be paid to the Executive Directors.

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 2020-21, the Committee met four (4) times i.e. 5th May, 2020, 13th July, 2020, 5th October, 2020 and 5th January, 2021.

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	Non-executive & Independent	Chairperson	1
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 2020-21, 3 shareholders related complaints were received. All these 3 complaints were duly addressed/disposed, during the year 2020-21. Other than that, 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.

The role of the Committee, inter-alia, includes the following**:**

1. To resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
2. To review the measures taken for effective exercise of voting rights by shareholders of the Company;
3. To review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent of the Company;
4. To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
5. To consider all other matters related to the security holders/shareholders of the Company;
6. Any other role/function as may be delegated by the Board of Directors of the Company or prescribed by law, from time to time.

Corporate Social Responsibility Committee

During the year 2020-21, the Committee met four (4) times i.e. 25th June, 2020, 7th August, 2020, 21st January, 2021 and 26th March, 2021. 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	Non-executive & Independent	Chairperson	4
Mr. Chetan Kajaria	Executive	Member	4
Mr. Rishi Kajaria	Executive	Member	4

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.

Corporate Social Responsibility Policy (CSR Policy) of the Company

The Board, at its meeting held on June 14, 2021, has approved the revised CSR Policy of the Company, as per the amendments in Section 135 and other applicable provisions, if any, of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2021 notified on 22nd January, 2021.

In compliance with the provisions of Section 135 of the Act 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, social relief, promoting sports, rural development and education, etc. The CSR programmes initiated by the Company includes taking steps for preventive health care, Swachh Bharat, constructing sanitation facilities in the schools, etc. near the manufacturing facilities, contributing to the education and social economic development of under privileged children and for rural area development. These projects are also in accordance with Schedule VII of the Act.

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

Business Responsibility & Sustainability Committee

During the year 2020-21, the Committee met one (1) time i.e. 4th August, 2020. The composition of the Committee is as follows:

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

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

o To oversee the implementation of the Business Responsibility Policy;

o To review the Business Responsibility performance of the Company; and

o To carry out such acts as may be delegated by the Board of Directors or as may be prescribed by the law.

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 related matters, delegation of operational powers, authorisation for various acts / under statutes, etc. The Committee comprises of three Executive Directors of the Company. The Committee functions under the guidance/supervision of 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 Act, 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 head (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. the 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 https://www.kajariaceramics.com/pdf/CodeofBusinessConductethics.pdf

The Code has been circulated to all the Directors and Senior Management Personnel. All members of the Board and Senior Officers have affirmed compliance to the Code as on 31st March, 2021.

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

2. Insider Trading Code

As per the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (including amendments thereto), the Company has adopted the Code of Conduct for Prevention of Insider Trading and the Code of Fair Disclosure. The Code of Conduct for Prevention of Insider Trading is applicable to all Designated Persons as defined in the above Code, who are expected to have access to unpublished Price Sensitive Information relating to the Company. The Company Secretary of the Company is the Compliance Officer for ensuring/monitoring the adherence to the said code/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 Company's website at https://www.kajariaceramics.com/pdf/MaterialSubsidiaryPolicy-kajaria.pdf

4. Related Party Transaction Policy

In compliance with the Listing Regulations and the Act, the Company has adopted Related Party Transaction Policy. This Policy is 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 its Related Party(ies). 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 Act read with the Listing Regulations, a statement on 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 has 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

6. Risk Management Policy

The Company has adopted the Risk Management Policy and the same is uploaded at the Company's website 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- A**. The Company has also framed and adopted the Business Responsibility Policy and the same is uploaded at the Company's website i.e. https://www.kajariaceramics.com/pdf/BusinessResponsibilityPolicy.pdf

General Body Meetings

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

Year	Date	Time	Venue	Details of Special Resolutions Passed, if any.
2019-20	28th September, 2020	3:00 p.m.	Deemed Venue: Registered Office of the Company as the Annual General Meeting was conducted through Video Conferencing / Other Audio Visual Means	Nil
2018-19	26th August, 2019	3:00 p.m.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana - 122001	Re-appointment of Mrs. Sushmita Singha as an Independent Director of the Company
2017-18	27th August, 2018	3:00 p.m.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana - 122001	Re-appointment of Mr. Chetan Kajaria as Joint Managing Director of the Company Re-appointment of Mr. Rishi Kajaria as Joint Managing Director of the Company Re-appointment of Mr. H. Rathnakar Hegde as an Independent Director of the Company

b) Special Resolution passed through Postal Ballot:

During the year 2020-21, no Special Resolution has been passed through Postal Ballot.

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 Act 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). Subject to the applicable laws, physical copy of notice is sent to the shareholders, whose email is not registered or who has requested for physical copy of notice. The Company also publishes a notice in the newspaper(s) 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 shareholders 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 the closure of the voting period.
- In compliance with the applicable laws, the Scrutiniser submits his report to the Chairman or a person authorised by the Chairman, after the completion of scrutiny, and consolidated results of the voting by postal ballot and e-voting are announced by the Chairman or a person authorised by the Chairman to do the same. The results are also displayed at the Company's Registered Office & the Corporate Office and also on the Company's website i.e. www.kajariaceramics.com, besides being communicated to the Stock Exchange(s), within the prescribed timeline.

e) The Company did not hold Extra-Ordinary General Meeting of the Shareholders during the financial year 2020-21.

Disclosures

a) Materially Significant Related party transactions

During the year 2020-21, 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. 40 of the Financial Statements. The Related Party Transaction Policy 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 Exchange(s) or the SEBI or any statutory authority, on any matter related to Capital Markets, during last three years:

The Company has complied with all the requirements of the Listing Agreements with the Stock Exchange(s) as well as regulations and guidelines of the SEBI. No penalties have been imposed or stricture has been issued by the SEBI, the Stock Exchange(s) 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 177(10) of the Act and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy with vigil mechanism for the Directors and Employees of the Company to report to the management about the genuine concerns, unethical behaviour, fraud or violation of Company's Code of Conduct, leakage or suspected leakage of Unpublished Price Sensitive Information with respect to the Company. The mechanism provides for adequate safeguards against victimization 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 2020-21.

The details of establishment of vigil mechanism (Whistle Blower Policy) have been disclosed by the Company on its website i.e. https://www.kajariaceramics.com/pdf/whistel_blowing_policy.pdf and in the Directors' Report.

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

e) In accordance with the provisions of the Listing Regulations read with SEBI's Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, the Annual Secretarial Compliance Report for the year 2020-21 has been issued by Mr. Rupesh Agarwal, Managing Partner of M/s Chandrasekaran Associates, Company Secretaries, Delhi, which forms part of this report.

f) A certificate issued by Mr. Rupesh Agarwal, Managing Partner of M/s Chandrasekaran Associates, Company Secretaries, Delhi that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI/the Ministry of Corporate Affairs or any such statutory authority, which forms part of this report.

g) The Board of the Company considered the declarations submitted by all Independent Directors of the Company that:

- They meet the criteria of independence as provided in Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act.
- They are not aware of any circumstances or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence as provided under the Listing Regulations.

Accordingly, in the opinion of the Board of the Company, all Independent Directors of the Company fulfill the conditions/criteria specified in the Listing Regulations read with the Act and they are also independent of the management.

Further, in the opinion of the Board of Directors of the Company, all Independent Directors of the Company have integrity, expertise, experience as prescribed under the Companies (Appointment and Disqualification of Directors) Rules, 2014 read with the Companies (Accounts) Rules, 2014 (including amendment thereof).

h) During the year 2020-21, the Board of the Company had accepted all recommendations of the Committee(s) of the Board of the Company.

i) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has adopted the Policy for Prevention of Sexual Harassment at the Workplace is available on the website of the Company at https://www.kajariaceramics.com/pdf/prevention_of_sexual_harassment_at_workplace.pdf

Details of compliant under said Policy read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are as under:

Number of complaints filed during the year 2020-21	:	Nil
Number complaints disposed of during the year 2020-21	:	Nil
Number of complaints pending as on end of the year 2020-21	:	Nil

j) Details all credit ratings obtained by the Company along with any revisions thereto during year 2020-21, for all debt instruments of the Company or any fixed deposit programme or any scheme or proposal of the Company involving mobilization of funds, whether in India or abroad:

During the year 2020-21, the Company has not issued any debt instruments or fixed deposit programme/scheme and no proposal of mobilization of fund by the Company. Thus, the Company has not obtained Credit rating for the above said purpose.

k) During the year 2020-21, total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to M/s. Walker Chandiok & Co LLP, Chartered Accountants, the Statutory Auditors of the Company and all entities in the network firm/network entity of which the Statutory Auditors is a part:

A. Payment to M/s. Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors of the Company

Sr. No.	Particulars	₹ in Lakhs (exclusive of applicable taxes)
1	Audit Fee of Financial Statements (Standalone & Consolidated) for the financial year 2020-21 including Limited Review	65.00
2	Other Services and out of pocket expenses	8.33
	Total	**73.33**

B. No Payment made to the network firm of M/s. Walker Chandiok & Co LLP, Chartered Accountants, the Statutory Auditors of the Company

l) The Board of Directors of the Company had identified Core Skills/Practical Experience/Competencies as required in the context of its business(es) and sector(s) for it to function effectively and the names of Directors who have such skills/expertise/competence are as given below:

Skills/ Expertise/ Competencies	Mr. Ashok Kajaria	Mr. Chetan Kajaria	Mr. Rishi Kajaria	Mr. Dev Datt Rishi	Mr. Raj Kumar Bhargava	Mr. Debi Prasad Bagchi	Mr. H. Rathnakar Hegde	Mrs. Sushmita Singha
Technology	Yes	Yes	Yes	Yes	-	-	-	-
Manufacturing process	Yes	Yes	Yes	Yes	-	-	-	-
Accountancy	Yes	Yes	Yes	-	Yes	Yes	Yes	-
Finance and financial management	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes
Law	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes
Economics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Business Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Risk Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Administration	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Human Resources	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

m) Disclosures of transactions of the Company with the person or entity belonging to the Promoter/Promoter Group of the Company which hold(s) 10% or more shareholding in the Company are as under:

Sr. No.	Name of Entity belongs to Promoter/ Promoter Group of the Company	Category	Nature of Transaction during the financial year 2020-21	Amount of Transaction during the financial year 2020-21 (₹. in Crores)
1	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	Promoter Group	Interim Dividend Paid	25.87
2	RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust)	Promoter Group	Interim Dividend Paid	25.87

n) 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:

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

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

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

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

c. **Modified opinion(s) in Audit Report:** The Audit Reports on the Financial Statements (Standalone & Consolidated) for the year ended 31st March, 2021, do not contain any modified opinion.

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

o) CEO / CFO Certificate

The Chairman & Managing Director and the Chief Financial Officer ('CFO') of the Company have given the annual certification on the financial reporting and internal controls to the Board of the Company 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 of the Company 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.

p) During the year 2020-21, the Company has not raised any fund through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of Listing Regulations.

Means of Communication

Quarterly, Half-Yearly & Annual Financial Results:

The quarterly, half yearly, nine months ended and annual financial results of the Company are sent to the Stock Exchange(s) through permitted mode, immediately after approval of the Board of the Company. 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 along with submission to National Stock Exchange of India Limtied (NSE) and BSE Limited (BSE).

Investor Release

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

General Shareholders Information

Notice relating to the 35th Annual General Meeting is sent to the members at their registered address/email address available with the Depositories / the Company.

Date, time and venue of the 35th Annual General Meeting ('AGM')

Day & Date	:	Tuesday, 28th September, 2021
Time	:	3:00 p.m. (IST)
Venue	:	Registered office of the Company will be deemed as the venue of the AGM.
Dates of Book closure	:	Wednesday, 22nd September, 2021 to Tuesday, 28th September, 2021.
Financial Year	:	April 1 to March 31

Financial Calendar (Tentative)

First Quarter Results	:	1st week of August, 2021
Second Quarter / Half Yearly Results	:	4th week of October 2021
Third Quarter / Nine Months Results	:	4th week of January 2022
Fourth Quarter / Annual Results for the year ending 31st March 2022	:	2nd week of May, 2022

Dividend history for the last 5 years is as under:

Year	Dividend Rate (%)	In per Share	Dividend Amount (Rupees in Crores)
2020-21*	1000	₹10.00	159.08
2019-20*	300	₹3.00	47.69
2018-19	300	₹3.00	47.69
2017-18	300	₹3.00	47.69
2016-17	300	₹3.00	47.68

* Interim Dividend

Unpaid / Unclaimed Dividend:

The entire unpaid / unclaimed dividend up to the financial year 2012-13 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 2013-14 is due to 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:

The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 including its amendment (the 'IEPF Rules'), amongst other matters, provide for transfer of the shares, in respect of which dividend has not been paid or claimed for seven or more consecutive years, to IEPF Authority and the shares shall be credited to the Demat Account of IEPF Authority, within 30 days of such shares becoming due to be transferred to the IEPF.

Accordingly, the Company had transferred total 5,08,182 equity shares of ₹1/- each, in respect of which dividend had not been claimed by the shareholders for 7 consecutive years or more (i.e. During the year 2020-21: 54,470, During the year 2019-20: 36,618, During the year 2018-19: 53,362 equity shares and during the year 2017-18: 3,63,732 equity shares) to IEPF Authority.

Pursuant to the IEPF Rules, the unclaimed dividend for the financial year 2013-14 will become due for transfer in favour of the IEPF Authority on 31st July, 2021 (i.e. Due date) and accordingly, both the unclaimed dividend and shares in respect of which dividend had not been claimed by the shareholders for 7 consecutive years or more will be transferred to the IEPF Authority within 30 days of the Due date.

Market Price Data: Monthly High and Low quotation of shares traded on BSE/ NSE during the year 2020-21:

Month	BSE		NSE	
	High	Low	High	Low
April, 2020	414.00	336.00	414.00	338.70
May, 2020	370.15	295.40	370.00	295.55
June, 2020	415.80	345.00	416.00	343.05
July, 2020	436.20	380.15	436.00	384.80
August, 2020	489.15	397.05	489.60	397.10
September, 2020	569.00	425.00	569.65	425.10
October, 2020	587.65	516.70	587.90	523.00
November, 2020	649.95	554.00	649.75	553.55
December, 2020	713.55	647.55	714.55	648.20
January, 2021	861.90	691.95	857.85	691.70
February, 2021	1000.00	805.70	997.00	805.55
March, 2021	1020.00	859.70	1,020.00	860.10

Listing on Stock Exchanges:

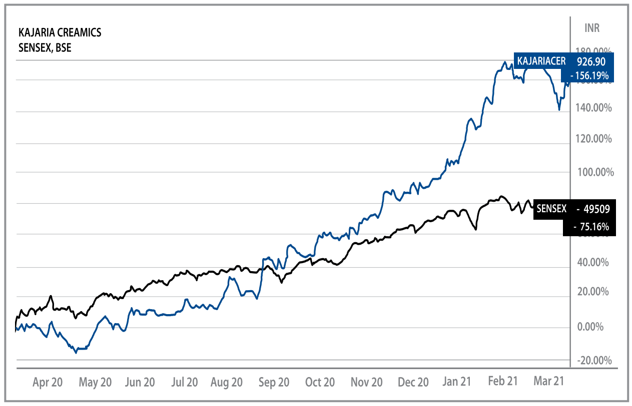
- BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 ('BSE').
- National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 ('NSE')

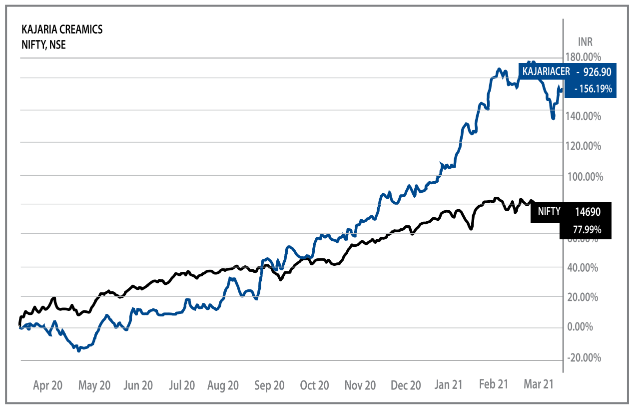
Listing fees for the financial year 2021-22 have been paid by the Company within the stipulated time.

Stock Code : 500233 (BSE) / KAJARIACER (NSE)

ISIN : INE217B01036

Performance in comparison to Broad Based Indices of BSE & NSE:





Registrar & Share Transfer Agent

The correspondence address of the Company's Registrar and Share Transfer Agent, i.e. MCS Share Transfer Agent Limited is as follows:

MCS Share Transfer Agent Limited

F- 65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi–110020
Phone No.: +91-11-41406149-52, Fax No.: +91-11-41709881
E-mail ID: admin@mcsregistrars.com

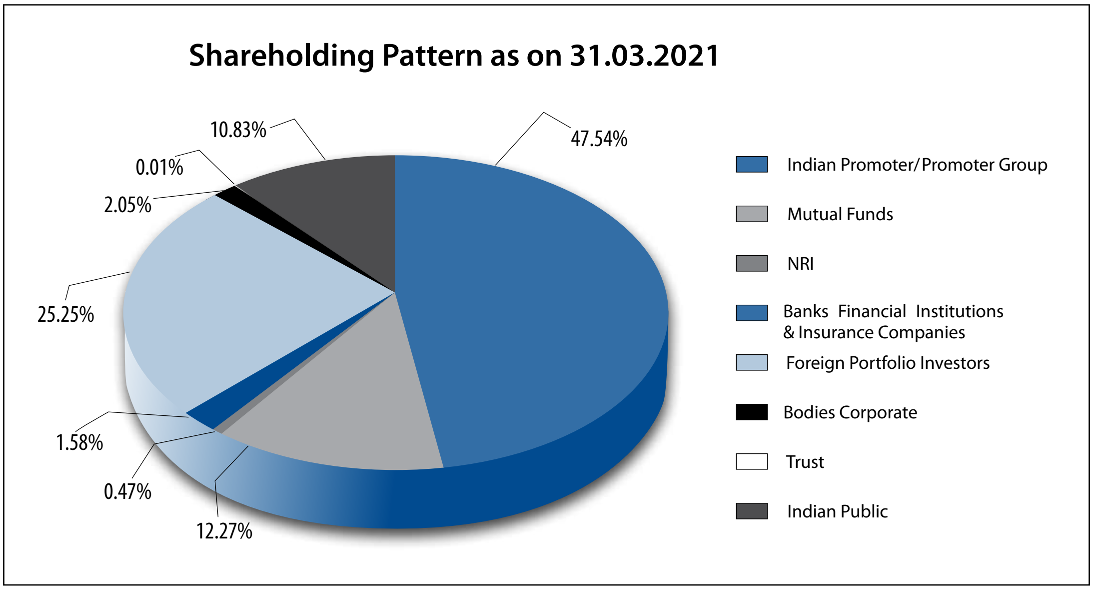
Share Transfer System

MCS Share Transfer Agent Limited is the Registrar and Share Transfer Agent ('RTA') 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.

Pursuant to the amendment in the Regulation 40 of the Listing Regulations, with effect from 1st April, 2019, any request for transfer of shares held in physical form shall not be processed, except in case of transmission or transposition of shares or in case of transfer deed(s) once lodged with the Company prior to 1st April, 2019 and returned due to deficiency in the documents. Thus, the Members holding shares in physical form are requested to dematerialised their shareholding, as the shares of the Company are under compulsory demat trading.

Shareholding Pattern as on 31.03.2021

Category	No. of Shares Held	Percentage of Shareholding
Promoter/Promoter Group:		
Indian Promoters	75625231	47.54
Institutional Investors & Others:		
Mutual Funds	19526638	12.27
Banks/Financial Institutions & Insurance Companies	2521723	1.58
Foreign Portfolio Investors	40172961	25.25
Bodies Corporate	3253474	2.05
NRI	746995	0.47
Trust	12512	0.01
Indian Public	17221466	10.83
Total	**159081000**	**100.00**



Distribution of Shareholding as on 31.03.2021

Category Range	No. of Shareholders		No. of shares	
	Total	% of shareholders	Total	% of share capital
1-500	59271	91.13	4803245	3.02
501-1000	2856	4.39	2158111	1.36
1001-2000	1514	2.33	2241040	1.41
2001-3000	456	0.70	1160653	0.73
3001-4000	216	0.33	768998	0.48
4001-5000	140	0.22	650505	0.41
5001-10000	225	0.35	1616652	1.01
10001 and above	360	0.55	145681796	91.58
Total	**65038**	**100.00**	**159081000**	**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 2021, 157936946 equity shares out of 159081000 equity shares of the Company, forming 99.28% 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	148741740	93.50
CDSL	9195206	5.78
Shares in Physical Form	1144054	0.72
Total	**159081000**	**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 2020-21.

Other Information

a) **Corporate Identification Number (CIN):** L26924HR1985PLC056150

b) **Reconciliation Audit for Share Capital as on 31st March, 2021**

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 the Company. 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 2021. The details of foreign currency exposure as on 31st March 2021 is provided in Note No. 48 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. There is no commodity price risk and commodity hedging risk during the financial year 2020-21.

Plant Locations

The plants of the Company are located as under:

- A-27 to 30, Industrial Area, Sikandrabad, Distt.: Bulandshahr (U.P.) - 203205.
- Alwar Shahpura Road, Village & Post: Malootana, Tehsil: Thanagazi, Distt.: Alwar (Rajasthan) -301022.
- 19 KM Stone, Bhiwadi - Alwar Road, Village: Gailpur, Distt.: Alwar (Rajasthan) - 301707.

Subsidiary Companies

As on 31st March, 2021, the Company does not have any material unlisted subsidiary company as defined under the 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 the Code of Conduct to Directors/ Senior Management

In accordance with the Listing Regulations, I hereby declare that all Directors and Senior Management Personnel of the Company have confirmed the compliance with the Code of Conduct as adopted by the Company.

For and on Behalf of Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: 3rd August, 2021

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, 2021 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 ended 31st March, 2021, 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 take 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 ended 31st March, 2021;

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: June 14, 2021

Ashok Kajaria
Chairman & Managing Director

Sanjeev Agarwal
CFO

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER LISTING REGULATIONS, 2015

To,

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 2021. 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
Managing Partner
Membership No. ACS 16302
Certificate of Practice No. 5673
UDIN: A016302C000726902

Date : 03.08.2021
Place: Delhi

SECRETARIAL COMPLIANCE REPORT OF KAJARIA CERAMICS LIMITED

FOR THE YEAR ENDED 31st MARCH, 2021

To,
The Board of Directors
Kajaria Ceramics Limited
SF-11, Second Floor,
JMD Regent Plaza, Mehrauli Gurgaon Road,
Village Sikanderpur Ghosi, Gurgaon-122001,
Haryana

We M/s. Chandrasekaran Associates have examined:

(a) All the documents and records made available to us and explanation provided by Kajaria Ceramics Limited. ("the listed entity"),

(b) The filings/ submissions made by the listed entity to the stock exchanges,

(c) Website of the listed entity,

(d) Any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March, 2021 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, Circulars, Guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), Rules made thereunder and the Regulations, Circulars, Guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The Specific Regulations, whose provisions and the Circulars/ Guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable during the year under review.

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 to the extent applicable;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable during the year under review;

(g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013; Not Applicable during the year under review;

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

(i) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable;

(j) 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;

(k) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009.

and based on the above examination, We hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and Circulars/ Guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
		NIL	

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my/our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
		NIL		

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31st March, 2020.	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
		NIL		

(e) The company has suitably included the conditions as mentioned in Para 6(A) and 6(B) of the SEBI Circular CIR/CFD/CMD1/114/2019, dated October 18, 2019 in the terms of appointment of statutory auditor of the Company.

For **Chandrasekaran Associates**
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302C000481426

Date: 18.06.2021
Place: Delhi

Notes: Due to restricted movement amid COVID-19 pandemic, we are issuing the secretarial compliance report by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/expired on or before 31st March, 2021 pertaining to Financial Year 2020-21.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) read with Schedule V Para C sub clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kajaria Ceramics Limited having CIN L26924HR1985PLC056150 and having registered office at SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon-122001, Haryana (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Ashok Kumar Kajaria	00273877	20/12/1985
2	Chetan Kajaria	00273928	15/06/2000
3	Rishi Kajaria	00228455	26/07/2003
4	Raj Kumar Bhargava	00016949	09/11/1998
5	Debi Prasad Bagchi	00061648	29/06/2007
6	Dev Datt Rishi	00312882	14/01/2015
7	Sushmita Singha	02284266	30/03/2015
8	H. Rathnakar Hegde	05158270	17/01/2012

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302C000726869

Date: 03.08.2021
Place: Delhi

Annexure-A

BUSINESS RESPONSIBILITY REPORT FOR 2020-21

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identification Number (CIN) of the Company**	:	L26924HR1985PLC056150
2.	**Name of the Company**	:	Kajaria Ceramics Limited ("the Company")
3.	**Registered Office**	:	SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana- 122001
4.	**Website**	:	www.kajariaceramics.com
5.	**E-mail id**	:	investors@kajariaceramics.com
6.	**Financial Year Reported**	:	2020-21
7.	**Sector(s) that the Company :**		23913 (Manufacturing Ceramic Products)
8.	**List three key products that :**		The Company operates in only one segment i.e. (Ceramic / Vitrified Tiles)
9.	**Total Number of Locations where business activity is undertaken by the Company**		
a)	**Number of International locations (provide details of major 5)**	-	1
b)	**Number of National Locations**	-	63

Manufacturing units:

Unit	Location
Sikandrabad (Uttar Pradesh)	A-27 to 30, Industrial Area, Sikandrabad, Distt. Bulandshahr (U.P.) - 203205
Malootana (Rajasthan)	Alwar Shahpura Road, Village & Post Malootana, Tehsil: Thanagazi, Distt.: Alwar (Rajasthan)-301022
Gailpur (Rajasthan)	19 KM Stone, Bhiwadi-Alwar Road, Village: Gailpur, Distt.: Alwar (Rajasthan) - 301707

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

Corporate Office: J-1/B-1 (Extn.), Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110044

10. Markets served by the Company:

The Company operates PAN India and also serves some of the international markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital (₹) - 15.91 Crores
2. Total Turnover (Gross) (₹) - 2523.18 Crores
3. Total Profit/(Loss) After Taxes (PAT) (₹) - 301.75 Crores
4. Total spending on Corporate Social Responsibility (CSR) for the financial year 2020-21 is ₹7.33 Crores which is about 2.43% 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 2020-21.

SECTION C: OTHER DETAILS

1. Does the Company have any subsidiary company / companies?

As on 31st March, 2021, the Company had 6 subsidiaries and 1 step down subsidiary. The details of the subsidiaries have been disclosed in the Annual Report for the financial year 2020-21..

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. The Company has also adopted various standard specified by the International Organization for Standardization (ISO) as under: • ISO 9001:2015 for Quality Management System • ISO 14001:2015 for Environmental Management System • OHSAS 18001:2007 for Occupational Health & Safety Management System • SA 8000:2008 for Social Accountability Standards • ISO 22000:2005 for Preparation & Serving of Vegetarian Food/Non-Alcoholic Beverages for employees & visitors in its canteen • ISO 50001:2011- Energy Conservation • Membership: India Green Building Council (IGBC) • CE Certified Product • BISL: ISI Certified product (IS15622/2017)								
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.								

Contd..

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?**	Communication is on-going process. For this purpose, 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 policies.
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?**	As a part of compliance with ISO Standards adopted by the Company, an external agency evaluates the implementation of ISO Standards. However, the Company has not carried out independent audit / evaluation of working of the BR Policy 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 a 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 F.Y. 2016-2017. The BR report for F.Y. 2020-21 may be accessed through the Company's website link https://www.kajariaceramics.com/pdf/Business_Responsibility_Report_2020-21.pdf

SECTION E: PRINCIPLE WISE PERFORMWANCE

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 fairest 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, leak of Unpublished Price Sensitive Information with respect to the Company, etc. 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 2020-21, 3 shareholder complaints were received by the Company. All these 3 complaints were duly resolved and thus, no compliant is pending as on 31st March, 2021.

The Company did not have any other 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 minimize transportation. Engagement of Transporters are done based on conditions like young vehicles, need for drivers to carry pollution certificates and drivers & support staff to always carry safety kits, etc. The Company continuously strives for load and route optimization to ensure fuel and environmental efficiency of the fleets.

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?**

   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.

   Local sourcing reduces costs, provides local employment benefits and reduced environmental footprint in sourcing.

.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 numbers of permanent employees were 2475 as on 31st March 2021.

2. **Please indicate the total of employees hired on temporary / contractual / casual basis.**

   The total temporary/contractual/casual employees were 1251 as on 31st March 2021.

3. **Please indicate the number of permanent women employees:**

There were 70 women employees as on 31st March 2021.

4. **Please indicate the number of permanent employees with disabilities:**

   There was 1 permanent employee with disabilities as on 31st March 2021.

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 recognized employee association?**

   Less than 10%.

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 at the 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 2020-21.

8. **What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**

o	Permanent employees	:	60 %
o	Permanent women employees	:	60 %
o	Casual/ Temporary / Contractual employees	:	69 %
o	Employees with disabilities	:	100 %

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 & marginalized stakeholders?**

   There are no identified disadvantaged, vulnerable & marginalized stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized 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.

The Company prowess in designing aesthetically superior tiles have made an important contribution in saving the environment. The Company also continue to intensify the green cover through plantations drives within its plants and in surrounding areas to improve the air quality in the neighborhood. As a people respecting enterprise, the Company has worked on minimizing noise pollution at its plant.

3. **Does the company identify and assess potential environmental risks?**

   Yes, the Company has the risk management mechanism in place to identify and assess the existing and potential risks across its operations.

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?**

   Yes, Emission / waste generated by the Company are within the permissible limits given by CPCB/SPCB for the financial year 2020-21.

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 Sanitaryware
   iv. Bhiwadi Manufacturers Association
   v. Sikandrabad Industries Association
   vi. Indian Industry Association
   vii. Bhiwadi Chamber of Commerce and Industries

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)**

   The 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 Corporate Social Responsibility Committee constituted by the Board.

The details and impact of the CSR programmes/ initiatives/ activities taken by the Company in the recognized 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 ₹and details of the projects undertaken.**

   Details of amount spent by the Company by way of CSR Programmes towards the development of the Community are provided in **Annexure 3** of the Directors' Report for the financial year 2020-21.

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 organizes 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. The Company also displays all information as mandated by the regulators to ensure full compliance with relevant laws.

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 (B.Sc.) degree and pursued Engineering (BSME) at UCLA (California), U.S.A.

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 45 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, 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, 2021, he is holding 10,47,004 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 Corporate Social Responsibility Committee, the Stakeholders Relationship Committee, the Risk Management Committee and the Business Responsibility & Sustainability Committee of the Company.

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, 2021, he is holding 13,39,880 shares of the Company.

To entrench the presence of the Kajaria brand into every Indian household, he successfully contoured the Group's presence into the plywood space by adopting an asset-light operating model.

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 Corporate Social Responsibility Committee and the 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 42.30 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, 2021, he is holding 18,05,716 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, standardization, projects, training and organization 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 continues to be Non-Executive Director of the Company effective from 1st July, 2017. He is member of the Risk Management Committee of the Company.

As on 31st March 2021, he holds 624 shares of the Company.

5. Mr. Raj Kumar Bhargava (DIN: 00016949)

Mr. Raj Kumar Bhargava, 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 the Chairman of the 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, 2021, he is holding 18,592 shares of the Company.

6. 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 the Audit Committee, the Nomination & Remuneration Committee and the 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.

As on 31st March, 2021, he does not hold any share of the Company.

7. 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 the Chairman of the Nomination & 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.

As on 31st March, 2021, he does not hold any share of the Company.

8. Mrs. Sushmita Singha (DIN:02284266)

Mrs. Sushmita Singha, a post graduate in English from Patna University, has over 30 years of experience in the industry, international organizations and development sector. She has a Diploma 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 is an Independent Director and joined the Board of the Company on 30th March, 2015. She is the Chairperson of the Corporate Social Responsibility Committee & the Stakeholders Relationship Committee and a member of the Nomination & Remuneration Committee of the Company.

She has held various posts / assignments in various organisations including PHD Chamber of Commerce and Industry, Sulabh International Social Service Organisation, UN Task Force and took various assignments for Government of India.

Presently, she is Director & CEO of Aculina Solutions. She is also an honorary member of BRICS Chamber of Commerce and serves on the Boards of other companies. She is Founder of Udaipur Tales, International Storytelling Festival and Corporate Advisor and Life Transformation Coach.

As on 31st March, 2021, she does not hold any share of the Company.

INDEPENDENT AUDITOR'S REPORT

To the Members of Kajaria Ceramics Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Kajaria Ceramics Limited (the 'Company'), which comprise the Balance Sheet as at 31st March, 2021, 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.

2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31st March, 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition We refer to the Company's significant accounting policies in note 3D(b) and the revenue related disclosures in note 26 of the standalone financial statements. The Company recognises revenue from sale of goods when it satisfies its performance obligation, in accordance with the principles of Ind AS 115, Revenue from Contracts with Customers, by transferring the control of goods to its customers at the time of dispatch evidenced by acknowledgement of receipt of goods by the transporter. Further, Ind AS 115 requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers, determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations. Owing to the volume of sales transactions, size of distribution network and varied terms of contracts with customers, revenue is determined to be an area involving significant risk and requires significant auditor attention. Accordingly, this matter has been determined as a key audit matter for current year audit.	Our audit procedures, related to revenue recognition, included, but were not limited to, the following: a) Assessed the design and tested operating effectiveness of Company's controls (including the automated controls) around revenue recognition (including rebates / discounts); b) Assessed the appropriateness of Company's identification of performance obligations in its contracts with customers, its determination of transaction price, and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115; c) Scrutinized sales ledgers to verify completeness of sales transactions; d) On a sample basis, tested the revenue recognized including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches and approved incentives / discounts schemes; e) Tested the appropriateness of accruals for various rebates and discounts as at the year-end; f) Assessed the revenue recognized with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level; g) Circularized balance confirmations to a sample of customers and reviewed the reconciling items, if any; and h) Tested the related disclosures made in notes to the standalone financial statements in respect of the revenue from operations for appropriateness in accordance with the requirements of the applicable accounting standards.
Recoverability of investments made and loans given to certain subsidiaries As disclosed in note 6 to the accompanying standalone financial statements, the Company has a carrying value of ₹42.32 Crores as at 31st March, 2021 in respect of its investment in two of its subsidiary companies and has outstanding long-term loans recoverable from such subsidiaries aggregating to ₹139.75 Crores as on such date. Considering the continued losses recorded over the years by aforementioned subsidiary companies, the management has identified that indicators exist that requires the management to test the carrying value of such loans and investments for possible impairment.	Our audit work included, but was not restricted to, performing the following procedures: a) Obtained an understanding of the management's process, and evaluated design and tested operating effectiveness of controls on identification of indicators of impairment of the carrying value of investment and recoverability of loans under Ind AS 36 'Impairment of assets'; b) Assessed the professional competence, objectivity and capabilities of the specialist used by the management for performing required valuations to estimate the recoverable value of the investment in such subsidiary companies;

Key audit matters	How our audit addressed the key audit matter
Management's assessment of the recoverable amount of investments in and loans given to these subsidiary companies requires estimation and judgement around assumptions used in the Discounted Cash Flow valuation model adopted by the Company for the purpose. The principal driver of recoverable value is the estimated growth in the operations of the subsidiary and ability to generate cash profits in the future. The key assumptions supporting management's assessment of such fair valuation include, but are not limited to, the estimated future financial performance, capital expenditure and the discount rates applied. Changes to assumptions could lead to material changes in estimated recoverable amounts, resulting in impairment of the investment in subsidiary companies. Complexity involved in such assumptions and estimates increased in the current year due to the impact of COVID-19 pandemic outbreak on the Company's operations as disclosed in Note 52 to the accompanying financial statements. Considering the significance of the amounts involved, and auditor attention required to test the appropriateness of accounting estimate that involves high estimation uncertainty and significant management judgement, this matter has been determined to be a key audit matter for the current year audit.	c) Involved auditor's experts to assess the appropriateness of the valuation model used by the management and to test reasonability of the valuation assumptions used therein relating to discount rates, risk premium, industry growth rates, etc., including the impact of COVID-19 on such assumptions; d) Tested the future business projections, used for performing above said valuations, for the subsidiary from the business plans approved by the board of directors of the subsidiary company, and ensured its consistency with our understanding of future business plans of the subsidiary companies obtained through interviews with both operating and senior management; e) Assessed operating and capital costs included in the cash flow forecasts for consistency with current operating costs and forecast production; f) Performed sensitivity analysis on management's calculated recoverable value for key assumptions such as growth rates during explicit period, terminal growth rate and the discount rate used in the valuations performed; g) Tested the arithmetical accuracy of the valuation workings performed by the management expert; h) Tested the disclosures made in note 6 for appropriateness in accordance with the requirements of the accounting standards.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 of

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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. 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.

17. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, 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 accompanying standalone financial statements;

    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 31st March, 2021 from being appointed as a director in terms of section 164(2) of the Act;

    f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31st March, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 14th June 2021 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 38(b)(ii) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31st March, 2021;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2021;

        iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2021; and

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November 2016 to 30th 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

Neeraj Sharma
Partner
Membership No.: 502103
UDIN: 21502103AAAABE5305

Place: New Delhi
Date: 14th June, 2021

Annexure I to the Independent Auditor's Report

of even date to the members of Kajaria Ceramics Limited on the Standalone financial statements for the year ended 31st March, 2021

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 fixed assets comprising of property, plant and equipment, capital work-in-progress, right-of-use assets, intangible assets and intangible assets under development.

(b) The fixed assets comprising of property, plant and equipment and capital work-in-progress 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 fixed assets comprising of property, plant and equipment and capital work-in-progress 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' and 'right-of-use assets') 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 companies 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) for the loans outstanding at the beginning of the year, the schedule of repayment of principal had been stipulated wherein the principal amounts were repayable on demand and which were renewed during the year for a stipulated period. Further, with regards to the loan renewed / granted during the year and outstanding as at the year end, the schedule of repayment of principal and payment of interest has been stipulated and the principal amount is not due for repayment currently however, the receipts of the interest are regular;

(c) there is no overdue amount in respect of loans granted to such companies.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments and guarantees. According to the information and explanations given to us, in our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act in respect of 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. 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 became 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 Crores	Amount paid under protest (₹) in Crores	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1961	Excise duty	0.05	-	FY 2012-2015	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	2.76	0.21	FY 2012-2015	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	1.54	0.34	FY 2010-2017	Appellate authorities till Commissioner level
Income Tax Act, 1961	Income-tax	2.52	-	FY 1990-2000	High Court
Income Tax Act, 1961	Income-tax	0.38	0.38	FY 2009-2014	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income-tax	0.13	-	FY 2016-2017	Appellate authorities till Commissioner level
Income Tax Act, 1961	Income-tax	0.05	-	FY 2017-2018	Appellate authorities till Commissioner level
Sales tax laws	Central sales tax	0.05	0.05	FY 2012-2017	Appellate authorities till Commissioner level
Sales tax laws	Value added tax	0.66	0.33	FY 2012-2017	Appellate authorities till Commissioner level

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. Further, the Company has no loans or borrowings payable to government and no outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(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 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

Neeraj Sharma
Partner
Membership No.: 502103
UDIN: 21502103AAAABE5305

Place: New Delhi
Date: 14th June, 2021

Annexure II to the Independent Auditor's Report

of even date to the members of Kajaria Ceramics Limited on the consolidated financial statements for the year ended 31st March, 2021

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements 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 standalone financial statements of Kajaria Ceramics Limited (the 'Company') as at and for the year ended 31st March, 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance 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 for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such controls were operating effectively as at 31st March, 2021, 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.

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For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Sharma
Partner
Membership No.: 502103
UDIN: 21502103AAAABE5305

Place: New Delhi
Date: 14th June, 2021

Standalone Balance Sheet as at 31st March, 2021

(Amounts in ₹Crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	659.57	654.28
(b) Capital work-in-progress		9.28	8.39
(c) Right-of-use assets	37	26.19	38.36
(d) Other intangible assets	5	2.74	1.77
(e) Intangible assets under development		-	0.95
(f) Financial assets			
(i) Investments	6	123.88	124.21
(ii) Loans	7	441.58	430.35
(g) Non-current tax assets (net)	8	1.82	2.31
(h) Other non-current assets	9	-	0.40
		1,265.06	**1,261.02**
Current assets			
(a) Inventories	10	206.80	311.68
(b) Financial assets			
(i) Investments	11	4.97	9.80
(ii) Trade receivables	12	371.89	347.80
(iii) Cash and cash equivalents	13	16.74	11.75
(iv) Bank balances other than (iii) above	14	417.11	208.12
(v) Loans	7	12.44	3.15
(vi) Other financial assets	15	0.35	0.93
(c) Other current assets	9	12.68	41.04
		1,042.98	**934.27**
TOTAL ASSETS		**2,308.04**	**2,195.29**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	15.91	15.90
(b) Other equity	17	1,862.29	1,714.06
TOTAL EQUITY		**1,878.20**	**1,729.96**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	8.94	8.02
(ii) Lease liabilities	19	12.97	20.40
(b) Provisions	20	13.56	21.32
(c) Deferred tax liabilities (net)	21	65.76	69.65
(d) Other non-current liabilities	22	1.51	2.05
		102.74	**121.44**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	-	34.25
(ii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises; and		5.53	11.60
- Total outstanding dues of creditors other than micro enterprises and small enterprises		173.82	161.66
(iii) Lease liabilities	19	11.31	13.46
(iv) Other financial liabilities	24	64.97	72.15
(b) Other current liabilities	22	58.26	46.18
(c) Provisions	20	5.58	4.59
(d) Current tax liabilities (net)	25	7.63	-
		327.10	**343.89**
TOTAL LIABILITIES		**429.84**	**465.33**
TOTAL EQUITY AND LIABILITIES		**2,308.04**	**2,195.29**

See accompanying notes forming part of these standalone financial statements. 1-53

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Neeraj Sharma
Partner
Membership no. : 502103

Place: New Delhi
Date: 14th June, 2021

For and on behalf of the Board of Directors

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

Standalone Statements of Profit & Loss for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
INCOME			
Revenue from operations	26	2,523.18	2,571.80
Other income	27	51.57	50.56
TOTAL INCOME (I)		**2,574.75**	**2,622.36**
EXPENSES			
Cost of materials consumed	28	391.82	468.03
Purchases of stock-in-trade		882.83	840.02
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	95.46	(24.24)
Employee benefits expense	30	237.74	265.20
Finance costs	31	5.05	8.53
Depreciation and amortisation expense	32	73.91	78.85
Other expenses	33	482.37	646.64
TOTAL EXPENSES (II)		**2,169.18**	**2,283.03**
Profit before tax		**405.57**	**339.33**
Tax expense:	34		
Current tax		107.71	93.20
Deferred tax		(3.89)	(32.67)
Profit for the year		**301.75**	**278.80**
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of profit and loss			
- Remeasurement of defined benefit plans		0.10	(0.88)
- Net (loss)/gain on FVTOCI equity security		0.08	-
- Income-tax relating to items that will not be reclassified to statement of profit and loss		(0.02)	0.22
Total other comprehensive income for the year, net of tax		**0.16**	**(0.66)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**301.91**	**278.14**
Earnings per equity share (face value of ₹1 each)	35		
- Basic (in ₹)		18.98	17.54
- Diluted (in ₹)		18.97	17.53

See accompanying notes forming part of these standalone financial statements. 1-53

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Neeraj Sharma
Partner
Membership no. : 502103

Place: New Delhi
Date: 14th June, 2021

For and on behalf of the Board of Directors

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Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

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

Sanjeev Agarwal
Chief Financial Officer

Standalone Statement Cash Flows for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	405.57	339.33
Adjustments for :		
Depreciation and amortisation expenses	73.91	78.85
Interest income	(48.71)	(45.43)
Interest expense	5.05	8.53
Share based payments to employees (net)	0.23	0.39
Loss on disposal of property, plant and equipment	1.37	1.87
Gain on disposal of current investment	(0.15)	(0.75)
Dividend income	-	(0.38)
Subsidy income	(0.54)	(0.54)
Provision for expected credit loss on trade receivables	1.14	2.91
Operating profit before working capital changes	**437.87**	**384.78**
Working capital adjustments:		
Movement in inventories	104.88	(30.53)
Movement in trade and other receivables	(25.23)	59.29
Movement in other assets	29.93	(34.28)
Movement in trade and other payables	10.77	(52.80)
Movement in provisions	(6.77)	8.44
Cash flow generated from operations	**551.45**	**334.90**
Less: taxes paid	(99.59)	(99.76)
Net cash flow generated from operations (A)	**451.86**	**235.14**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment (including capital advances, capital work-in-progress, intangible assets, intangible assets under development and payable towards property, plant and equipment)	(75.64)	(30.27)
Proceeds from disposal of property, plant and equipment	6.37	4.25
Purchase of long-term investments	-	(7.33)
Proceeds from sale of long-term investments	0.41	-
Purchase of current investments (net)	-	(30.00)
Proceeds from disposal of current investments	4.98	20.94
Loans given (net)	(112.20)	(174.49)
Loans given to subsidiaries (net)	90.56	12.01
Interest received	49.18	44.83
Dividend received	-	0.38
Movement in deposits having original maturity of more than 3 months (net)	(208.76)	21.00
Net cash flow (used in) investing activities (B)	**(245.10)**	**(138.68)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1.55)	(3.90)
Proceeds/(repayment) of short-term borrowings (net)	(34.25)	31.58
Payment of lease liabilities	(12.15)	(16.68)
Proceeds from issue of shares	5.26	0.29
Dividend and dividend distribution tax paid	(159.08)	(114.99)

Contd..

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Net cash outflow (used in) financing activities (C)	**(201.77)**	**(103.70)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**4.99**	**(7.24)**
Cash and cash equivalents at the beginning of the financial year	**11.75**	**18.99**
Cash and cash equivalents at the end of the financial year	**16.74**	**11.75**
Components of cash and cash equivalents at the end of the year		
Balances with banks		
- Current accounts	16.51	11.41
Cash on hand	0.23	0.34
	16.74	**11.75**

Note :

1. This cash flow statement presented in accordance with "indirect method" as set out in Indian Accounting Standard - 7 ' Statement of cash flows' as specified in Indian Accounting Standard Rules, 2015 (as amended)

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Current borrowings	-	34.25
Lease liabilities	24.28	33.86
Non-current borrowings	8.94	8.02
Net debt	**33.22**	**76.13**

Particulars	Current borrowings	Lease liabilities	Non-current borrowings
Net debt as at 1st April 2019	**2.67**	**-**	**7.13**
Lease liabilities recognised under Ind AS 116 at 1st April 2019	-	46.63	-
Interest expenses on lease liabilities	-	3.91	-
Cash flows (net)	31.58	(16.68)	-
Non-cash adjustments - Fair value adjustments	-	-	0.89
Net debt as at 31st March, 2020	**34.25**	**33.86**	**8.02**
Interest expenses on lease liabilities	-	2.57	-
Cash flows (net)	(34.25)	(12.15)	-
Non-cash adjustments - Fair value adjustments	-	-	0.92
Net debt as at 31st March, 2021	**-**	**24.28**	**8.94**

See accompanying notes forming part of these standalone financial statements. 1-53

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Neeraj Sharma
Partner
Membership no. : 502103

Place: New Delhi
Date: 14th June, 2021

For and on behalf of the Board of Directors

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

Standalone Statement of Changes in Equity for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

A. Equity share capital

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning of the reporting year	15.90	15.90
Add: Change in equity share capital during the year (refer note 16)	0.01	-*
Balance at the end of the reporting year	**15.91**	**15.90**

* rounded off to Nil

B. Other equity (refer note 17)

Particulars	Reserves and surplus						Items of other comprehensive income (OCI)	Total other equity
	General reserve	Securities premium reserve	Capital redemption reserve	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI	
Balance as at 1st April 2019	**320.37**	**163.74**	**5.00**	**5.15**	**(27.38)**	**1,083.67**	**(0.47)**	**1,550.08**
Profit for the year	-	-	-	-	-	278.80	-	278.80
Items of OCI for the year, net of tax								
Re-measurement of defined benefit plans	-	-	-	-	-	(0.66)	-	(0.66)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**278.14**	**-**	**278.14**
Employee stock option scheme	-	-	-	0.53	-	-	-	0.53
Shares issued during the year	-	0.29	-	-	-	-	-	0.29
Transferred from share options outstanding account to security premium reserve on issue of shares	-	0.11	-	(0.11)	-	-	-	-
Dividend distributed	-	-	-	-	-	(95.38)	-	(95.38)
Income-tax on dividend distribution	-	-	-	-	-	(19.60)	-	(19.60)
Balance as at 31st March, 2020	**320.37**	**164.14**	**5.00**	**5.57**	**(27.38)**	**1,246.83**	**(0.47)**	**1,714.06**
Profit for the year	-		-	-	-	301.75	-	301.75
Items of OCI for the year, net of tax								
Re-measurement of defined benefit plans	-	-	-	-	-	0.08	-	0.08
Net gain on equity securities valued at fair value through OCI	-	-	-	-	-	-	0.08	0.08
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**301.83**	**0.08**	**301.91**
Employee stock option scheme	-	-	-	0.15	-	-	-	0.15
Shares issued during the year	-	5.25	-	-	-	-	-	5.25
Amount transferred from Share option outstanding account to Security premium on issue of shares	-	2.16	-	(2.16)		-		-
Transferred to retained earnings from OCI on disposal of equity instruments						(0.39)	0.39	-
Dividend distributed	-	-	-	-	-	(159.08)	-	(159.08)
Balance as at 31st March, 2021	**320.37**	**171.55**	**5.00**	**3.56**	**(27.38)**	**1,389.19**	**-**	**1,862.29**

See accompanying notes forming part of these stanalone financial statements. 1-53
As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Neeraj Sharma
Partner
Membership no. : 502103

Place: New Delhi
Date: 14th June, 2021

For and on behalf of the Board of Directors

Ashok Kajaria
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(DIN: 00228455)

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

Sanjeev Agarwal
Chief Financial Officer

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts 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 20th 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 a manufacturer of ceramic and vitrified wall and floor tiles.

2. Application of 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.

Standards issued but not effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1st April 2021.

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 recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognises revenue at the point in time, when control of the asset is transferred to the customer depending upon the terms of sale with the customers.

When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

Revenue includes only the gross inflows of economic benefits received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as goods and service tax is excluded from revenue.

Interest income and dividend:

Interest income is recognised using effective interest method.

Dividend income is recognised when the right to receive payment is established.

Export benefits:

The Company recognises income from duty drawback and export benefit on an accrual basis.

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 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 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 capitalised if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalised 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 capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised 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 capitalised 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 property, plant and equipment 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 and 18 years
Fit-out and other assets at sales outlets	5 years
Roads	30 and 60 years

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

Freehold land is not depreciated. Leasehold improvements are amortised 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.

De-recognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition 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 recognised in the Statement of Profit and Loss when the item is derecognised.

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 amortisation and accumulated impairment loss, if any.

Amortisation

Intangible assets with finite lives are amortised on a Straight Line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised 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.

De-recognition

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

f. Research and development costs

Expenditure on research is recognised as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognised as an expense when it is incurred.

Items of property, plant and equipment utilized for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

g. Borrowing costs

Borrowing cost includes interest, amortisation 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 capitalised, 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 recognised 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 recognised in the Statement of Profit and Loss.

Effective 1st April 2018, the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of 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 effect on account of adoption of this amendment was insignificant.

i. Government grants

Government grants are recognised 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 recognised 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 recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

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 recognised and measured at fair value and the government grant (deferred income) 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. The loan or assistance is subsequently recognised in the statement of profit and loss on a straight line basis over the period of loan.

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.

<u>Current tax</u>

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 and 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.

<u>Deferred tax</u>

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 recognised directly in equity/other comprehensive income is recognised 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.

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

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 recognised in the period in which the employee renders the related service. The Company recognises 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.

Re-measurement 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 Company as a lessee

The Company's lease asset classes primarily consist of property leases. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

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.

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

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 amortised 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 recognised 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.

De-recognition

A financial asset is primarily derecognised 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 amortised 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 recognised 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 amortised cost using the Effective Interest Rate (EIR) method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation 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 recognised in the statement of profit and loss.

De-recognition

A financial liability is derecognised 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 recognised 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 recognised 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 recognised 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 recognised 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

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

- 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 recognised 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 recognised 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.

(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.

(f) Estimation of current tax and deferred tax

Management judgement is required for the calculation of provision of income- taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in these financial statements.

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

4. Property, plant and equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers	Display assets	Total
Gross carrying amount										
As at 1st April 2019	14.90	6.11	241.81	844.36	8.16	34.25	8.78	4.20	23.32	1,185.89
Additions	-	-	0.92	14.48	0.18	4.82	0.25	0.22	0.24	21.11
Disposals	-	-	-	8.78	0.01	2.51	0.17	0.06	1.87	13.40
Transition on account of Ind AS 116	-	(6.11)	-	-	-	-	-	-	-	(6.11)
As at 31st March, 2020	**14.90**	**-**	**242.73**	**850.06**	**8.33**	**36.56**	**8.86**	**4.36**	**21.69**	**1,187.49**
Additions	40.91	-	3.06	16.66	0.27	9.27	0.38	2.56	1.15	74.26
Disposals	0.30	-	1.44	23.94	0.04	5.02	0.58	0.03	4.15	35.50
As at 31st March, 2021	**55.51**	**-**	**244.35**	**842.78**	**8.56**	**40.81**	**8.66**	**6.89**	**18.69**	**1,226.25**
Accumulated depreciation										
As at 1st April 2019	-	0.96	71.70	371.41	4.85	10.49	4.49	2.94	12.24	479.08
Depreciation charge for the year	-	-	6.22	46.40	0.53	4.25	0.98	0.49	3.50	62.37
Disposals	-	-	-	4.34	0.01	1.49	0.07	0.05	1.32	7.28
Transition on account of Ind AS 116	-	(0.96)	-	-	-	-	-	-	-	(0.96)
As at 31st March, 2020	**-**	**-**	**77.92**	**413.47**	**5.37**	**13.25**	**5.40**	**3.38**	**14.42**	**533.21**
Depreciation charge for the year	-	-	6.24	46.09	0.52	4.33	0.91	0.51	2.63	61.23
Disposals	-	-	0.45	20.01	0.01	3.43	0.37	0.03	3.46	27.76
As at 31st March, 2021	**-**	**-**	**83.71**	**439.55**	**5.88**	**14.15**	**5.94**	**3.86**	**13.59**	**566.68**
Net carrying amount :										
As at 31st March, 2021	**55.51**	**-**	**160.64**	**403.23**	**2.68**	**26.66**	**2.72**	**3.03**	**5.10**	**659.57**
As at 31st March, 2020	**14.90**	**-**	**164.81**	**436.59**	**2.96**	**23.31**	**3.46**	**0.98**	**7.27**	**654.28**

Notes:

I. Property, plant and equipment pledged as security

Refer note 18 for information on property, plant and equipment pledged as security by the Company.

II. Contractual obligations

Refer to note 38 for disclosure on contractual commitments for the acquisition of property, plant and equipment.

III. Capital work-in-progress

Capital work-in-progress amounting to ₹9.28 Crores (31st March, 2020 : ₹8.39 Crores) mainly pertains to work related to installation of machinery and civil work being carried on at the plants of the Company.

5. Other intangible assets

Particulars	Software	Total
Gross carrying amount		
As at 1st April 2019	7.93	7.93
Additions	0.22	0.22
Disposals	-	-
As at 31st March, 2020	**8.15**	**8.15**
Additions	1.51	1.51
Disposals	-	-
As at 31st March, 2021	**9.66**	**9.66**
Accumulated amortisation		
As at 1st April 2019	5.77	5.77
Amortisation charge for the year	0.61	0.61
Disposals	-	-
As at 31st March, 2020	**6.38**	**6.38**
Amortisation charge for the year	0.54	0.54
Disposals	-	-
As at 31st March, 2021	**6.92**	**6.92**
Net carrying amount :		
As at 31st March, 2021	**2.74**	**2.74**
As at 31st March, 2020	**1.77**	**1.77**

6. Non-current financial assets - Investments

Particulars	As at 31st March, 2021	As at 31st March, 2020
Investments in equity instruments (unquoted)		
(a) Investments in subsidiaries (measured at cost) - Trade		
Jaxx Vitrified Private Limited* 13,061,532 (31st March, 2020: 13,061,532) equity shares of ₹10 each fully paid up	32.63	32.63
Vennar Ceramics Limited 12,240,000 (31st March, 2020: 12,240,000) equity shares of ₹10 each fully paid up	18.24	18.24
Cosa Ceramics Private Limited 4,642,040 (31st March, 2020: 4,642,040) equity shares of ₹10 each fully paid up	11.61	11.61
Kajaria Tiles Private Limited 10,000,000 (31st March, 2020: 10,000,000) equity shares of ₹10 each fully paid up	11.71	11.71
Kajaria Bathware Private Limited 25,000,000 (31st March, 2020: 25,000,000) equity shares of ₹10 each fully paid up	40.00	40.00
Kajaria Plywood Private Limited* 9,691,000 (31st March, 2020: 9,691,000) equity shares of ₹10 each fully paid up	9.69	9.69
(b) Investments in others (measured at FVOCI) - Trade		
Taurus Tiles Private Limited Nil (31st March, 2020: 800,000) equity shares of ₹10 each fully paid up	-	0.33
Total	**123.88**	**124.21**
Aggregate amount of unquoted investments	**123.88**	**124.21**

*With respect to investments done amounting to ₹42.32 Crore (previous year ₹42.32 Crore) and loan given to these subsidiary companies of ₹139.75 Crore (previous year ₹145.05 Crore) (refer note 40 for details), management, during the year, has done a detailed evaluation on the recoverability of these investments/ loans given wherein valuation of these subsidiaries has been conducted by an independent valuer as at 31st March, 2021 using the 'Discounted Cash Flow valuation model'. Basis such assessment done, management believes that the investments done/ loans given would be recoverable and accordingly no provision has been recorded in respect of recoverability of these balances as at the year end.

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

7. Loans#

Particulars	Non current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Considered good - unsecured				
Security deposits	12.21	13.16	-	-
Loans to other companies (refer note (i))	-	-	10.50	0.54
Loans to related parties (refer note (ii))	429.37	417.19	0.15	0.65
Other loans (refer note (iii))	-	-	1.79	1.96
Total	**441.58**	**430.35**	**12.44**	**3.15**

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.

Notes:

(i) Loans to other companies represents interest bearing loans given to New Berdhman Vetrified Private Limited, Calypso Ceramics Private Limited, Angel Ceramics Private Limited (Previous year : Soriso Ceramics Private Limited and Ascent Ceramics Private Limited) which is given for the business purposes and repayable on demand.

(ii) - Represents loans given to subsidiary companies and Kajaria Ceramics Employee Gratuity Trust. The loan to subsidiaries is given for business purposes which inter alia includes ₹87.85 Crores (31st March, 2020: ₹78.55 Crores) given to subsidiaries 'Kajaria Bathware Private Limited', 'Kajaria Sanitaryware Private Limited' and 'Kajaria Plywood Private Limited' in which directors of the Company are also directors (refer note 40 for details).

- Does not include any loans due from directors or other officers of the Company either severally or jointly with any other person.

(iii) Other loans represents loans given to the employee of the Company.

8. Non-current tax assets (net)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance tax (net of provisions)	1.82	2.31
Total	**1.82**	**2.31**

9. Other assets

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Capital advances	-	0.07	-	-
Advances other than above:				
Advance to suppliers*	-	-	4.27	31.39
Prepaid expenses	-	0.33	4.03	4.63
Export benefit receivables	-	-	0.67	0.28
Balances with statutory authorities	-	-	3.71	4.74
Total	**-**	**0.40**	**12.68**	**41.04**

* includes advance given to subsidiaries (refer note 40)

(Amounts in ₹ Crores, unless otherwise stated)

10. Inventories (valued at lower of cost or net realisable value)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw materials	25.72	33.42
Work-in-progress	6.93	8.53
Finished goods	112.20	203.36
Stock-in-trade	15.99	18.69
Stores and spares	33.56	33.94
Packing material	12.40	13.74
Total	**206.80**	**311.68**

11. Current financial assets - Investments

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of units	Amount	No. of units	Amount
Investments in mutual funds (unquoted) - measured at FVTPL				
(a) SBI Arbitrage Opportunities Fund - Regular plan Dividend	-	-	37,10,685.29	4.98
(b) DSP Arbitrage Fund - Reg. - Monthly Dividend	47,79,200.92	4.97	47,79,200.92	4.82
Total		**4.97**		**9.80**
Aggregate amount of unquoted investments and market value thereof		**4.97**		**9.80**

12. Trade receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Considered good-unsecured	371.89	347.80
Credit impaired	7.33	6.19
Less: Allowance for expected credit losses	(7.33)	(6.19)
Total	**371.89**	**347.80**

Notes:

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.

13. Cash and cash equivalents

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with banks		
- Current accounts	16.51	11.41
Cash on hand	0.23	0.34
Total	**16.74**	**11.75**

Note:

There are no repatriation restrictions with regard to cash and cash equivalents as the end of the reporting period and prior period.

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

14. Bank balances other than cash and cash equivalents

Particulars	As at 31st March, 2021	As at 31st March, 2020
Earmarked balances with banks in current accounts - unpaid dividends*	2.28	2.05
Deposits with original maturity of greater than 3 months and remaining maturity of less than 12 months**	414.83	206.07
Total	**417.11**	**208.12**

Note:

*These balances are not available for use by the Company and not due for deposit in the Investor Education and Protection Fund.

** Deposits amounting to ₹55.58 Crores (31st March, 2020 : ₹20 Crores) have been pledged against facilities taken by various subsidiaries and against performance guarantees of the company.

15. Other financial assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Considered good - unsecured		
Interest accrued on deposits	0.35	0.82
Others	-	0.11
Total	**0.35**	**0.93**

16. Equity share capital

Particulars	As at 31st March, 2021	As at 31st March, 2020
Authorised:		
520,000,000 equity shares of ₹1 each (31st March, 2020: 520,000,000 of ₹1 each)	52.00	52.00
7,710,000 preference shares of ₹100 each (31st March, 2020: 7,710,000 of ₹100 each)	77.10	77.10
	129.10	**129.10**
Issued and subscribed:		
159,081,000 equity shares of ₹1 each (31st March, 2020: 158,957,200 equity shares of ₹1 each)	15.91	15.90
Total	**15.91**	**15.90**

A. There no change in authorised equity and preference share capital during the current year and previous year.

B. Reconciliation of the issued and subscribed shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No of Shares	Amount	No of Shares	Amount
At the beginning of the reporting year	15,89,57,200	15.90	15,89,50,300	15.90
Add: Shares issued on exercise of employee share option	1,23,800	0.01	6,900	-*
Outstanding at the end of the year	**15,90,81,000**	**15.91**	**15,89,57,200**	**15.90**

* rounded off to Nil

(Amounts in ₹ Crores, unless otherwise stated)

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. The interim dividend has been distributed to the shareholders on approval of Board of Directors..

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.

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 43.

E. Details of shareholders holding more than 5% share in the company*:

Name of shareholder	As at 31st March, 2021		As at 31st March, 2020	
	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
Equity shares of ₹1 each				
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)	1,29,33,973	8.13%	1,29,33,973	8.14%
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	2,58,67,947	16.26%	2,58,67,947	16.27%
RK Trustees Private Limited (in tits capacity as sole trustee of Rishi Kajaria Family Private Trust)	2,58,67,947	16.26%	2,58,67,947	16.27%

* As per the records of the Company, including its register of members

Notes:

i) Trustee of Versha Kajria Family Private Trust has been changed from 'Mr. Ashok Kajaria and Mr. Rishi Kajaria in their capacity as the joint trustees of the Versha Kajaria Family Private Trust' to 'VK Trustees Private Limited in its capacity as sole trustee of the Versha Kajaria Family Private Trust' by modifying the trust deed of Versha Kajaria Family Private Trust on December 26, 2019.

ii) Name of the Trustee of Chetan Kajaria Family Private Trust has been changed from 'Professional Home Solutions Private Limited' to 'CK Trustees Private Limited', with effect from October 4, 2019 and consequently, trust deed of Chetan Kajaria Family Private Trust has also been modified on December 26, 2019.

iii) Trustee of Rishi Kajaria Family Private trust has been changed from 'Mrs. Versha Kajaria and Mr. Chetan Kajaria in their capacity as the joint trustees of the Rishi Kajaria Family Private Trust' to 'RK Trustees Private Limited in its capacity as sole trustee of the Rishi Kajaria Family Private Trust' by modifying the Trust Deed of Rishi Kajaria Family Private Trust on December 26, 2019.

F. 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 under scheme of arrangements as approved by Hon'ble Court, 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. Pursuant to the scheme, existing equity shares of the Company held by Kajaria Securities Private Limited ('KSPL') stood cancelled and the Company had issued 64,669,867 equity shares of ₹1 each to shareholders of erstwhile KSPL in proportion of their shareholding in KSPL.

The Company has issued equity shares aggregating 143000 (up to 31st March, 2020 : 19200) shares of ₹1 each fully paid during the financial years 2017-18 to 2020-21 on exercise of option granted under the employee stock option plan wherein part consideration was received in form of employee service.

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

17. Other equity

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) General reserves		
Balance at the beginning/end of the year	**320.37**	**320.37**
b) Securities premium reserve		
Balance at the beginning of the year	**164.14**	**163.74**
Share issued during the year (refer note 16)	5.25	0.29
Amount transferred from share option outstanding account to Security premium on issue of share	2.16	0.11
Balance at the end of the year	**171.55**	**164.14**
c) Capital redemption reserve		
Balance at the beginning/end of the year	**5.00**	**5.00**
d) Share options outstanding account		
Balance at the beginning of the year	**5.57**	**5.15**
Employee stock option scheme	0.15	0.53
Transferred to security premium on issue of shares	(2.16)	(0.11)
Balance at the end of the year	**3.56**	**5.57**
e) Capital reserve		
Balance at the beginning/end of the year	**(27.38)**	**(27.38)**
f) Retained earnings		
Balance at the beginning of the year	**1,246.83**	**1,083.67**
Profit for the year	301.75	278.80
Items of OCI for the year, net of tax	0.08	(0.66)
Transferred from OCI on disposal of equity instruments	(0.39)	-
Dividend distributed	(159.08)	(95.38)
Dividend distribution tax paid	-	(19.60)
Balance at the end of the year	**1,389.19**	**1,246.83**
g) Other comprehensive income		
Equity instruments designated as fair value through other comprehensive income		
Balance at the beginning of the year	**(0.47)**	**(0.47)**
Changes during the year (net of tax)	0.08	-
Transferred to retained earnings of disposal of equity instruments	0.39	-
Balance at the end of the year	**-**	**(0.47)**
Total other equity	**1,862.29**	**1,714.06**

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.

(Amounts in ₹ Crores, unless otherwise stated)

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 was created on Scheme of Arrangement (the Scheme) between the Company and Kajaria Securities Private Limited ('KSPL') in financial year 2017-18.

f) Retained earnings

Created from profit/loss of the Company, as adjusted for distributions to owners and transfer to other reserve.

g) Equity instruments designated as 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.

18. Borrowings

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Term loan - Secured				
Deferred payment liabilities Interest free loan from Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh)"	8.94	8.02	-	-
Working capital facility - Secured				
From banks	-	-	-	34.25
Total	**8.94**	**8.02**	**-**	**34.25**

Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	31st March, 2021	31st March, 2020			
Term loan - deferred payment liabilities	8.94	8.02	Nil	Secured against first charge on 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)	-	34.25	Nil (31st March, 2020 : 8.50% to 10.35% per annum)	Secured against first charge on inventories and book debts of the Company and second charge on immovable and movable assets of its factories at Sikandrabad, Uttar Pradesh and Gailpur, Rajasthan.	Repayable on demand

Notes on the Standalone Financial Statement for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

19. Lease liabilities

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Lease liability (refer note 37)	12.97	20.40	11.31	13.46
Total	**12.97**	**20.40**	**11.31**	**13.46**

20. Provisions

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits obligation (refer note 36)				
Gratuity	1.64	7.23	4.31	3.35
Compensated absences	11.92	14.09	1.27	1.24
Total	**13.56**	**21.32**	**5.58**	**4.59**

21. Deferred tax liabilities (net)

Particulars	As at 31st March, 2021	As at 31st March 2020
(a) Deferred tax liability on:		
Difference between book balance and tax balance of property, plant and equipment	73.40	76.58
	73.40	76.58
(b) Deferred tax asset on:		
Provision for compensated absences	3.32	3.86
Others	4.32	3.07
	7.64	6.93
Deferred tax liabilities (net)	**65.76**	**69.65**

Movements in deferred tax liabilities and deferred tax assets:

Particulars	Property, plant and equipment	Compensated absences	Other	Total
As at 1st April 2019	108.83	(4.33)	(2.18)	102.32
Charged/(credited) to the statement of profit or loss	(32.25)	0.47	(0.89)	(32.67)
Charged/(credited) to other comprehensive income	-	-	-	-
As at 31st March, 2020	**76.58**	**(3.86)**	**(3.07)**	**69.65**
Charged/(credited) to the statement of profit or loss	(3.18)	0.54	(1.25)	(3.89)
Charged/(credited) to other comprehensive income	-	-	-	-
As at 31st March, 2021	**73.40**	**(3.32)**	**(4.32)**	**65.76**

Contd..

22. Other liabilities

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Advance received from customers	-	-	27.65	34.67
Statutory dues payable	-	-	30.07	10.97
Deferred government grant	1.51	2.05	0.54	0.54
Total	**1.51**	**2.05**	**58.26**	**46.18**

23. Trade payables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade payables {including acceptances (refer note b below)}		
- Total outstanding dues of micro enterprises and small enterprises (refer note 42)	5.53	11.60
- Total outstanding dues of creditors other than micro enterprises and small enterprises	173.82	161.66
Total	**179.35**	**173.26**

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 amounting to ₹Nil (31st March, 2020: ₹40.29 Crores).

c) Disclosure with respect to related party transactions is given in note 40.

24. Other current financial liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unclaimed dividends*	2.28	2.05
Interest bearing deposits from customers	13.52	13.92
Security deposits	12.52	12.45
Employee payable	35.98	43.31
Liabilities towards unspend corporate social responsibility (refer note 50)	0.67	-
Others	-	0.42
Total	**64.97**	**72.15**

* Not due for deposit to Investors Education and Protection Fund.

25. Current tax liabilities (net)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current tax liabilities (net)	7.63	-
Total	**7.63**	**-**

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

26. Revenue from operations

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Sale of products		
Tiles	2,520.77	2,568.96
Power	0.25	0.60
	2,521.02	2,569.56
Other operating revenues	2.16	2.24
Total	**2,523.18**	**2,571.80**

Disclosure persuant to Ind AS 115, - Revenue from contracts with customers, are as follows:

(a) Disaggregation of revenue:

Revenue arises mainly from the sale of manufactured and traded goods.

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Revenue from sale of tile	2,520.77	2,568.96
Revenue from sale of power	0.25	0.60
Total	**2,521.02**	**2,569.56**

Sale of products are net of discounts amounting to ₹117.89 Crores (31st March, 2020 : ₹127.54 Crores).

(b) Assets and liabilities related to contracts with customers are as follows:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contract assets related to sale of goods		
Trade receivables	371.89	347.80
Contract liabilities related to sale of goods		
Advance from customers	27.65	34.67
Interest bearing deposits from customers	13.52	13.92

(c) Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 45 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

(Amounts in ₹ Crores, unless otherwise stated)

(d) Significant changes in contract assets and liabilities:

The change in contract assets is on account of amount charged for sale of goods and the amount outstanding at year end while there is no major change in the contract liabilities (interest bearing deposit from customers) during the year

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contract liabilities (Advance from customers)		
Opening balance	**34.67**	**12.57**
Revenue recognised during the year	34.67	12.57
Addition during the year (net)	27.65	34.67
Closing balance	**27.65**	**34.67**

27. Other income

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Interest income on:		
Loan to subsidiaries	32.62	27.89
Fixed deposits with banks	15.15	15.92
Other financial assets carried at amortised cost	0.56	0.52
Others	0.38	1.10
Dividend income	-	0.38
Gain on disposal of current investments	0.15	0.75
Other non-operating income	2.71	4.00
Total	**51.57**	**50.56**

28. Cost of materials consumed

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Body material	183.20	215.59
Glaze, frits and chemicals	130.70	160.74
Packing material consumed	77.92	91.70
Total	**391.82**	**468.03**

Notes on the Standalone Financial Statement for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

29. Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Opening balance		
Finished goods	203.36	190.20
Stock-in-trade	18.69	8.93
Work-in-progress	8.53	7.21
Total	**230.58**	**206.34**
Closing balance		
Finished goods	112.20	203.36
Stock-in-trade	15.99	18.69
Work-in-progress	6.93	8.53
Total	**135.12**	**230.58**
	95.46	**(24.24)**

30. Employee benefits expense

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Salaries, wages and bonus	221.18	247.82
Contribution to provident and other funds (refer note 36)	13.19	12.82
Share based payments to employees (refer note 43)	0.15	0.53
Less: Amount recovered/repaid towards share based payments to employees of a subsidiary	0.08	(0.14)
Staff welfare expenses	3.14	4.17
Total	**237.74**	**265.20**

31. Finance costs

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Interest expenses	2.27	3.23
Interest on lease liabilities	2.59	3.74
Other borrowing costs	0.19	1.56
Total	**5.05**	**8.53**

32. Depreciation and amortisation expense

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Depreciation on property, plant and equipment (refer note 4)	61.23	62.37
Amortisation of intangible assets (refer note 5)	0.54	0.61
Depreciation on right-of-use assets (refer note 37)	12.14	15.87
Total	**73.91**	**78.85**

(Amounts in ₹ Crores, unless otherwise stated)

33. Other expenses

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Rent	0.57	0.78
Rates and taxes	0.63	0.81
Traveling and conveyance	16.52	27.79
Insurance charges	3.26	2.79
Legal and professional charges	3.36	3.84
Payment to auditors as:		
- auditor	0.46	0.42
- for other services	0.24	0.24
- for reimbursement of expenses	0.03	0.07
Stores and spares consumed	46.67	52.30
Power and fuel	287.04	376.82
Repairs and maintenance:		
- Buildings	3.42	4.60
- Plant and equipment	9.37	10.29
- Others	4.24	4.20
Packing, freight and forwarding expenses	22.82	30.31
Advertisement, publicity and sales promotion	32.77	71.38
Sales commission	10.15	8.92
Loss on disposal of property, plant and equipment	1.37	1.87
Provision for expected credit loss	1.14	2.91
Corporate social responsibility expenditure (refer note 50)	7.33	5.98
Research and development expenses (refer note 49)	11.57	18.34
Miscellaneous expenses	19.41	21.98
Total	**482.37**	**646.64**

34. Income-tax expense

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
(a) Income-tax expense debited to statement of profit and loss		
Current tax		
Current tax on profits for the year	107.53	92.86
Adjustment of tax relating to earlier periods	0.18	0.34
Total current tax expense	107.71	93.20
Deferred tax		
Deferred tax charge/(credit) for the year	(3.89)	(32.67)
	(3.89)	(32.67)
Total tax expense	**103.82**	**60.53**

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
(b) Income-tax expense charged/(credited) to other comprehensive income		
Current tax		
Current tax charge/(credit) for the year	0.02	(0.22)
	0.02	(0.22)
Deferred tax		
Deferred tax charge/(credit) for the year	-	-
	-	-

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit before tax	405.57	339.33
Tax at the Indian tax rate of 25.168% (31st March, 2020: 25.168%) (refer note below)	102.07	85.40
Adjustments in respect of current income tax of previous years	0.18	0.34
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowed as deduction	1.67	1.74
Deductions not leading to timing differences	(0.10)	-
Deferred tax asstes reversed on exempted income	-	1.74
Impact of change in effective tax rate in brought forward tax liability (refer note below)	-	(28.69)
Income-tax expense	**103.82**	**60.53**

Note:
During the year ended 31st March, 2020, the Company had elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly, the Company had recognised provision for income-tax from previous year onward basis the revised rates. The Company had also remeasured its deferred tax liability on the basis of the reduced rate in year ended 31st March, 2020.

35. Earnings per share

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit attributable to equity holders of the Company for basic earnings (₹ in Crores) for the year	301.75	278.80
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	15,89,94,849	15,89,51,264
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	15,90,40,262	15,90,08,087
Earnings per share		
- Basic (₹)	18.98	17.54
- Diluted (₹)	18.97	17.53

Note: Weighted average number of equity shares used as denominator -

Particulars	No. of shares	
	31st March, 2021	31st March, 2020
Weighted average number of equity shares used as denominator in calculating basic earnings per shares	15,89,94,849	15,89,51,264
Adjustments for calculation of diluted earnings per share:		
- Outstanding employee stock options	45,413	56,823
Weighted average number of equity shares and potential equity shares used as denominator in calculating diluted earnings per share	**15,90,40,262**	**15,90,08,087**

36. Employee benefit plans

The Company 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 Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is ₹8.39 Crores (31st March, 2020: ₹8.40 Crores).

B) Defined benefit plans - Gratuity

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 last drawn 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 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:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Defined benefit obligation at the beginning of the year	39.86	34.01
Current service cost	3.51	3.32
Interest cost	2.69	2.39
Benefits paid	(2.01)	(0.76)
Actuarial loss/(gain) on obligations	(0.12)	0.90
Defined benefit obligation at the end of the year	**43.93**	**39.86**

Changes in the fair value of plan assets are as follows:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fair value of plan assets at the beginning of the year	29.28	28.06
Contribution during the year	8.75	-
Benefits paid	(2.01)	(0.76)
Expected return on plan assets	1.98	1.96
Actuarial (loss)/gain on plan asset	(0.02)	0.02
Fair value of plan assets at the end of the year	**37.98**	**29.28**

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

Reconciliation of fair value of plan assets and defined benefit obligation:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fair value of plan assets	37.98	29.28
Defined benefit obligation	43.93	39.86
Net assets/(liability) recognised in the Balance Sheet (refer note 20)	**(5.95)**	**(10.58)**
Current	4.31	3.35
Non current	1.64	7.23

Amount recognised in Statement of Profit and Loss:

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Current service cost	3.51	3.32
Interest cost	2.69	2.39
Expected return on plan asset	(1.98)	(1.96)
Amount recognised in Statement of Profit and Loss	**4.22**	**3.75**

Breakup of actuarial gain/(loss)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Actuarial gain/(loss) on defined benefit obligation		
Actuarial gain/(loss) arising from changes in financial assumptions	(1.84)	(2.61)
Actuarial gain/(loss) arising from experience adjustments	1.96	1.71
Actuarial gain/(loss) on plan assets	(0.02)	0.02
Amount of gain/(loss) recognised in other comprehensive income	**0.10**	**(0.88)**

The major categories of plan assets are as follows:

Gratuity	As at 31st March, 2021	As at 31st March, 2020
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:

Particulars	31st March, 2021	31st March, 2020
Discount rate	6.75%	7.00%
Expected rate of return on plan assets	6.75%	7.00%
Future salary increases	8.50%	8.25%
Attrition rate:-		
18-30 years	3.00%	3.00%
30-44 years	3.00%	3.00%
44-58 years	3.00%	3.00%
Retirement age	58 years	58 years
Mortality	IALM 2012-14 Ultimate	IALM 2012-14 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.

Experience adjustment:

Particulars	31st March, 2021	31st March, 2020	31st March 2019	31st March 2018	31st March 2017
Present value of defined benefit obligation	43.93	39.86	34.01	31.12	26.02
Experience gain/(loss) on liability	1.96	1.71	(0.02)	(1.63)	(2.38)

A quantitative sensitivity analysis for significant assumption as at 31st March, 2021 and 31st March, 2020 is as shown below:

Gratuity Plan	Sensitivity level		Impact on defined benefit obligation	
	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
Assumptions				
Discount rate	+1%	+1%	(3.75)	(3.44)
	-1%	-1%	4.36	4.01
Future salary increases	+1%	+1%	4.24	3.91
	-1%	-1%	(3.73)	(3.42)
Withdrawal rate	+1%	+1%	(0.47)	(0.33)
	-1%	-1%	0.52	0.37

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.

Effect of plan on Company's future cash flows

(a) Funding arrangements and funding Policy

The Company has purchased an insurance policy to provide payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

(b) The following payments are expected contributions to the defined benefit plan in future years (in absolute terms i.e. undiscounted):

Particulars	31st March, 2021	31st March, 2020
Within the next 12 months (next annual reporting period)	4.22	3.35
Between 2 and 5 years	7.04	6.62
Beyond 5 years	32.66	29.88
Total expected payments	**43.92**	**39.85**

(c) Expected contribution for next year is ₹3.08 Crores (31st March, 2020 : ₹3.17 Crores).

(d) Average duration of the defined benefit obligation at the end of reporting period is 12 years (31st March, 2020 : 12 years).

Notes on the Standalone Financial Statement for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

C) Other long-term employee benefits - Compensated absences (unfunded)

Particulars	31st March, 2021	31st March, 2020
Amounts recognised in the balance sheet		
Current	1.27	1.24
Non current	11.92	14.09
Total	**13.19**	**15.33**

37. Leases

a) The Company had adopted Ind AS 116 'Leases' from 1st April 2019, in the standalone financial statements.

b) The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Building	60	1 to 5 years	2.40 years

There are no leases entered by the Company which have any extension, termination or purchase options and the payment of lease rentals is not based on variable payments which are linked to an index.

c) Amounts recognised in balance sheet and statement of profit and loss :

The balance sheet shows the following amounts relating to leases:

Particulars	Category of right-of-use assets		
	Land	Buildings	Total
Balance as at 1st April 2019	-	48.91	48.91
Reclassification from Property, plant and equipment	5.15	-	5.15
Add: Additions	-	0.17	0.17
Less: Depreciation charged on the right-of-use assets	0.05	15.82	15.87
Balance as at 31st March, 2020	**5.10**	**33.26**	**38.36**
Add: Additions	-	4.92	4.92
Add: Adjustment on account of lease modification	-	(4.93)	(4.93)
Less: Depreciation charged on the right-of-use assets	0.05	12.09	12.14
Balance as at 31st March, 2021	**5.05**	**21.14**	**26.19**

d) Lease payments not recognised as lease liabilities:

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Expenses relating to short term leases (included in other expenses)	0.57	0.78
Total	**0.57**	**0.78**

e) The total cash outflow for leases for the year ended 31st March, 2021 is ₹12.15 Crores (31st March, 2020: ₹16.68 Crores).

(Amounts in ₹ Crores, unless otherwise stated)

f) Future minimum lease payments as on 31st March, 2021 are as follows:

Minimum lease payments due	As on 31st March, 2021		
	Lease payments	Finance charges	Net present values
Within 1 year	12.14	1.88	10.26
1 - 2 years	9.38	1.40	7.98
2 - 3 years	5.07	0.71	4.36
3 - 4 years	1.39	0.10	1.29
4 - 5 years	0.42	0.03	0.39
Total	**28.40**	**4.12**	**24.28**

Minimum lease payments due	As on 31st March, 2020		
	Lease payments	Finance charges	Net present values
Within 1 year	16.99	1.11	15.88
1 - 2 years	12.29	1.61	10.68
2 - 3 years	7.90	1.49	6.41
3 - 4 years	1.16	0.30	0.86
4 - 5 years	0.06	0.03	0.03
Total	**38.40**	**4.54**	**33.86**

38. Commitments, contingencies and litigations

		31st March, 2021	31st March, 2020
(a)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.08	2.89
(b)	**Contingent liabilities**		
(i)	Corporate guarantees given (including undrawn amount)	68.70	149.39
(ii)	Claims against the Company not acknowledged as debt		
	In respect of income tax, value added tax, service tax and excise duty demands pending before various authorities and in dispute	4.43	8.13
	Others	2.25	2.14

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 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.

39. Scheme of Arrangement

The Board of the Directors of the Company in its meeting held on August 26, 2019, passed a resolution to approve the Scheme of Amalgamation amongst Kajaria Tiles Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited), (Wholly-owned Subsidiary Company/Transferor Company) and Kajaria Ceramics Limited, (Holding Company/Transferee Company) and their respective shareholders and creditors' ("Scheme") on a going concern basis, with effect from April 1, 2019 or such other date as may be approved by the competent authority. The Company has received the order dated February 03, 2020 from the National Company Law Tribunal, Chandigarh Bench, Chandigarh (NCLT) with respect to the first motion application filed by the Company and has filed necessary documents with the required regulatory authorities. Next hearing date is fixed on 30th July 2021. As the Scheme is pending with NCLT, no effect of the Scheme has been given in these financial statements.

Notes on the Standalone Financial Statement for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

40. Related party disclosures as per Ind AS 24 - Related Party disclosures

A. List of related parties as per Ind AS 24

(a) List of entities substantially owned directly or indirectly by the Company:

Direct subsidiaries:

Name	Country of incorporation	Ownership interest of Kajaria Ceramics Limited (%)	
		31st March, 2021	31st March, 2020
Jaxx Vitrified Private Limited	India	87.37%	87.37%#
Vennar Ceramics Limited	India	51.00%	51.00%
Cosa Ceramics Private Limited	India	51.00%	51.00%
Kajaria Tiles Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited)	India	100.00%	100.00%
Kajaria Bathware Private Limited	India	85.00%	85.00%
Kajaria Plywood Private Limited	India	97.89%	97.89%##

Increase in stake on 19th September 2019

Increase in stake on 30th April 2019

Indirect subsidiary:

Subsidiary of 'Kajaria Bathware Private Limited' (where control exists):

Name	Country of incorporation	Ownership interest of Kajaria Ceramics Limited (%)	
		31st March, 2021	31st March, 2020
Kajaria Sanitaryware Private Limited	India	69.70%	69.70%

(b) Key management personnel:

Name	Designation
Mr. Ashok Kajaria	Chairman and Managing Director
Mr. Chetan Kajaria	Joint Managing Director
Mr. Rishi Kajaria	Joint Managing Director
Mr. Dev Dutt Rishi	Non-Executive Director
Mr. Raj Kumar Bhargava	Independent Director
Mr. Debi Prasad Bagchi	Independent Director
Mr. Harady Rathnakar Hegde	Independent Director
Mrs. Susmita Singha	Independent Director

(Amounts 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
Dua Engineering Works Private Limited
Malti Devi Kajaria Foundation
Kajaria Ceramics Employees Gratuity trust
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust))
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)
RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust)
A.K. Kajaria (HUF)
Chetan Kajaria (HUF)
Rishi Kajaria (HUF)

(d) Relatives of key management personnel:

Name
Mrs. Versha Devi Kajaria
Mrs. Rasika Kajaria
Mrs. Shikha Kajaria
Mr. Kartik Kajaria
Mr. Raghav Kajaria
Mr. Parth Kajaria
Mr. Vedant Kajaria

B. Transaction with the related parties

(1) Details relating to remuneration of Key Managerial Personnel (KMP)

Name of KMP	31st March, 2021		31st March, 2020	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ashok Kajaria*	2.64	-	4.90	-
Mr. Chetan Kajaria*	2.78	-	4.87	-
Mr. Rishi Kajaria*	2.78	-	4.87	-
Mr. Dev Dutt Rishi	-	0.01	-	0.02
Mr. Raj Kumar Bhargava	-	0.02	-	0.03
Mr. Debi Prasad Bagchi	-	0.03	-	0.03
Mr. Harady Rathnakar Hegde	-	0.03	-	0.04
Mrs. Susmita Singha	-	0.03	-	0.03

* Does not include employee benefits is relation to gratuity and compensated absence, as such provisions are for the Company as a whole.

Notes on the Standalone Financial Statement for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

(2) Dividend paid

Key management personnel and relatives of KMP	31st March, 2021	31st March, 2020
- Mr. Ashok Kajaria	1.05	0.63
- Mr. Chetan Kajaria	1.34	0.80
- Mr. Rishi Kajaria	1.81	1.08
- Mrs. Versha Devi Kajaria	1.78	1.07
- Mrs. Rasika Kajaria	0.57	0.34
- Mrs. Shikha Kajaria	0.60	0.36
- Mr. Kartik Kajaria	0.45	0.27
- Mr. Raghav Kajaria	0.45	0.27
- Mr. Parth Kajaria	0.45	0.27
- Mr. Vedant Kajaria	0.45	0.27

(3) Guarantees received/(released) during the year

Key management personnel and relatives of KMP	31st March, 2021	31st March, 2020
- Mr. Ashok Kajaria	-	10.90

Guarantees received outstanding at year end

Key management personnel and relatives of KMP	31st March, 2021	31st March, 2020
- Mr. Ashok Kajaria	101.40	101.40

(4) The following transactions were carried out with related parties in the ordinary course of business :

Particulars	31st March, 2021		31st March, 2020	
	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				
Jaxx Vitrified Private Limited	197.39	-	245.08	-
Cosa Ceramics Private Limited	70.33	-	122.01	-
Vennar Ceramics Limited	55.42	-	53.22	-
Kajaria Tiles Private Limited	118.46	-	44.41	
Total	**441.60**	**-**	**464.72**	**-**
Sale of products				
Cosa Ceramics Private Limited	0.04	-	0.38	-
Jaxx Vitrified Private Limited	0.01	-	0.05	-
Kajaria Tiles Private Limited	0.02	-	0.14	
Total	**0.07**	**-**	**0.57**	**-**
Sale of assets				
Jaxx Vitrified Private Limited	0.02	-	1.17	-
Cosa Ceramics Private Limited	-	-	0.38	-
Kajaria Tiles Private Limited	-	-	0.62	-
Total	**0.02**	**-**	**2.17**	**-**
Rent paid				
Dua Engineering Works Private Limited	-	0.61	-	1.67

Contd..

(Amounts in ₹ Crores, unless otherwise stated)

Particulars	31st March, 2021		31st March, 2020	
	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
Kajaria Tiles Private Limited	0.27	-	0.36	-
Vennar Ceramics Limited	0.01	-	0.01	-
Total	**0.28**	**0.61**	**0.37**	**1.67**
Recovery of expenses				
Kajaria Bathware Private Limited	0.47	-	0.71	-
Total	**0.47**	**-**	**0.71**	**-**
Donation paid				
Malti Devi Kajaria Foundation	-	0.36	-	0.47
Total	**-**	**0.36**	**-**	**0.47**
Guarantes given/(revoked)				
Kajaria Tiles Private Limited	(10.00)	-	(40.00)	-
Total	**(10.00)**	**-**	**(40.00)**	**-**
Rent received				
Kajaria Bathware Private Limited	0.77	-	1.06	-
Kajaria Tiles Private Limited	0.01	-	-*	-
Total	**0.78**	**-**	**1.06**	**-**
(* rounded off to Nil)				
Interest income				
Vennar Ceramics Limited	1.04	-	0.93	-
Cosa Ceramics Private Limited	0.69	-	0.33	-
Kajaria Bathware Private Limited	1.60	-	1.00	-
Kajaria Sanitaryware Private Limited	3.77	-	3.37	
Jaxx Vitrified Private Limited	10.41	-	10.03	-
Kajaria Tiles Private Limited	13.90	-	11.79	-
Kajaria Plywood Private Limited	0.93	-	0.44	-
Total	**32.34**	**-**	**27.89**	**-**
Security deposit (repaid)/given				
Kajaria Tiles Private Limited	0.10	-	0.10	-
Total	**0.10**	**-**	**0.10**	**-**
Loan given				
Jaxx Vitrified Private Limited	33.25	-	23.10	-
Vennar Ceramics Limited	1.00	-	0.80	-
Kajaria Bathware Private Limited	7.00	-	7.00	-
Kajaria Sanitaryware Private Limited	9.35	-	18.87	-
Kajaria Tiles Private Limited	29.59	-	115.47	-
Kajaria Ceramics Employee Gratuity Trust	-	1.50	-	1.20
Cosa Ceramics Private Limited	14.25	-	1.50	-
Kajaria Plywood Private Limited	7.05	-	12.51	-
Total	**101.49**	**1.50**	**179.25**	**1.20**

Contd..

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

Particulars	31st March, 2021		31st March, 2020	
	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
Loan repaid				
Jaxx Vitrified Private Limited	44.60	-	-	-
Cosa Ceramics Private Limited	10.00	-	-	-
Kajaria Bathware Private Limited	6.90	-	-	-
Kajaria Sanitaryware Private Limited	6.20	-	5.27	-
Vennar Ceramics Limited	2.05	-	-	-
Kajaria Tiles Private Limited	18.55	-	6.20	-
Kajaria Plywood Private Limited	1.00	-	4.31	-
Kajaria Ceramics Employee Gratuity Trust	-	2.00	-	0.76
Total	**89.30**	**2.00**	**15.78**	**0.76**
Dividend paid				
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust) (refer note 16 E)	-	12.93	-	7.76
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust) (refer note 16 E)	-	25.87	-	15.52
RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust) (refer note 16 E)	-	25.87	-	15.52
A.K. Kajaria (HUF)	-	1.97	-	1.18
Chetan Kajaria (HUF)	-	0.04	-	0.03
Rishi Kajaria (HUF) (*rounded off to Nil)	-	-*	-	-*
	-	**66.68**	**-**	**40.01**

Balances outstanding at year end

Particulars	31st March, 2021		31st March, 2020	
	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
Loan given *				
Jaxx Vitrified Private Limited	122.25	-	133.60	-
Vennar Ceramics Limited	11.30	-	12.35	-
Cosa Ceramics Private Limited	9.25	-	5.00	-
Kajaria Sanitaryware Private Limited	51.35	-	48.20	-
Kajaria Bathware Private Limited	19.00	-	18.90	-
Kajaria Tiles Private Limited	198.72	-	187.68	-
Kajaria Ceramics Employee Gratuity Trust	-	0.15	-	0.65
Kajaria Plywood Private Limited	17.50	-	11.45	-
Total	**429.37**	**0.15**	**417.19**	**0.65**
Trade payables/(advances given)				
Jaxx Vitrified Private Limited	14.26	-	(21.13)	-

Contd..

(Amounts in ₹ Crores, unless otherwise stated)

Particulars	31st March, 2021		31st March, 2020	
	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
Vennar Ceramics Limited	1.93	-	(2.09)	-
Kajaria Tiles Private Limited	17.07	-	5.63	-
Cosa Ceramics Private Limited	5.40	-	(4.76)	-
Total	**38.66**	**-**	**(22.35)**	**-**
Security deposit				
Dua Engineering Works Private Limited	-	0.60	-	0.60
Kajaria Tile Private Limited	0.10	-	0.01	-
Total	**0.10**	**0.60**	**0.01**	**0.60**
Guarantees given outstanding at year end * #				
Jaxx Vitrified Private Limited	64.81	-	26.54	-
Vennar Ceramics Limited	12.75	-	11.64	-
Kajaria Tiles Private Limited	-	-	10.00	-
Cosa Ceramics Private Limited	46.70	-	29.25	-
Kajaria Sanitaryware Private Limited	17.38	-	26.96	-
Kajaria Bathware Private Limited	45.00	-	45.00	-
Total	**186.64**	**-**	**149.39**	**-**

* The aforementioned loans and guarantees have been given for business purposes.
# The aforementioned guarantees given represents the guarantees given by the Company is respect of original saction limits of the working capital borrowings taken by the respective entity.

41. 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.

Notes on the Standalone Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

42. 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 31st March, 2021	As at 31st March, 2020
(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	5.53	11.60
	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.

43. 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 7th 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	458,000
Method of settlement	Equity

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. 20th October 2015.

(Amounts in ₹ Crores, unless otherwise stated)

During the year ended 31st 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 1st April 2019	3,48,700	425.00
Forfeited during the year	(29,000)	425.00
Exercised during the year	(6,900)	425.00
At 31st March, 2020	**3,12,800**	425.00
Exercisable as at 31st March, 2020	**3,12,800**	
Weighted average remaining contractual life (in years)	**3.55**	
At 1st April 2020	3,12,800	425.00
Forfeited during the year	(11,700)	425.00
Exercised during the year	(1,23,800)	425.00
At 31st March, 2021	**1,77,300**	425.00
Exercisable as at 31st March, 2021	**1,77,300**	
Weighted average remaining contractual life (in years)	**2.55**	

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	**20th October 2015**	**20th October 2015**	**20th October 2015**	**20th October 2015**
Vesting date	**20th October 2017**	**20th October 2018**	**20th October 2019**	**20th October 2020**
Expiry date	**20th October 2023**	**20th October 2023**	**20th October 2023**	**20th 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%

Notes on the Standalone Financial Statement for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

44. Category wise classification of financial instruments

Particulars	31st March, 2021			31st March, 2020		
	FVOCI	FVTPL	Amortised costs	FVOCI	FVTPL	Amortised costs
Financial assets						
Non-current						
(i) Investments	-	-	123.88	0.33	-	123.88
(ii) Loans	-	-	441.58	-	-	430.35
Current						
(i) Investments	-	4.97	-	-	9.80	-
(ii) Trade receivables	-	-	371.89	-	-	347.80
(iii) Cash and cash equivalents	-	-	16.74	-	-	11.75
(iv) Bank balances other than (iii) above	-	-	417.11	-	-	208.12
(v) Loans	-	-	12.44	-	-	3.15
(vi) Other financial assets	-	-	0.35	-	-	0.93
Total financial assets	**-**	**4.97**	**1,383.99**	**0.33**	**9.80**	**1,125.98**
Financial liabilities						
Non-current						
(i) Borrowings	-	-	8.94	-	-	8.02
(ii) Lease liabilities	-	-	12.97	-	-	20.40
Current						
(i) Borrowings	-	-	-	-	-	34.25
(ii) Trade payables	-	-	179.35	-	-	173.26
(iii) Lease liabilities	-	-	11.31	-	-	13.46
(iv) Other financial liabilities	-	-	64.97	-	-	72.15
Total financial liabilities	**-**	**-**	**277.54**	**-**	**-**	**321.54**

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 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. Further, the subsequent measurements of all assets and liabilities (other than 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.

(Amounts in ₹ Crores, unless otherwise stated)

45. 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 31st March, 2021 and 31st March, 2020.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31st March, 2021 and 31st March, 2020 as follows:

As at 31st March, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment (Non Current)	-	-	-	-
Investment (Current)	-	4.97		4.97
Total	**-**	**4.97**	**-**	**4.97**
As at 31st March, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment (Non Current)	-	-	0.33	0.33
Investment (Current)	-	9.80	-	9.80
Total	**-**	**9.80**	**0.33**	**10.13**

Valuation technique used to determine fair value:

Investments (Non current): Discounted Cash flow method using risk adjusted discount rate.

Investments (Current): The investments in mutual fund have been fair valued per net assets value (NAV) as at reporting date.

The carrying amount of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair value, due to their short term nature.

Notes on the Standalone Financial Statement for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

46. 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 38.

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.

Particulars	31st March, 2021		31st March, 2020	
	Increase/ decrease in basis points	Effect on profit before tax	Increase/ decrease in basis points	Effect on profit before tax
INR	+50	(0.01)	+50	(0.06)
INR	-50	0.01	-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 sensitivity 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.

Particulars	31st March, 2021		31st March, 2020	
	% change in rate	Effect on profit before tax	% change in rate	Effect on profit before tax
USD	+5%	(0.29)	+5%	(0.42)
	-5%	0.29	-5%	0.42
EURO	+5%	(0.01)	+5%	(0.04)
	-5%	0.01	-5%	0.04

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.

(Amounts 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 12.

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 44. 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.

Movement in allowance for expected credit losses on trade receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at the beginning of the year	6.19	3.28
Add: Allowance during the year	1.14	2.91
Balance at the end of the year	**7.33**	**6.19**

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.

Notes on the Standalone Financial Statement for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

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.

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31st March, 2021					
Borrowings	-	-	8.94	-	8.94
Lease liabilities	3.37	7.94	12.97	-	24.28
Trade payables	179.35	-	-	-	179.35
Other financial liabilities	64.97	-	-	-	64.97
	247.69	**7.94**	**21.91**	**-**	**277.54**
Year ended 31st March, 2020					
Borrowings	34.25	-	7.55	0.47	42.27
Lease liabilities	3.37	10.09	20.40	-	33.86
Trade payables	173.26	-	-	-	173.26
Other financial liabilities	72.15	-	-	-	72.15
	283.03	**10.09**	**27.96**	**0.47**	**321.54**

47. 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 31st March, 2021, 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.

48. Unhedged foreign currency exposure

The Company has no outstanding derivative instruments at the year end. The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under -

Particulars	31st March, 2021		31st March, 2020	
	Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Foreign trade payables				
USD (in Crores)	0.11	8.38	0.11	8.42
EUR (in Crores)	0.02	5.20	0.01	0.71
AUD (in Crores)	0.01	0.78	-	-
Foreign trade receivables				
USD (in Crores)	0.07	5.29	0.05	3.52
AUD (in Crores)	-	-	0.01	0.21

Contd..

49. Research and development expenditure

Research and development expenditure incurred during the year ended 31st March, 2021 and 31st March, 2020 is as follows:

Particulars	31st March, 2021	31st March, 2020
Capital expenditure	0.04	0.05
Revenue expenditure	11.57	18.34

50. 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 ₹7.33 Crores (31st March, 2020: ₹7.80 Crores) for Corporate Social Responsibility activities. The Company has incurred CSR expenditure of ₹ 6.66 Crores during the current financial year (31st March, 2020: ₹5.98 Crores) on the projects/activities for the benefit of the public in general and in the neighbourhood of the manufacturing facilities of the Company.

	Particulars	31st March, 2021	31st March, 2020
(i)	Construction/acquisition of any asset		
	Paid in cash	0.08	0.28
	Other than cash	1.65	1.58
(ii)	On purposes other than (i) above		
	Paid in cash	4.93	4.12
		6.66	**5.98**

Further the Company has provided an amounting to ₹ 0.67 Crores against the unspend amount of obligation of CSR and plans to spend it with time line specified under the Act.

51. Post reporting date events

No adjusting or significant non-adjusting event has occurred between 31st March, 2021 and the date of authorisation of Company's consolidated financial statements.

52.

Post the outbreak of COVID-19, The Company has made an assessment of the likely adverse impact on economic environment in general and potential impact on its operations including the carrying values of its current and non current assets including property, plant and equipment's and other financial exposure. The Company has also evaluated its liability to meet the financial commitments. The Company as of the reporting date has used internal and external sources on the expected sources on the expected future performance of the Company and accordingly does not expect any long term adverse impact of COVID-19 on its ability to recover the carrying value of assets and meeting its financial obligation. However, given the nature of the COVID-19, the Company continues to monitor developments to identify and manage any significant uncertainties relating to its future economic outlook.

53. The standalone financial statements for the year ended 31st March, 2021 were approved by the Board of Directors on 14th June 2021.

As per our report of even date attached
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Neeraj Sharma
Partner
Membership no. : 502103

Place: New Delhi
Date: 14th June, 2021

For and on behalf of the Board of Directors

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 Audit of the Consolidated Financial Statements

Opinion

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'), as listed in Annexure A, which comprise the Consolidated Balance Sheet as at 31st March, 2021, 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.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, as at 31st March, 2021, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment 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, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition We refer to the Group's significant accounting policies in note 3(E)(b) and the revenue related disclosures in note 26 of the consolidated financial statements. The Group recognises revenue from sale of goods when it satisfies its performance obligation, in accordance with the principles of Ind AS 115, Revenue from Contracts with Customers, by transferring the control of goods to its customers at the time of dispatch evidenced by acknowledgement of receipt of goods by the transporter. Further, Ind AS 115 requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers, determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations. Owing to the volume of sales transactions, size of distribution network and varied terms of contracts with customers, revenue is determined to be an area involving significant risk and requires significant auditor attention. Accordingly, this matter has been determined as a key audit matter for current year audit.	Our audit procedures, related to revenue recognition, included, but were not limited to, the following: a) Assessed the design and tested operating effectiveness of Company's controls (including the automated controls) around revenue recognition (including rebates / discounts); b) Assessed the appropriateness of Company's identification of performance obligations in its contracts with customers, its determination of transaction price, and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115; c) Scrutinized sales ledgers to verify completeness of sales transactions; d) On a sample basis, tested the revenue recognized including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches and approved incentives / discounts schemes; e) Tested the appropriateness of accruals for various rebates and discounts as at the year-end; f) Assessed the revenue recognized with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level; g) Circularized balance confirmations to a sample of customers and reviewed the reconciling items, if any; and h) Tested the related disclosures made in notes to the standalone financial statements in respect of the revenue from operations for appropriateness in accordance with the requirements of the applicable accounting standards.
Impairment assessment of goodwill and property, plant and equipment Refer Note 4 to the accompanying consolidated financial statements. As at 31st March, 2021, the carrying amount of goodwill and property, plant and equipment pertaining to two subsidiaries as disclosed in aforesaid note aggregate to ₹3.67 crore and ₹116.97 crore respectively. Considering the continued losses recorded over the years by the aforementioned subsidiary companies, the management has identified that indicators exist that requires the management to test the carrying value of related goodwill and property, plant and equipment for possible impairment.	Our audit work included, but was not restricted to, performing the following procedures: a) Obtained an understanding of the management's process, and evaluated design and tested operating effectiveness of controls on identification of indicators of impairment of the carrying value of property, plant and equipment and intangible assets under Ind AS 36 'Impairment of assets'; b) Assessed the professional competence, objectivity and capabilities of the specialist used by the management for performing required value-in-use calculations to estimate the recoverable value of goodwill and property, plant and equipment relating to such CGU;

Key audit matters	How our audit addressed the key audit matter
Management's assessment of the recoverable amount of property, plant and equipment and intangible assets requires estimation and judgement around identification of cash generating units (CGUs) and assumptions used in the determination of value-in-use for the purpose. The principal driver of recoverable value is the estimated growth in the operations of the CGU and ability to generate cash profits in the future. The key assumptions supporting management's assessment of the recoverable amount of property, plant and equipment and intangible assets are the estimated future financial performance, capital expenditure and the discount rates applied. Changes to assumptions could lead to material changes in estimated recoverable amounts, resulting in impairment of the property, plant and equipment and intangible assets. Complexity involved in such assumptions and estimates increased in the current year due to the impact of COVID-19 pandemic outbreak on the Group's operations as disclosed in Note 53 to the accompanying financial statements. Considering the significance of the amounts involved, and auditor attention required to test the appropriateness of accounting estimate that involves high estimation uncertainty and significant management judgement, this matter has been determined to be a key audit matter for the current year audit.	c) Involved our valuation specialists to assess the appropriateness of the value-in-use calculations used by the management and to test reasonability of the assumptions used therein relating to discount rates, risk premium, industry growth rates, etc, including the impact of COVID-19 on such assumptions; d) Tested the future business projections, used for performing above said computation, for the CGU from the business plans approved by the board of directors of the subsidiary company, and ensured its consistency with our understanding of future business plans of the subsidiary company obtained through interviews with both operating and senior management; e) Assessed operating and capital costs included in the cash flow forecasts for consistency with current operating costs and forecast production; f) Performed sensitivity analysis on management's calculated recoverable value for key assumptions such growth rates during explicit period, terminal growth rate and the discount rate used in the calculations performed; g) Tested the arithmetical accuracy of the calculations performed by the management expert; h) Tested the disclosures made in Note 4 for appropriateness in accordance with the requirements of the applicable accounting standards.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the 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 of 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 consolidated 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.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including

any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of seven subsidiaries, whose financial statements reflects total assets of ₹812.67 crores and net assets of ₹178.75 crores as at 31st March, 2021, total revenues of ₹702.10 crores and net cash outflows amounting to ₹3.72 crores 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, are 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.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries, we report that the Holding Company and four subsidiary companies, covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that three subsidiary companies, covered under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.

17. 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) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

f) 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information 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 39(b) to the consolidated financial statements;

ii. the Holding Company and its subsidiary companies, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2021;

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, during the year ended 31st March, 2021; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November 2016 to 30th 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

Neeraj Sharma
Partner
Membership No.: 502103
UDIN: 21502103AAAABH2828

Place: New Delhi
Date: 14th June, 2021

Annexure A to the Independent Auditor's Report

of even date to the members of Kajaria Ceramics Limited on the consolidated financial statements for the year ended 31st March, 2021

List of subsidiary companies included in the consolidated financial statements

1. Jaxx Vitrified Private Limited;
2. Vennar Ceramics Limited;
3. Kajaria Tiles Private Limited (formerly known as Floera Ceramics Private Limited);
4. Cosa Ceramics Private Limited;
5. Kajaria Plywood Private Limited;
6. Kajaria Bathware Private Limited; and
7. Kajaria Sanitaryware Private Limited (step-down subsidiary).

Annexure B to the Independent Auditor's Report

of even date to the members of Kajaria Ceramics Limited on the consolidated financial statements for the year ended 31st March, 2021

Independent Auditor's Report on the internal financial controls with reference to financial statements 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 31st March, 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are 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 for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements 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 prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31st March, 2021, 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.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to seven subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹812.67 crores and net assets of ₹178.75 crores as at 31st March, 2021, total revenues of ₹702.10 crores and net cash outflows amounting to ₹3.72 crores for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements 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

Neeraj Sharma
Partner
Membership No.: 502103
UDIN: 21502103AAAABH2828

Place: New Delhi
Date: 14th June, 2021

Consolidated Balance Sheet as at 31st March, 2021

(Amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	1,152.40	1,142.49
(b) Capital work-in-progress		14.90	25.68
(c) Right-of-use assets		28.79	42.00
(d) Goodwill		8.45	8.45
(e) Other intangible assets	5	2.79	1.82
(f) Intangible assets under development		-	0.95
(g) Financial assets			
(i) Investments	6	-*	0.34
(ii) Loans	7	21.27	20.03
(iii) Other financial assets	15	-	0.79
(h) Non-current tax assets (net)	8	3.83	5.76
(i) Deferred tax assets (net)	21	1.27	1.48
(j) Other non-current assets	9	0.20	1.23
		1,233.90	**1,251.02**
Current assets			
(a) Inventories	10	373.08	512.72
(b) Financial assets			
(i) Investments	11	4.97	9.80
(ii) Trade receivables	12	431.67	396.69
(iii) Cash and cash equivalents	13	24.82	16.11
(iv) Bank balances other than (iii) above	14	417.93	209.06
(v) Loans	7	12.90	3.87
(vi) Other financial assets	15	3.90	4.18
(c) Other current assets	9	23.43	35.15
		1,292.70	**1,187.58**
TOTAL ASSETS		**2,526.60**	**2,438.60**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	15.91	15.90
(b) Other equity	17	1,852.95	1,698.37
Equity attributable to the shareholders of the Company		**1,868.86**	**1,714.27**
(a) Non- controlling interests		64.60	63.74
TOTAL EQUITY		**1,933.46**	**1,778.01**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	31.31	21.51
(ii) Lease liabilities	19	15.41	23.37
(b) Provisions	20	16.64	23.81
(c) Deferred tax liabilities (net)	21	68.71	73.05
(d) Other non-current liabilities	22	1.51	2.05
		133.58	**143.79**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	65.75	95.63
(ii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises; and		23.79	24.21
- Total outstanding dues of creditors other than micro enterprises and small enterprises		183.45	215.10
(iii) Lease liabilities	19	11.79	14.51
(iv) Other financial liabilities	24	92.68	110.46
(b) Other current liabilities	22	68.07	51.88
(c) Provisions	20	6.21	4.98
(d) Current tax liabilities (net)	25	7.82	0.03
		459.56	**516.80**
TOTAL LIABILITIES		**593.14**	**660.59**
TOTAL EQUITY AND LIABILITIES		**2,526.60**	**2,438.60**

See accompanying notes forming part of these consolidated financial statements. 1-55

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Neeraj Sharma
Partner
Membership no. : 502103

Place: New Delhi
Date: 14th June, 2021

For and on behalf of the Board of Directors

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

Consolidated Profit & Loss for the year ended 31st March, 2021

(Amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
INCOME			
Revenue from operations	26	2,780.90	2,808.01
Other income	27	21.30	24.15
TOTAL INCOME (I)		**2,802.20**	**2,832.16**
EXPENSES			
Cost of materials consumed	28	590.40	736.43
Purchases of stock-in-trade		523.25	449.01
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	133.30	(84.36)
Employee benefits expense	30	324.65	356.86
Finance costs	31	10.71	19.51
Depreciation and amortisation expense	32	106.67	108.09
Other expenses	33	700.48	934.17
TOTAL EXPENSES (II)		**2,389.46**	**2,519.71**
Profit before tax		**412.74**	**312.45**
Tax expense:	34		
Current tax		108.30	93.70
Deferred tax		(4.46)	(34.78)
Profit for the year		**308.90**	**253.53**
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of profit and loss			
- Remeasurement of defined benefit plans		0.16	(0.97)
- Net (loss)/gain on OCI equity security		0.08	-
- Income-tax relating to items that will not be crelassified to statement of profit and loss		(0.02)	0.22
Total other comprehensive income for the year, net of tax		**0.22**	**(0.75)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**309.12**	**252.78**
Profit for the year attributable to:			
(a) Owners of the Company		308.05	255.33
(b) Non-controlling interest		0.85	(1.80)
Other comprehensive income for the year attributable to:			
(a) Owners of the Company		0.21	(0.71)
(b) Non-controlling interest		0.01	(0.04)
Total comprehensive income for the year attributable to:			
(a) Owners of the Company		308.26	254.62
(b) Non-controlling interest		0.86	(1.84)
Earnings per equity share (face value of ₹1 each)	35		
- Basic (in ₹)		19.37	16.06
- Diluted (in ₹)		19.37	16.06

See accompanying notes forming part of these consolidated financial statements. 1-55

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Neeraj Sharma
Partner
Membership no. : 502103

Place: New Delhi
Date: 14th June, 2021

For and on behalf of the Board of Directors

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

Consolidated Statement Cash Flows for the year ended 31st March, 2021

(Amounts in ₹ crores, unless otherwise stated)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	412.74	312.45
Adjustments for :		
Depreciation and amortisation expense	106.67	108.09
Interest income	(17.40)	(18.51)
Interest expense	10.71	19.51
Gain on disposal of current investments	(0.15)	(0.83)
Exchange fluctuation (net)	0.52	(0.58)
Dividend income	-	(0.38)
Share based payments to employees (net)	0.15	0.53
Subsidy income	(0.54)	(0.54)
Provision for expected credit loss	1.14	2.91
Loss on sale/discard of property, plant and equipment	6.16	1.01
Operating profit before working capital changes	**520.00**	**423.66**
Changes in operating assets and liabilities, net of effects from purchase of controlled entities and sale of subsidiary		
Movement in inventories	139.64	(106.92)
Movement in trade and other receivables	(36.64)	75.45
Movement in other assets	11.46	(10.76)
Movement in trade and other payables	(21.91)	(64.29)
Movements in provisions	(5.78)	7.78
Cash generated from operations	**606.77**	**324.92**
Income taxes paid	(98.01)	(100.49)
Net cash inflow generated from operating activities (A)	**508.76**	**224.43**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital advances, capital work-in-progress, intagible assets, intangible assets under development and capital creditors)	(112.70)	(123.99)
Proceeds from disposal of property, plant and equipment	11.49	2.69
Transactions with non-controlling interest	-	(0.77)
Proceeds from disposal of non current investments	0.42	-
Loan given	(12.66)	(1.06)
Loan given repatriated	3.20	2.05
Purchase of current investments	-	(29.92)
Proceeds from disposal of current investments	4.98	20.95
Interest received	17.58	18.18
Dividend received	-	0.38
Movement in deposits having original maturity more than three months (net)	(207.85)	21.43
Net cash outflow (used in) investing activities (B)	**(295.54)**	**(90.06)**

Contd..

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(6.80)	(15.28)
Proceeds from issue of share capital	5.26	0.29
Repayment of long-term borrowings (net)	(0.34)	(24.87)
Proceeds/ (repayment) of short-term borrowings (net)	(29.88)	32.14
Payment of finance lease liabilities	(13.67)	(17.68)
Dividend paid to company's shareholders including dividend distribution tax	(159.08)	(114.97)
Net cash outflow (used in) financing activities (C)	**(204.51)**	**(140.37)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**8.71**	**(6.00)**
Cash and cash equivalents at the beginning of the financial year	**16.11**	**22.11**
Cash and cash equivalents at the end of the financial year	**24.82**	**16.11**
Components of cash and cash equivalents at the end of the year		
Balances with banks		
- Current accounts	24.49	15.56
- Cash on hand (including gold coins)	0.33	0.55
	24.82	**16.11**

Note :

1. This cash flow statement presented in accordance with "indirect method" as set out in Indian Accounting Standard - 7 ' Statement of cash flows' as specified in Indian Accouting Standard Rules, 2015 (as amended)

See accompanying notes forming part of these consolidated financial statements. 1-55

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Neeraj Sharma
Partner
Membership no. : 502103

Place: New Delhi
Date: 14th June, 2021

For and on behalf of the Board of Directors

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

Consolidated Statement of Changes in Equity for the year ended 31st March, 2021

(Amounts in ₹ crores, unless otherwise stated)

A. Equity share capital

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning of the reporting year	15.90	15.90
Add: Change in equity share capital during the year (refer note 16)	0.01	-*
Balance at the end of the reporting year	**15.91**	**15.90**

* rounded off to Nil

B. Other equity (refer note 17)

Particulars	Reserves and surplus						Items of other comprehensive income (OCI)	Total other equity attributable to owners of the Company	Non-controlling interests	Total
	General reserve	Securities premium reserve	Capital redemption reserve	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI			
Balance at 1st April 2019	**320.38**	**163.74**	**5.00**	**5.15**	**21.45**	**1,043.75**	**(0.47)**	**1,559.00**	**65.91**	**1,624.91**
Profit for the year	-	-	-	-	-	255.33	-	255.33	(1.80)	253.53
Items of OCI for the year, net of tax										
Remeasurement of defined benefit plans	-	-	-	-	-	(0.71)	-	(0.71)	(0.04)	(0.75)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**254.62**	**-**	**254.62**	**(1.84)**	**252.78**
Shares issued during the year (refer note 16)	-	0.29	-	-	-	-	-	0.29	-	0.29
Employee stock option scheme	-	-	-	0.53	-	-	-	0.53	-	0.53
Transferred to security premium from stock options outstanding account on issue of shares	-	0.11	-	(0.11)	-	-	-	-	-	-
Dividend distributed	-	-	-	-	-	(95.37)	-	(95.37)	-	(95.37)
Income-tax on dividend distribution	-	-	-	-	-	(19.60)	-	(19.60)	-	(19.60)
Transactions with holders of NCI	-	-	-	-	-	(1.10)	-	(1.10)	(0.33)	(1.43)
Balance at 31st March, 2020	**320.38**	**164.14**	**5.00**	**5.57**	**21.45**	**1,182.30**	**(0.47)**	**1,698.37**	**63.74**	**1,762.11**
Profit for the year	-	-	-	-	-	308.05	-	308.05	0.85	308.90
Items of OCI for the year, net of tax										
Remeasurement of defined benefit plans	-	-	-	-	-	0.13	0.08	0.21	0.01	0.22
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**308.18**	**0.08**	**308.26**	**0.86**	**309.12**
Shares issued during the year (refer note 16)	-	5.25	-	-	-	-	-	5.25	-	5.25
Employee stock option scheme	-	-	-	0.15	-	-	-	0.15	-	0.15
Transferred to security premium from stock options outstanding account on issue of shares	-	2.16	-	(2.16)	-	-	-	-	-	-
Transferred to retained earnings from OCI of disposal of equity instruments	-	-	-	-	-	(0.39)	0.39	-	-	-
Dividend distributed	-	-	-	-	-	(159.08)	-	(159.08)	-	(159.08)
Balance at 31st March, 2021	**320.38**	**171.55**	**5.00**	**3.56**	**21.45**	**1,331.01**	**-**	**1,852.95**	**64.60**	**1,917.55**

See accompanying notes forming part of these consolidated financial statements. 1-55

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Neeraj Sharma
Partner
Membership no. : 502103

Place: New Delhi
Date: 14th June, 2021

For and on behalf of the Board of Directors

Ashok Kajaria
Chairman and Managing Director
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(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 31st March, 2021

(Amounts 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 20th 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.

The Consolidated Financial Statements are comprised of the financial statements of the members of the Group as under:

Name of the Company	Nature of activities	Principal Place of Business	% Shareholding and Voting Power	
			As at 31st March, 2021	As at 31st March, 2020
i. Direct subsidiaries				
Jaxx Vitrified Private Limited;	Manufacturing of Tiles	India	87.37%	87.37%
Vennar Ceramics Limited;	Manufacturing of Tiles	India	51.00%	51.00%
Kajaria Tiles Private Limited (formerly known as Floera Ceramics Private Limited);	Manufacturing of Tiles	India	100.00%	100.00%
Cosa Ceramics Private Limited;	Manufacturing of Tiles	India	51.00%	51.00%
Kajaria Plywood Private Limited; and	Trading of plywood	India	97.89%	97.89%
Kajaria Bathware Private Limited	Manufacturing of bath fittings	India	85.00%	85.00%
ii. Subsidiaries of 'Kajaria Bathware Private Limited' (where control exists):				
Kajaria Sanitaryware Private Limited (step-down subsidiary).	Manufacturing of sanitaryware products	India	69.70%	69.70%

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.

Standards issued but not effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1 April 2021.

3. 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.

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 2021. 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 31st March, 2021.

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 intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra-group 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 intra-group 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,

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

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 recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognises revenue at the point in time, when control of the asset is transferred to the customer depending upon the terms of sale with the customers.

When either party to a contract has performed, an entity shall present the contract in the consolidated balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

Revenue includes only the gross inflows of economic benefits received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as goods and service tax is excluded from revenue.

<u>Interest income and dividend:</u>

Interest income is recognised using effective interest method.

Dividend income is recognised when the right to receive payment is established.

<u>Export benefits:</u>

The Group recognises income from duty drawback and export benefit on an accrual basis.

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 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.

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 capitalised if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalised 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 capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised 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 capitalised 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 and 18 years
Fit-out and other assets at sales outlets	5 years
Roads	30 and 60 years

Freehold land is not depreciated. Leasehold improvements are amortised 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 derecognised 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 recognised in the Statement of Profit and Loss when the item is derecognised.

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 amortisation and accumulated impairment loss, if any.

Amortisation

Intangible Assets with finite lives are amortised on a Straight Line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised 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.

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(Amounts in ₹ Crores, unless otherwise stated)

Derecognition

The carrying amount of an intangible asset is derecognised 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 recognised in the Statement of Profit and Loss when the asset is derecognised.

f. Research and development costs

Expenditure on research is recognised as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognised as an expense when it is incurred.

Items of property, plant and equipment utilized for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

g. Borrowing costs

Borrowing cost includes interest, amortisation 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 capitalised, 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 recognised 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 recognised in the Statement of Profit and Loss.

Effective 1 April 2018, the Group has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of 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 effect on account of adoption of this amendment was insignificant.

i. Government grants

Government grants are recognised 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 recognised 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 recognised 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 recognised and measured at fair value and the government grant (deferred income) 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. The loan or assistance is subsequently recognised in the statement of profit and loss on a straight line basis over the period of loan.

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 recognised directly in equity/other comprehensive income is recognised 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 recognised in the period in which the employee renders the related service. The Group recognises 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 Group as a lessee

The Group's lease asset classes primarily consist of property leases. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

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 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 amortised 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 recognised 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 derecognised 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 amortised 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 recognised 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 amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised 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 amortisation 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 recognised in the statement of profit and loss.

Derecognition

A financial liability is derecognised 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 recognised 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 recognised 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 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 recognised 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 recognised 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 recognised 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.

F. 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 recognised 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.

(f) Estimation of current tax and deferred tax

Management judgement is required for the calculation of provision of income- taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in these financial statements.

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

4. Property, plant and equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers	Display assets	Total
Gross carrying amount										
As at 1st April 2019	**34.74**	**12.74**	**338.98**	**1,174.23**	**11.74**	**38.74**	**14.27**	**5.23**	**28.18**	**1,658.85**
Additions	3.66	-	55.14	107.09	0.78	6.54	0.82	0.52	0.39	174.94
Disposals/adjustments	-	-	-	4.18	0.01	2.88	0.17	0.06	2.01	9.31
Transition on account of Ind AS 116	-	(6.11)	-	-	-	-	-	-	-	(6.11)
As at 31st March, 2020	**38.40**	**6.63**	**394.12**	**1,277.14**	**12.51**	**42.40**	**14.92**	**5.69**	**26.56**	**1,818.37**
Additions	40.91	-	23.63	39.26	1.25	10.43	0.99	2.75	1.61	120.83
Disposals/adjustments	0.30	-	1.44	38.55	0.04	5.40	0.58	0.03	4.60	50.94
As at 31st March, 2021	**79.01**	**6.63**	**416.31**	**1,277.85**	**13.72**	**47.43**	**15.33**	**8.41**	**23.57**	**1,888.26**
Accumulated depreciation										
As at 1st April 2019	**-**	**0.96**	**86.62**	**461.16**	**5.93**	**11.89**	**7.70**	**3.72**	**13.76**	**591.74**
Depreciation charge for the year	-	-	10.05	68.47	0.89	4.87	1.29	0.71	4.43	90.71
Disposals/adjustments	-	-	-	2.64	-	1.53	0.07	0.05	1.32	5.61
Transition on account of Ind AS 116	-	(0.96)	-	-	-	-	-	-	-	(0.96)
As at 31st March, 2020	**-**	**-**	**96.67**	**526.99**	**6.82**	**15.23**	**8.92**	**4.38**	**16.87**	**675.88**
Depreciation charge for the year	-	-	11.06	70.76	0.96	5.04	1.28	0.67	3.50	93.27
Disposals/adjustments	-	-	0.45	25.18	0.02	3.55	0.37	0.03	3.69	33.29
As at 31st March, 2021	**-**	**-**	**107.28**	**572.57**	**7.76**	**16.72**	**9.83**	**5.02**	**16.68**	**735.86**
Net carrying amount :										
As at 31st March, 2021	**79.01**	**6.63**	**309.03**	**705.28**	**5.96**	**30.71**	**5.50**	**3.39**	**6.89**	**1,152.40**
As at 31st March, 2020	**38.40**	**6.63**	**297.45**	**750.15**	**5.69**	**27.17**	**6.00**	**1.31**	**9.69**	**1,142.49**

Notes:

1. Property, plant and equipment pledged as security - refer to note 18 for information on property, plant and equipment pledged as security by the Group.
2. Contractual obligations - refer to note 39 for disclosure on contractual commitments for the acquisition of property, plant and equipment.
3. 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.
4. With respect to property, plant and equipment amounting to ₹116.97 crore (included above) and goodwill amounting to ₹3.67 crore in respect of two subsidiary companies, management, during the year has done a detailed evaluation on the recoverability of these property, plant and equipment and goodwill. Basis such assessment, the management believes that the property, plant and equipment and goodwill would be recoverable and accordingly no provision has been recorded in respect of recoverability of these balances as at the year end.

(Amounts in ₹ Crores, unless otherwise stated)

5. Other intangible assets

Particulars	Software	Total
Gross carrying amount		
As at 1st April 2019	**8.56**	**8.56**
Additions	0.22	0.22
As at 31st March, 2020	**8.78**	**8.78**
Additions	1.53	1.53
As at 31st March, 2021	**10.31**	**10.31**
Accumulated amortisation		
As at 1st April 2019	**6.29**	**6.29**
Amortisation charge for the year	0.67	0.67
As at 31st March, 2020	**6.96**	**6.96**
Amortisation charge for the year	0.56	0.56
As at 31st March, 2021	**7.52**	**7.52**
Net carrying amount :		
As at 31st March, 2021	**2.79**	**2.79**
As at 31st March, 2020	**1.82**	**1.82**

6. Non-current financial assets - Investments

Particulars	As at 31st March, 2021	As at 31st March, 2020
Investments in unquoted equity instruments in others (measured at FVOCI)		
Non- Trade		
Bhadreshwar Vidyut Private Limited (formerly known as OPGS Power Gujarat Private Limited 178,000 (31st March, 2020: 651,000) equity shares of ₹10 each fully paid up (*rounded off to nil)	-*	0.01
Trade		
Tauras Tiles Private Limited Nil (31st March, 2020: 800,000) equity shares of ₹10 each fully paid up	-	0.33
Total	**-***	**0.34**
Aggregate value of unquoted investments	**-***	**0.34**

(*rounded off to nil)

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

7. Loans#

Particulars	Non current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Considered good - unsecured				
Security deposits	21.27	20.03	0.04	0.31
Loans to other companies (refer note (i))	-	-	10.50	0.54
Loans to related parties (refer note (ii))	-	-	0.15	0.65
Other loans (refer note (iii))	-	-	2.21	2.37
Total	**21.27**	**20.03**	**12.90**	**3.87**

\# Loans 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.

Notes:

(i) Loans to other companies represents interest bearing loans given to New Berdhman Vetrified Private Limited, Calypso Ceramics Private Limited, Angel Ceramics Private Limited (Previous year : Soriso Ceramics Private Limited and Ascent Ceramics Private Limited) which is given for the business purposes and repayable on demand.

(ii) Represents loans given to Kajaria Ceramics Employee Gratuity Trust (refer note 36 for details).

(iii) Other loans represents advances given to the employees of the Group.

8. Non-current tax assets (net)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance tax (net of provisions)	3.83	5.76
Total	**3.83**	**5.76**

9. Other assets

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Considered good- unsecured				
Capital advances	0.20	0.90	-	-
Advance other than capital advances:				
Advance to suppliers	-	-	9.29	6.59
Prepaid expenses	-	0.33	5.56	6.94
Export benefit receivables	-	-	0.67	0.28
Balance with statutory authorities	-	-	7.27	20.85
Others	-	-	0.64	0.49
Total	**0.20**	**1.23**	**23.43**	**35.15**

(Amounts in ₹ Crores, unless otherwise stated)

10. Inventories (valued at lower of cost or net realisable value)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw materials	52.68	62.93
Work-in-progress	20.30	26.72
Finished goods	189.81	314.84
Stock-in-trade	37.68	39.53
Stores and spares	55.40	53.30
Packing material	17.21	15.40
Total	**373.08**	**512.72**

11. Current financial assets - Investments

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of units	Amount	No. of units	Amount
Investments in mutual funds (unquoted) - measured at FVTPL, non-traded				
(a) SBI Arbitrage Opportunities Fund - Regular plan Dividend	-	-	37,10,685.29	4.98
(b) DSP Arbitrage Fund - Reg. - Monthly Dividend	47,79,200.92	4.97	47,79,200.92	4.82
Total		**4.97**		**9.80**
Aggregate amount of unquoted investments and market value thereof		**4.97**		**9.80**

12. Trade receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Considered good-unsecured	431.67	396.69
Credit impaired	7.33	6.19
Less: Allowance for expected credit losses	(7.33)	(6.19)
Total	**431.67**	**396.69**

Notes:

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.

13. Cash and cash equivalents

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with banks		
- Current accounts	24.49	15.56
- Cash on hand (including gold coins)	0.33	0.55
Total	**24.82**	**16.11**

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.

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

14. Bank balances other than cash and cash equivalents

Particluars	As at 31st March, 2021	As at 31st March, 2020
Earmarked balances with banks in current accounts - unpaid dividends*	2.28	2.05
Deposits with original maturity of greater than three months and remaining maturity of less than twelve months**	414.83	206.07
Margin money deposit (pledged with banks against non fund based facilities)	0.82	0.94
Total	**417.93**	**209.06**

Note:
* These balances are not available for use by the Group and not due for deposit in the Investor Education and Protection Fund.
** Deposits amounting to ₹55.58 crores (31st March, 2020 : ₹20.00 crores) have been pledged by the Holding Company against facilities taken by various subsidiaries and against performance guarantee of the Holding company.

15. Other financial assets

Particluars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Considered good - unsecured				
Interest accrued on deposits	-	-	0.98	1.16
Deposits with remaining maturity of more than twelve months*	-	0.79	-	-
Others	-	-	2.92	3.02
Total	**-**	**0.79**	**3.90**	**4.18**

* Held as margin money against guarantee.

16. Equity share capital

Particluars	As at 31st March, 2021	As at 31st March, 2020
Authorised:		
520,000,000 equity shares of ₹1 each (31st March, 2020: 520,000,000 of ₹1 each)	52.00	52.00
7,710,000 preference shares of ₹100 each (31st March, 2020: 7,710,000 of ₹100 each)	77.10	77.10
	129.10	**129.10**
Issued and subscribed:		
159,081,000 equity shares of ₹1 each (31st March, 2020: 158,957,200 equity shares of ₹1 each)	15.91	15.90
Total	**15.91**	**15.90**

A. There no change in authorised equity and preference share capital during the current year and previous year.

B. Reconciliation of the issued and subscribed shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No of Shares	Amount	No of Shares	Amount
At the beginning of the reporting year	15,89,57,200	15.90	15,89,50,300	15.90
Add: Shares issued on exercise of employee share option	1,23,800	0.01	6,900	-*
Outstanding at the end of the year	**15,90,81,000**	**15.91**	**15,89,57,200**	**15.90**

* rounded off to Nil

(Amounts in ₹ Crores, unless otherwise stated)

C. Terms/Rights attached to equity shares

The Holding 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. The interim dividend has been distributed to the shareholders on approval of Board of Directors.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive assets of the Holding Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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 42.

E. Following shareholders hold equity shares more than 5% of the total equity shares of the Holding Company*:

Name of shareholder	As at 31st March, 2021		As at 31st March, 2020	
	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
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)	1,29,33,973	8.13%	1,29,33,973	8.14%
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	2,58,67,947	16.26%	2,58,67,947	16.27%
RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust)	2,58,67,947	16.26%	2,58,67,947	16.27%

** As per the records of the Holding Company, including its register of members*

Notes:

i Trustee of Versha Kajria Family Private Trust has been changed from 'Mr. Ashok Kajaria and Mr. Rishi Kajaria in their capacity as the joint trustees of the Versha Kajaria Family Private Trust' to 'VK Trustees Private Limited in its capacity as sole trustee of the Versha Kajaria Family Private Trust' by modifying the trust deed of Versha Kajaria Family Private Trust on December 26, 2019

ii Name of the Trustee of Chetan Kajaria Family Private Trust has been changed from 'Professional Home Solutions Private Limited' to 'CK Trustees Private Limited', w.e.f. October 4, 2019 and consequently, trust deed of Chetan Kajaria Family Private Trust has also been modified on December 26, 2019

iii Trustee of Rishi Kajaria Family Private trust has been changed from 'Mrs. Versha Kajaria and Mr. Chetan Kajaria in their capacity as the joint trustees of the Rishi Kajaria Family Private Trust' to 'RK Trustees Private Limited in its capacity as sole trustee of the Rishi Kajaria Family Private Trust' by modifying the trust deed of Rishi Kajaria Family Private Trust on December 26, 2019.

F. 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 under scheme of arrangements as approved by Hon'ble Court in the financial year 2018-19, the Group 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. Pursuant to the scheme, existing equity shares of the Holding Company held by Kajaria Securities Private Limited ('KSPL') stood cancelled and the Group had issued 64,669,867 equity shares of ₹1 each to shareholders of erstwhile KSPL in proportion of their shareholding in KSPL.

The Holding Company has issued equity shares aggregating 143000 (up to 31st March, 2020 : 19200) shares of ₹1 each fully paid during the financial years 2015-16 to 2020-21 on exercise of option granted under the employee stock option plan wherein part consideration was received in form of employee service.

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

17. Other equity

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) General reserves		
Balance at the beginning/end of the year	**320.38**	**320.38**
b) Securities premium reserve		
Balance at the beginning of the year	**164.14**	**163.74**
Share issued during the year (refer note 16)	5.25	0.29
Transferred to security premium from stock options outstanding account on issue of shares	2.16	0.11
Balance at the end of the year	**171.55**	**164.14**
c) Capital redemption reserve		
Balance at the beginning/end of the year	**5.00**	**5.00**
d) Share options outstanding account		
Balance at the beginning of the year	**5.57**	**5.15**
Employee stock option scheme	0.15	0.53
Transferred to security premium on issue of shares	(2.16)	(0.11)
Balance at the end of the year	**3.56**	**5.57**
e) Capital reserve		
Balance at the beginning/end of the year	**21.45**	**21.45**
f) Retained earnings		
Balance at the beginning of the year	**1,182.30**	**1,043.75**
Profit for the year	308.05	255.33
Items of OCI for the year, net of tax	0.13	(0.71)
Transferred from OCI on disposal of equity instruments	(0.39)	-
Dividend distributed	(159.08)	(95.37)
Income-tax on dividend distribution	-	(19.60)
Transactions with holders of NCI	-	(1.10)
Balance at the end of the year	**1,331.01**	**1,182.30**
g) Other comprehensive income		
Equity instruments designated as fair value through other comprehensive income		
Balance at the beginning of the year	**(0.47)**	**(0.47)**
Fair valuation of investment in equity instruments through OCI (net of tax)	0.08	-
Transferred to retained earnings of disposal of equity instruments	0.39	-
Balance at the end of the year	**-**	**(0.47)**
Equity attributable to the owners of the Group	**1,852.95**	**1,698.37**

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.

(Amounts in ₹ Crores, unless otherwise stated)

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 was created on Scheme of Arrangement (the Scheme) between the Company and Kajaria Securities Private Limited ('KSPL'). Further, it includes difference between the amount by which the carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary where changes in the Group's ownership interest in a subsidiary does not result in the Group losing control of the subsidiary.

f) Retained earnings

Created from profit/loss of the Group, as adjusted from distributions to owners and transfer to other reserve.

g) Equity instruments designated as fair value through other comprehensive income ('FVOCI')

The Group 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 Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

18. Borrowings

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Term loan - Secured				
(i) From banks	8.65	11.01	-	-
Less: current maturities of long-term debt (refer note 24)	(1.77)	(10.99)	-	-
	6.88	0.02	-	-
(ii) Deferred payment liabilities: Interest free loan from Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh)	8.94	8.02	-	-
Term loan - Unsecured				
From others	15.49	13.47	-	-
Working capital facility - Secured				
From banks	-	-	65.75	95.63
Total	**31.31**	**21.51**	**65.75**	**95.63**

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	31st March, 2021	31st March, 2020			
Term loan - from banks (secured)	-	2.47	Rate of interest is variable and linked to marginal cost of funds based lending rate ('MCLR'). Interest rate at 31st March, 2020 is 12.15%	Term loan is secured against the property, plant and equipment ('PPE') of Jaxx Vitrified Private Limited. Above loan is further secured by directors of Jaxx Vitrified Private Limited 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 installments commencing from June 2014
Term loan - from banks (secured)	5.51	4.54	Rate of interest is variable and linked to MCLR. Interest rate at 31st March, 2021 is 7.40%	Term loan is secured against the PPE of Cosa Ceramics Private Limited (Buildings and Plant & Machinery). Above loan is further secured by directors of Cosa Ceramics Private Limited and corporate guarantee to the extent of 100% (previous year : 51%) by the Holding Company.	Repayable in 48 monthly installments commencing from February 2021. Previous year : Repayable in 84 and 61 monthly installments commencing from May 2016 and June 2012
Term loan - from banks (secured)	-	4.00	Rate of interest is variable and linked to MCLR. Interest rate at 31st March, 2020 is 8.75%	"Secured against exclusive charge on immovable and movable assets of Kajaria Bathware Private Limited, both present and future. Above loan is further secured by guarantee of Holding Company."	The loan is repayable in 14 quarterly installments of ₹150 Lakhs each and 2 quarterly installments of ₹200 Lakhs each commencing from December 2016.
Term loan - from banks (secured)	3.14	-	Rate of interest is variable and linked to MCLR. Interest rate as 31st March, 2021 is 9.25%	Secured against first charge on immovable and movable assets (present and future) and second charge on current assets of Vennar Ceramics Limited at Vishnupuram, Perikigudem, Andhra Pradesh.	Repayable in monthly installments of ₹0.10 crores in 36 installments.
Deferred payment liabilities Interest free loan from Financial Institution	8.94	8.02	N. A.	Secured against first charge on factory land and building of the Holding Company at Sikandrabad, Uttar Pradesh.	Repayable in one installment after 7 years from date of disbursement.
Loan from others - Unsecured	15.49	13.47	7% to 8% per annum	None	Payable after 31st March 2022
Working capital facility (secured)	23.12	12.30	Rate of interest is variable and linked to MCLR. Interest rate at 31st March, 2021 is 12.15%	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of Jaxx Vitrified Private Limited (at its factories at Morbi, Gujarat).	On demand
Working capital facility (secured)	20.07	11.82	Rate of interest is variable and linked to MCLR. Interest rate at 31st March, 2021 is 7.30%	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of Cosa Ceramics Private Limited (at its factories at Morbi, Gujarat).	On demand
Working capital facility (secured)	8.50	15.99	Rate of interest is variable and linked to MCLR. Interest rate at 31st March, 2021 is 8.50% to 9%	Secured by first charge on inventories and book debts and second charge of movable and immovable assets, both present and future of Vennar Ceramics Limited and further guaranteed by the Holding Company and Anjani Vishnu Holdings Limited in the ratio of 51:49.	On demand

Contd..

(Amounts in ₹ Crores, unless otherwise stated)

Type of loan	Loan outstanding 31st March, 2021	Loan outstanding 31st March, 2020	Rate of interest	Security guarantee	Repayment terms
Working capital facility (secured)	11.97	8.96	Rate of interest is variable and linked to LIBOR. Interest rate at 31st March, 2021 is 4%-5%	Secured against hypothecation of entire raw materials, stock in process, stores and spares, packing materials, finished goods and book debts of Kajaria Bathware Private Limited, both present and future. Above loan is further secured by guarantee of Holding Company.	Upto 150 days
Working capital facility (secured)	-	34.25	8.50% to 10.35%	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)	2.09	6.98	Rate of interest is variable and linked to MCLR. Interest rate at 31st March, 2021 is 7.30%	Secured against first charge on Inventories and Book debts of Kajaria Bathware Private Limited, both present & future. Above loan is further secured by guarantee of Holding Company.	On demand
Working capital facility (secured)	-	5.33	Rate of interest is variable and linked to MCLR. Interest rate at 31st March, 2020 is 9.00%	Secured against hypothecation of entire raw materials, stock in process, stores and spares, packing materials, finished goods and book debts of Kajaria Sanitaryware Private Limited, 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 Kajaria Sanitaryware Private Limited.	On demand

19. Lease liabilities

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Lease liability (refer note 38)	15.41	23.37	11.79	14.51
Total	**15.41**	**23.37**	**11.79**	**14.51**

20. Provisions

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits obligation (refer note 37)				
- Provision for gratuity	3.60	8.76	4.68	3.50
- Provision for compensated absences	13.04	15.05	1.53	1.48
Total	**16.64**	**23.81**	**6.21**	**4.98**

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

21. Deferred tax assets/liabilities (net)

Particulars	As at 31st March, 2021	As at 31st March 2020
(a) Deferred tax liability on:		
Difference between book balance and tax balance of property, plant and equipment	95.47	84.83
	95.47	84.83
(b) Deferred tax asset on:		
Provision for employee benefit obligations	3.57	3.96
Others (including MAT input credit)	24.46	9.30
	28.03	13.26
	67.44	**71.57**
Amount recognised in the consolidated balance sheet to the extent not netted off*:		
Deferred tax assets (net)	**1.27**	**1.48**
Deferred tax liabilities (net)	**68.71**	**73.05**

* The Group does not have legal enforceable right to offset the recognised deferred tax asset of one entity with the deferred tax liability of another entity within the Group.

Movements in deferred tax liabilities and deferred tax assets:

Particulars	Property, plant and equipment	Compensated absences	Other provisions	Total
As at 1st April 2019	**118.59**	**(4.38)**	**(8.28)**	**105.93**
Charged/(credited) to the statement of profit or loss	(33.76)	0.42	(1.44)	(34.78)
MAT credit adjusted during the year	-	-	0.42	0.42
As at 31st March, 2020	**84.83**	**(3.96)**	**(9.30)**	**71.57**
Charged/(credited) to the statement of profit or loss	10.64	0.39	(15.49)	(4.46)
MAT credit adjusted during the year	-	-	0.33	0.33
As at 31st March, 2021	**95.47**	**(3.57)**	**(24.46)**	**67.44**

22. Other liabilities

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Advance received from customers	-	-	29.21	37.46
Statutory dues payable	-	-	38.32	13.88
Deferred government grant	1.51	2.05	0.54	0.54
Total	**1.51**	**2.05**	**68.07**	**51.88**

23. Trade payables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade payables {including acceptances (refer note b below)}		
- Total outstanding dues of micro enterprises and small enterprises (refer note 41)	23.79	24.21
- Total outstanding dues of creditors other than micro enterprises and small enterprises	183.45	215.10
Total	**207.24**	**239.31**

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 amounting to Nil (31st March, 2020: ₹40.29 crores).

24. Other current financial liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current maturities of long-term debt (refer note 18)	1.77	10.99
Unclaimed dividends*	2.28	2.05
Interest bearing deposits from customers	14.41	15.38
Security deposits received	16.72	15.89
Employee payable	51.64	55.64
Liabilities towards unspent corporate social responsibility (refer note 48)	0.67	-
Creditors for capital goods	5.16	7.92
Others	0.03	2.59
Total	**92.68**	**110.46**

* Not due for deposit to Investors Education and Protection Fund.

25. Current tax liabilities (net)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current tax liabilities (net)	7.82	0.03
Total	**7.82**	**0.03**

26. Revenue from operations

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Sale of products		
Tiles	2,529.97	2,581.98
Others	247.27	218.46
	2,777.24	2,800.44
Other operating revenues	3.66	7.57
Total	**2,780.90**	**2,808.01**

Disclosure persuant to Ind AS-115 'Revenue from contracts with customers', are as follows:

(a) Disaggregation of revenue:

Revenue arises mainly from the sale of manufactured and traded goods.

Particulars	31st March, 2021	31st March, 2020
Revenue from sale of tiles	2,529.97	2,581.98
Revenue from sale of others	247.27	218.46
Total	**2,777.24**	**2,800.44**

Sale of products are net of discounts amounting to ₹123.02 crores (31st March, 2020 : ₹140.16 crores).

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

(b) Assets and liabilities related to contracts with customers are as follows:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contract assets related to sale of goods		
Trade receivables	431.67	396.69
Contract liabilities related to sale of goods		
Advance from customers	29.21	37.46
Interest bearing deposits from customers	14.41	15.38

(c) Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 45 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

(d) Significant changes in the contract assets and liabilities:

The movement in contact assets is on account of revenue earned and the outstanding balance at year end while there is no significant changes in contract liabilities (interest bearing deposits from customers) during the year.

Movement for Contract liabilities is as below:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contract liabilities- Advance from customers		
Opening balance	**37.46**	**13.82**
Revenue recognised during the year	37.46	13.82
Addition during the year (net)	29.21	37.46
Closing balance	**29.21**	**37.46**

27. Other income

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Interest income on:		
Fixed deposits with bank	16.84	17.99
Other financial assets carried at amortised cost	0.56	0.52
Gain on disposal of current investments	0.15	0.83
Net gain on foreign currency transactions and translation	0.16	-
Dividend income	-	0.38
Other non-operating income	3.59	4.43
Total	**21.30**	**24.15**

(Amounts in ₹ Crores, unless otherwise stated)

28. Cost of materials consumed

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Body material	320.41	409.44
Glaze, frits and chemicals	167.95	216.10
Packing material	102.04	110.89
Total	**590.40**	**736.43**

29. Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Opening balance		
Finished goods	314.84	249.03
Stock-in-trade	39.53	25.51
Work-in-progress	26.72	22.19
Total	**381.09**	**296.73**
Closing balance		
Finished goods	189.81	314.84
Stock-in-trade	37.68	39.53
Work-in-progress	20.30	26.72
Total	**247.79**	**381.09**
	133.30	**(84.36)**

30. Employee benefits expense

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Salaries, wages and bonus	303.88	335.29
Contribution to provident fund and other funds (refer note 37)	15.43	15.15
Share based payments to employees (refer note 42)	0.15	0.53
Staff welfare expenses	5.19	5.89
Total	**324.65**	**356.86**

31. Finance costs

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Interest on borrowings	7.08	12.71
Interest on lease liabilities	2.99	4.56
Other borrowing costs	0.64	2.24
Total	**10.71**	**19.51**

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

32. Depreciation and amortisation expense

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Depreciation on property, plant and equipment (refer note 4)	93.27	90.71
Amortisation of intangible assets (refer note 5)	0.56	0.67
Depreciation on right to use assets (refer note 38)	12.84	16.71
Total	**106.67**	**108.09**

33. Other expenses

Particulars	Year ended 31st March, 2021	Year ended 31st March 2020
Power and fuel	414.90	564.42
Advertisement, publicity and sales promotion	46.41	89.57
Stores and spares consumed	73.52	88.15
Packing, freight and forwarding expenses	42.01	46.96
Traveling and conveyance	22.24	36.12
Rent (refer note 38)	1.72	2.69
Repairs and maintenance		
- Building	3.79	4.95
- Plant and equipment	15.02	15.96
- Others	4.92	5.53
Research and development expenses (refer note 49)	11.57	18.34
Sales commission	10.93	9.08
Rates and taxes	1.24	2.09
Insurance charges	4.47	3.61
Legal and professional charges	6.23	7.72
Payment to auditor as :		
- auditor	0.70	0.66
- for other services	0.43	0.43
- for reimbursement of expenses	0.03	0.06
Loss on disposal of property, plant and equipment	6.16	1.01
Provision for expected credit loss	1.14	2.91
Corporate social responsibility expenditure (refer note 48)	7.33	5.98
Net loss on foreign currency transactions and translation	0.68	0.25
Miscellaneous expenses	25.04	27.68
Total	**700.48**	**934.17**

(Amounts in ₹ Crores, unless otherwise stated)

34. Income-tax expense

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
(a) Income-tax expense debited to statement of profit and loss		
Current tax		
Current tax expense on profits for the year	108.30	93.70
Deferred tax		
Deferred tax charge/(credit) for the year	(4.46)	(34.78)
	(4.46)	(34.78)
Total tax expense	**103.84**	**58.92**
(b) Income-tax expense debited/(credited) to other comprehensive income		
Current tax		
Current tax charge/(credit) for the year	0.02	(0.22)
Deferred tax		
Deferred tax charge/(credit) for the year	-	-
	0.02	**(0.22)**

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit before tax	412.74	312.45
Tax at the Indian tax rate of 25.168% (31st March, 2020: 25.168%)	103.88	78.64
Adjustments in respect of current income-tax of previous years	0.18	(0.34)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowed as deduction	1.67	2.28
Deductions not leading to timing differences	(0.10)	-
Deferred tax assets reversed on exempted income	-	1.75
Subsidiary company not recognised as deferred tax asset	(1.79)	5.28
Impact of change in effective tax rate in brought forward tax liability	-	(28.69)
Income-tax expense	**103.84**	**58.92**

During the year ended 31st March, 2020, the Holding Company had elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly, the Hoding Company had recognised provision for income-tax from previous year onward basis the revised rates. The Holding Company had also remeasured its deferred tax liability on the basis of the reduced rate in year ended 31st March, 2020. Similar evaluation has been done by other entities in the group and tax expenses measured accordingly.

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

35. Earnings per share

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit attributable to equity holders of the Holding company for basic earnings (₹ in crores) for the year	308.05	255.33
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	15,89,94,849	15,89,51,264
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	15,90,40,262	15,90,08,087
Earnings per share		
- Basic (in ₹)	19.37	16.06
- Diluted (in ₹)	19.37	16.06

Note: Weighted average number of equity shares used as denominator -

Particulars	No. of shares	
	31st March, 2021	31st March, 2020
Weighted average number of equity shares used as denominator in calculating basic earnings per shares	15,89,94,849	15,89,51,264
Adjustments for calculation of diluted earnings per share:		
- Outstanding employee stock options	45,413	56,823
Weighted average number of equity shares and potential equity shares used as denominator in calculating diluted earnings per share	**15,90,40,262**	**15,90,08,087**

36. Related party disclosures in accordance with Ind AS 24-Realated party disclosures

I. List of related parties as per Ind AS 24

(a) Key management personnel (KMP):

Name of the KMP	Designation
Mr. Ashok Kajaria	Chairman and Managing Director
Mr. Chetan Kajaria	Joint Managing Director
Mr. Rishi Kajaria	Joint Managing Director
Mr. Dev Dutt Rishi	Non Executive Director
Mr. Raj Kumar Bhargava	Independent director
Mr. Debi Prasad Bagchi	Independent director
Mr. Harady Rathnakar Hegde	Independent director
Mrs. Susmita Singha	Independent director

(b) Enterprises controlled 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 Entity
Dua Engineering Works Private Limited
Malti Devi Kajaria Foundation
Kajaria Ceramics Employees Gratuity Trust
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)
RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust)
A.K. Kajaria (HUF)
Chetan Kajaria (HUF)
Rishi Kajaria (HUF)

(Amounts in ₹ Crores, unless otherwise stated)

(c) Relatives of key management personnel

Name of relatives
Mrs. Versha Devi Kajaria
Mrs. Rasika Kajaria
Mrs. Shikha Kajaria
Mr. Kartik Kajaria
Mr. Raghav Kajaria
Mr. Parth Kajaria
Mr. Vedant Kajaria

II. Details of transaction with Key Managerial Personnel (KMP) and related to KMP are as follows:

(a) Details relating to remuneration to KMP:

Name of KMP	31st March, 2021		31st March, 2020	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ashok Kajaria*	2.64	-	4.90	-
Mr. Chetan Kajaria*	2.78	-	4.87	-
Mr. Rishi Kajaria*	2.78	-	4.87	-
Mr. Dev Dutt Rishi	-	0.01	-	0.02
Mr. Raj Kumar Bhargava	-	0.02	-	0.03
Mr. Debi Prasad Bagchi	-	0.03	-	0.03
Mr. Harady Rathnakar Hegde	-	0.03	-	0.04
Mrs. Susmita Singha	-	0.03	-	0.03

* Does not include employee benefits is relation to gratuity and compensated absence, as such provisions are for the Group as a whole

(b) Dividend paid

Key management personnel and relatives of KMP	31st March, 2021	31st March, 2020
Mr. Ashok Kajaria	1.05	0.63
Mr. Chetan Kajaria	1.34	0.80
Mr. Rishi Kajaria	1.81	1.08
Mrs. Versha Devi Kajaria	1.78	1.07
Mrs. Rasika Kajaria	0.57	0.34
Mrs. Shikha Kajaria	0.60	0.36
Mr. Kartik Kajaria	0.45	0.27
Mr. Raghav Kajaria	0.45	0.27
Mr. Parth Kajaria	0.45	0.27
Mr. Vedant Kajaria	0.45	0.27

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

(c) Guarantees received/(released) during the year

Key management personnel and relatives of KMP	31st March, 2021	31st March, 2020
- Mr. Ashok Kajaria	-	10.90

(d) Guarantee received outstanding at year end

Key management personnel and relatives of KMP	31st March, 2021	31st March, 2020
Mr. Askok Kajaria (for loan taken by the Holding Company)	101.40	101.40

Details of transactions with enterprises over which KMP or their relatives are able to exercise significant influence:

	Particulars	31st March, 2021	31st March, 2020
(e)	**Rent paid**		
	Dua Engineering Works Private Limited	0.61	1.79
(f)	**Donation paid**		
	Malti Devi Kajaria Foundation	0.36	0.47
(g)	**Loan given**		
	Kajaria Ceramics Employee Gratuity Trust	1.50	1.20
(h)	**Loans repaid**		
	Kajaria Ceramics Employee Gratuity Trust	2.00	0.76
(i)	**Dividend paid**		
	VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)	12.93	7.76
	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	25.87	15.52
	RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust)	25.87	15.52
	A.K. Kajaria (HUF)	1.97	1.18
	Chetan Kajaria (HUF)	0.04	0.03
	Rishi Kajaria (HUF) (* rounded off to Nil)	-*	-*
	B. Outstanding balances as at year end:		
	Loan given		
	Kajaria Ceramics Employee Gratuity Trust	0.15	0.65
	Security deposit		
	Dua Engineering Works Private Limited	0.60	0.60
	Trade payables		
	Dua Engineering Works Private Limited	-	0.01

37. 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 ₹10.38 crores (31st March, 2020: ₹10.07 crores).

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:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Defined benefit obligation at the beginning of the year	**41.95**	**35.15**
Current service cost	4.18	4.18
Interest cost	2.83	2.47
Benefits paid	(2.06)	(0.85)
Actuarial loss/(gain) on obligations	(0.19)	0.99
Past service cost	-	0.01
Defined benefit obligation at the end of the year	**46.71**	**41.95**

Changes in the fair value of plan assets are as follows:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fair value of plan assets at the beginning of the year	**29.69**	**28.48**
Contribution during the year	8.80	0.05
Benefits paid	(2.06)	(0.85)
Expected interest income on plan assets	2.03	1.99
Actuarial gain/(loss) on plan asset	(0.03)	0.02
Fair value of plan assets at the end of the year	**38.43**	**29.69**

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

Reconciliation of fair value of plan assets and defined benefit obligation:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fair value of plan assets	38.43	29.69
Defined benefit obligation	46.71	41.95
Net (liability) recognised in the Consolidated Balance Sheet (refer note 20)	**(8.28)**	**(12.26)**
Current	4.68	3.50
Non current	3.60	14.35

Amount recognised in Consolidated Statement of Profit and Loss

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Current service cost	4.18	4.18
Interest expense	2.83	2.47
Expected return on plan asset	(2.03)	(1.99)
Past service cost	-	0.01
Amount recognised in Consolidated Statement of Profit and Loss	**4.98**	**4.67**

Breakup of actuarial gain/(loss)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Actuarial gain/(loss) arising on defined benefit obligation		
Actuarial gain/(loss) arising from changes in financial assumptions	(1.85)	(2.71)
Actuarial gain/(loss) arising from experience adjustments	2.04	1.72
Actuarial gain/(loss) arising on plan assets	(0.03)	0.02
Amount of gain/(loss) recognised in other comprehensive income	**0.16**	**(0.97)**

The major categories of plan assets are as follows:

Gratuity	As at 31st March, 2021	As at 31st March, 2020
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:

Particulars	31st March, 2021	31st March, 2020
Discount rate	6.75% - 7.00%	7.75%
Expected rate of return on Plan assets	6.75%	7.75%
Future salary increases	5% to 10.00%	5% to 8.25%
Attrition Rate :		
18-30 years	3.00%	3.00%
30-44 years	3.00%	3.00%
44-58 years	3.00%	3.00%
Retirement age	58 years	58 years
Mortality	IALM 2012-14 Ultimate	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.

Experience adjustment:

Particulars	31st March, 2021	31st March, 2020	31st March 2019	31st March 2018	31st March 2017
Present value of defined benefit obligation	46.71	41.95	35.15	31.81	26.74
Experience gain/(loss) on liability	2.04	1.72	(0.02)	(1.60)	(2.45)

A quantitative sensitivity analysis for significant assumption as at 31st March, 2021 and 31st March, 2020 is as shown below:

Gratuity Plan	Sensitivity level		Impact on defined benefit obligation	
	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
Assumptions				
Discount rate	+1%	+1%	(3.94)	(3.57)
	-1%	-1%	4.58	4.15
Future salary increases	+1%	+1%	4.46	4.06
	-1%	-1%	(3.93)	(3.55)
Withdrawal rate	+1%	+1%	(0.48)	(0.35)
	-1%	-1%	0.54	0.39

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.

Effect of plan on Company's future cash flows

(a) Funding arrangements and funding Policy

The Company has purchased an insurance policy to provide payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

(b) The following payments are expected contributions to the defined benefit plan in future years (in absolute terms i.e. undiscounted):

Particulars	31st March, 2021	31st March, 2020
Within the next 12 months (next annual reporting period)	4.59	3.51
Between 2 and 5 years	7.76	7.12
Beyond 5 years	34.36	31.32
Total expected payments	**46.71**	**41.95**

(c) Expected contribution for next year is ₹3.76 crores (31st March, 2020 : ₹3.22 crores)

(d) The average duration of the defined benefit plan obligation at the end of the reporting period is 12 years (31st March, 2020: 13 years).

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

C) Other long-term employee benefits - Compensated absences (unfunded)

Particulars	31st March, 2021	31st March, 2020
Amounts recognised in the consolidated balance sheet		
Current	1.53	1.48
Non current	13.04	15.05

38. Leases

a) The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Building	66	1 to 8 years	2.40 years to 5.5 years

There are no leases entered by the Group which have any extension, termination or purchase options and the payment of lease rentals is not based on variable payments which are linked to an index.

b) Amounts recognised in balance sheet and statement of profit and loss :

The balance sheet shows the following amounts relating to leases:

Particulars	Category of right-of-use assets		
	Land	Buildings	Total
Balance as at 1st April 2019 (on account of initial application of Ind AS 116)	**-**	**53.39**	**53.39**
Reclassification from Property, Plant and Equipment	5.15	-	5.15
Add: Additions	-	0.17	0.17
Less: Depreciation charged on the right-of-use assets	0.05	16.66	16.71
Balance as at 31st March, 2020	**5.10**	**36.90**	**42.00**
Add: Additions	-	5.72	5.72
Add: Adjustment on account of lease modification	-	(6.09)	(6.09)
Less: Depreciation charged on the right-of-use assets	0.05	12.79	12.84
Balance as at 31st March, 2021	**5.05**	**23.74**	**28.79**

c) Lease payments not recognised as lease liabilities:

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Expenses relating to short term leases (included in other expenses)	1.72	2.69
Total	**1.72**	**2.69**

d) The total cash outflow for leases for the year ended 31st March, 2021 ₹13.67 crores (31st March, 2020 : ₹17.68 crores)

(Amounts in ₹ Crores, unless otherwise stated)

e) Future minimum lease payments as on 31st March, 2020 are as follows:

Minimum lease payments due	As on 31st March, 2021		
	Lease payments	Finance charges	Net present values
Within 1 year	12.91	2.17	10.74
1 - 2 years	10.10	1.65	8.45
2 - 3 years	5.86	0.91	4.95
3 - 4 years	2.20	0.24	1.96
4 - 5 years	1.07	0.10	0.97
More than 5 years	0.14	0.01	0.13
Total	**32.28**	**5.08**	**27.20**

Minimum lease payments due	As on 31st March, 2020		
	Lease payments	Finance charges	Net present values
Within 1 year	18.08	1.50	16.58
1 - 2 years	13.27	1.91	11.36
2 - 3 years	8.76	1.74	7.02
3 - 4 years	1.93	0.53	1.40
4 - 5 years	0.85	0.20	0.65
More than 5 years	0.99	0.12	0.87
Total	**43.88**	**6.00**	**37.88**

39. Commitments, contingencies and litigations

		31st March, 2021	31st March, 2020
(a)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.16	4.92
(b)	**Contingent liabilities**		
	Claims against the Company not acknowledged as debt		
	- In respect of income tax, value added tax, service tax and excise duty demands pending before various authorities and in dispute	4.61	8.31
	- In respect of consumer cases	2.25	2.14

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 consolidated financial statements for the tax demand raised. The Group has certain litigations involving customers and vendors 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.

40. 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, sanitaryware and plywood products	Manufacturing of sanitaryware and faucet and trading of plywood and block board

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.

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

Particulars	31st March, 2021			31st March, 2020		
	Tiles	Others	Total	Tiles	Others	Total
A. Segment revenue	**2,532.75**	**248.15**	**2,780.90**	**2,604.85**	**203.16**	**2,808.01**
B. Segment results	**394.09**	**8.06**	**402.15**	**315.68**	**(7.87)**	**307.81**
C. Reconciliation of segment result with profit after tax						
Segment results	394.09	8.06	402.15	315.68	(7.87)	307.81
Add/(Less):						
Other income			21.30			24.15
Finance costs			(10.71)			(19.51)
Income taxes			(103.84)			(58.92)
Profit after tax as per Statement of Profit and Loss			**308.90**			**253.53**
D. Other information						
Segment assets	1,859.11	203.10	2,062.21	1,997.09	197.07	2,194.16
Un-allocable assets			464.39			244.44
Total assets			**2,526.60**			**2,438.60**
Segment liabilities	362.49	50.87	413.36	409.64	44.17	453.81
Un-allocable liabilities			179.78			206.78
Total liabilities			**593.14**			**660.59**
Capital expenditure	**104.32**	**7.26**	**111.58**	**88.28**	**19.18**	**107.46**

41. 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 31st March, 2021	As at 31st March, 2020
(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	23.79	24.21
	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.

(Amounts in ₹ Crores, unless otherwise stated)

42. 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 7th 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
Method of settlement	Equity

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. 20th October 2015.

During the year ended 31st 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 1st April 2019	3,48,700	425.00
Forfeited during the year	(29,000)	425.00
Exercised during the year	(6,900)	425.00
At 31st March, 2020	**3,12,800**	425.00
Exercisable as at 31st March, 2020	**3,12,800**	
Weighted average remaining contractual life (in years)	**3.55**	
At 1st April 2020	3,12,800	425.00
Forfeited during the year	(11,700)	425.00
Exercised during the year	(1,23,800)	425.00
At 31st March, 2021	**1,77,300**	425.00
Exercisable as at 31st March, 2021	**1,77,300**	
Weighted average remaining contractual life (in years)	**2.55**	

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:

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

Grant date	20th October 2015	20th October 2015	20th October 2015	20th October 2015
Vesting date	**20th October 2017**	**20th October 2018**	**20th October 2019**	**20th October 2020**
Expiry date	**20th October 2023**	**20th October 2023**	**20th October 2023**	**20th 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%

43. Category wise classification of financial instruments

Particulars	31st March, 2021			31st March, 2020		
	FVOCI	FVTPL	Amortised costs	FVOCI	FVTPL	Amortised costs
Financial assets						
Non-current						
Investments	-*	-	-	0.34	-	-
Loans	-	-	21.27	-	-	20.03
Other financial assets	-	-	-	-	-	0.79
Current						
Investments	-	4.97	-	-	9.80	-
Trade receivables	-	-	431.67	-	-	396.69
Cash and cash equivalents	-	-	24.82	-	-	16.11
Other bank balances	-	-	417.93	-	-	209.06
Loans	-	-	12.90	-	-	3.87
Other financial assets	-	-	3.90	-	-	4.18
Total financial assets	**-**	**4.97**	**912.49**	**0.34**	**9.80**	**650.73**
* rounded off to nil						
Financial liabilities						
Non-current						
(i) Borrowings	-	-	31.31	-	-	21.51
(ii) Lease liabilities	-	-	15.41	-	-	23.37
Current						
(i) Borrowings	-	-	65.75	-	-	95.63
(ii) Trade payables	-	-	207.24	-	-	239.31
(iii) Lease liabilities	-	-	11.79	-	-	14.51
(iv) Other financial liabilities	-	-	92.68	-	-	110.46
Total financial liabilities	**-**	**-**	**424.18**	**-**	**-**	**504.79**

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 than investments in mutual funds) is at amortised cost, using effective interest rate method.

(Amounts in ₹ Crores, unless otherwise stated)

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.

44. 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 31st March, 2021 and 31st March, 2020.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31st March, 2021 and 31st March, 2020 as follows:

As at 31st March, 2021	Level 1	Level 2	Level 3	Total
Non Current - Investment	-*	-	-	-
Current - Investment	-	4.97	-	4.97
Total	**-**	**4.97**	**-**	**4.97**
As at 31st March, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Non Current - Investment	-	-	0.34	0.34
Current - Investment	-	9.80	-	9.80
Total	**-**	**9.80**	**0.34**	**10.14**

Valuation technique used to determine fair value:

Investments (Non current): Discounted Cash flow method using risk adjusted discount rate.

Investments (Current): The investments in mutual fund have been fair valued per net assets value (NAV) as at reporting date.

The carrying amount of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair value, due to their short term nature.

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021
(Amounts in ₹ Crores, unless otherwise stated)

45. 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 39.

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.

Particulars	31st March, 2021		31st March, 2020	
	Increase/ decrease in basis points	Effect on profit before tax	Increase/ decrease in basis points	Effect on profit before tax
INR	+50	(2.08)	+50	(1.47)
INR	-50	2.08	-50	1.47

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.

Particulars	% change in rate	Effect on profit before tax	
		31st March, 2021	31st March, 2020
USD	+5%	(0.86)	(0.23)
	-5%	0.86	0.23
EURO	+5%	0.08	(0.15)
	-5%	(0.08)	0.15

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.

(Amounts 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 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.

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 12.

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 44. 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.

Movement in allowance for expected credit losses on trade receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at the beginning of the year	6.19	3.28
Add: Allowance during the year	1.14	2.91
Balance as at the end of the year	**7.33**	**6.19**

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.

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021
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Particulars	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31st March, 2021					
Borrowings*	61.65	5.87	31.31	-	98.83
Lease liabilties	3.48	8.31	15.41	-	27.20
Trade payables	207.24	-	-	-	207.24
Other financial liabilities	87.89	3.02	-	-	90.91
	360.26	**17.20**	**46.72**	**-**	**424.18**
As at 31st March, 2020					
Borrowings*	97.56	9.04	21.07	0.47	128.14
Lease liabilties	3.63	10.88	23.37	-	37.88
Trade payables	238.63	0.67	-	-	239.31
Other financial liabilities	86.58	12.89	-	-	99.47
	426.40	**33.48**	**44.44**	**0.47**	**504.79**

* In absolute terms i.e. discounted and including current maturity portion

46. 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:

Particulars	31st March, 2021		31st March, 2020	
	Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Foreign trade payables/other payable				
USD in crores	0.11	8.41	0.16	12.09
EURO in crores	0.05	7.79	0.03	2.46
AUD in crores	0.01	0.78		
Foreign trade receivables				
USD in crores	0.07	5.29	0.05	3.52
AUD in crores	-	-	0.01	0.21
Short term borrowings				
USD in crores	0.15	11.22	0.11	8.05
EUR in crores	0.01	0.74	0.01	0.91

47. 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	31st March, 2021	31st March, 2020
Total borrowings	98.83	128.13
Less: Cash and cash equivalents	(24.82)	(16.11)
Total debts	**74.01**	**112.02**
Capital employed	1,868.86	1,714.27
Total capital employed	**1,868.86**	**1,714.27**
Gearing ratio (%)	**3.96%**	**6.53%**

48. Corporate social responsibility ('CSR')

As per Section 135 of the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Group was required to spend ₹7.33 crores (31st March, 2020: ₹7.75 crores) for Corporate Social Responsibility activities. The Group has incurred CSR expenditure of ₹6.66 crores during the current financial year (31st March, 2020: ₹5.98 crores) on the projects/activities for the benefit of the public in general and in the neighbourhood of the manufacturing facilities of the Holding company.

	Particulars	For the year 31st March, 2021	For the year 31st March, 2020
(i)	Construction/acquisition of any asset		
	Paid in cash	0.08	0.28
	Other than cash	1.65	1.58
(ii)	On purposes other than (i) above		
	Paid in cash	4.93	4.12
		6.66	**5.98**

Further the Company has provided an amounting to ₹0.67 crores against the unspent amount of obligation of CSR in accordance with requirements of the Act and plans to spend it with time line specified under the Act.

49. Research and development expenditure

Research and development expenditure incurred during the year ended 31st March, 2021 and 31st March, 2020 is as follows:

Particulars	For the year 31st March, 2021	For the year 31st March, 2020
Capital expenditure	0.04	0.05
Revenue expenditure	11.57	18.34
	11.61	**18.39**

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

50. Post reporting date events

No adjusting or significant non-adjusting event has occurred between 31st March, 2021 and the date of authorisation of Company's consolidated financial statements.

51. Reconciliation of liabilities arising from financing activities pursuant to Ind AS - 7 Cash flows

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current borrowings	65.75	95.63
Lease Liabilities (including current portion)	27.20	37.88
Non-current borrowings (including current maturities)	33.08	32.49
Net debt	**126.03**	**166.00**

The changes of the Group's liabilities arising from financing activities can be classified as follows:

Particulars	Current borrowings	Lease Liabilities	Non-current borrowings
Net debt as at 1st April 2019	**63.49**	**-**	**56.84**
Lease Liabilities recognised under Ind AS 116 at 1st April 2019	-	51.00	-
Interest on lease liabilites	-	4.56	-
Cash flows	32.14	(17.68)	(24.87)
Non-cash adjustments - Fair value adjustments	-	-	0.53
Net debt as at 31st March, 2020	**95.63**	**37.88**	**32.50**
Interest on lease liabilites	-	2.99	-
Cash flows	(29.88)	(13.67)	(0.34)
Non-cash adjustments - Fair value adjustments	-	-	0.92
Net debt as at 31st March, 2021	**65.75**	**27.20**	**33.08**

(Amounts in ₹ Crores, unless otherwise stated)

52. Disclosure of additional information pertaining to the Holding Company and Subsidiaries as per Schedule III of Companies Act, 2013

Particulars	Net assets as at 31st March, 2021		Share in profit or loss (Including OCI) for the year 2020-21		Share in other comphrensive income (OCI) for the year 2020-21		Share in total comphrensive income for the year 2020-21	
	As % of consolidated net assets	Net assets (Total assets minus total liabilities)	As % of consolidated profit or loss	Profit/(Loss)	As % of consolidated OCI	OCI	As % of consolidated total comprehensive income	Total comprehe-nsive income
A. Holding company								
Kajaria Ceramics Limited	97.14%	1,878.20	97.69%	301.75	72.73%	0.16	97.67%	301.91
B. Subsidiaries								
Jaxx Vitrified Private Limited	0.53%	10.19	0.88%	2.72	31.82%	0.07	0.90%	2.79
Vennar Ceramics Limited	1.91%	36.88	0.42%	1.31	4.55%	0.01	0.43%	1.32
Kajaria Tiles Private Limited	0.66%	12.73	1.69%	5.23	4.55%	0.01	1.70%	5.24
Cosa Ceramics Private Limited	3.48%	67.29	-1.48%	(4.56)	4.55%	0.01	-1.47%	(4.55)
Kajaria Bathware Private Limited	3.56%	68.85	3.83%	11.83	-18.18%	(0.04)	3.81%	11.79
Kajaria Plywood Private Limited	-0.89%	(17.19)	-3.41%	(10.53)	0.00%	-	-3.41%	(10.53)
Non-controlling interests in all subsidiaries	3.34%	64.60	0.28%	0.85	4.55%	0.01	0.28%	0.86
Elimination on account of consolidation	-97.3%	(188.09)	0.09%	0.30	-4.55%	(0.01)	0.09%	0.29
Total	**100.00%**	**1,933.46**	**100.00%**	**308.90**	**100.00%**	**0.22**	**100.00%**	**309.12**

Particulars	Net assets as at 31st March 2020		Share in profit or loss for the year 2019-20		Share in other comphrensive income (OCI) for the year 2019-20		Share in total comphrensive income for the year 2019-20	
	As % of consolidated net assets	Net assets (Total assets minus total liabilities)	As % of consolidated profit or loss	Profit/(Loss)	As % of consolidated OCI	OCI	As % of consolidated total comprehensive income	Total comprehe-nsive income
A. Holding company								
Kajaria Ceramics Limited	97.30%	1,729.96	109.97%	278.80	88.00%	(0.66)	110.03%	278.14
B. Subsidiaries								
Jaxx Vitrified Private Limited	0.42%	7.40	-1.40%	(3.56)	-	-	-1.41%	(3.56)
Vennar Ceramics Limited	2.00%	35.56	0.17%	0.42	9.33%	(0.07)	0.14%	0.35
Kajaria Tiles Private Limited	0.42%	7.49	-0.80%	(2.03)	-	-	-0.80%	(2.03)
Cosa Ceramics Private Limited	4.04%	71.85	-0.06%	(0.15)	-	-	-0.06%	(0.15)
Kajaria Bathware Private Limited	3.25%	57.70	-2.03%	(5.15)	5.33%	(0.04)	-2.05%	(5.19)
Kajaria Plywood Private Limited	-0.37%	(6.66)	-4.04%	(10.24)	-2.67%	0.02	-4.04%	(10.22)
Non-controlling interests in all subsidiaries	3.58%	63.74	-0.71%	(1.80)	5.33%	(0.04)	-0.73%	(1.84)
Elimination on account of consolidation	-10.64%	(189.03)	-1.10%	(2.76)	-5.32%	0.04	-1.08%	(2.72)
Total	**100.00%**	**1,778.01**	**100.00%**	**253.53**	**100.00%**	**(0.75)**	**100.00%**	**252.78**

Notes on the Consolidated Financial Statement for the year ended 31st March, 2021

(Amounts in ₹ Crores, unless otherwise stated)

53. Post the outbreak of COVID-19, the Group has made an assessment of the likely adverse impact on economic environment in general and potential impact on its operations including the carrying values of its current and non current assets including property, plant and equipment's and other financial exposure. The Group has also evaluated its liability to meet the financial committments. The Group as of the reporting date has used internal and external sources on evaluation of the expected future performance of the Group and accordingly does not expect any long term adverse impact of COVID-19 on its ability to recover the carrying value of assets and meeting its financial obligation. However, given the nature of the COVID-19, the Group continues to monitor developments to identify and manage any significant uncertainties relating to its future economic outlook..

54. Scheme of Arrangement

The Board of the Directors of the Holding company in its meeting held on 26th August, 2019, passed a resolution to approve the Scheme of Amalgamation amongst Kajaria Tiles Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited), (Wholly-owned Subsidiary Company/Transferor Company) and Kajaria Ceramics Limited, (Holding Company/Transferee Company) and their respective shareholders and creditors" ("Scheme") on a going concern basis, with effect from 1st April 2019 or such other date as may be approved by the competent authority. The Holding company has received the order dated 3rd February 2020 from the National Company Law Tribunal, Chandigarh Bench, Chandigarh with respect to the first motion application filed by the Holding company and has filed necessary documents with the required regulatory authorities. Next hearing date has been scheduled on 30th July 2021. As the Scheme is pending with NCLT, no effect of the Scheme has been given in these consolidated financial statements.

55. The consolidated financial statements are approved for issue by the Board of Directors at its meeting conducted on 14th June, 2021.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Neeraj Sharma
Partner
Membership no. : 502103

Place: New Delhi
Date: 14th June, 2021

For and on behalf of the Board of Directors

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

NOTE

Kajaria

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