30 YEARS OF TRANSFORMATION

Kajaria

August 1, 2019

The National Stock Exchange of India Limited	**BSE Limited**
Exchange Plaza,	P.J. Towers,
Bandra Kurla Complex, Bandra (E)	Dalal Street, Fort,
Mumbai - 400 051	**Mumbai - 400001**

Dear Sirs,

We wish to inform you that the 33rd Annual General Meeting ('AGM') of the Company will be held on Monday, August 26, 2019 at 3:00 P.M. at Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon-122001. In this regard, we enclose a copy of the Notice of the 33rd AGM (alongwith Annual Report for the financial year 2018-19), 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 Tuesday, August 20, 2019 to Monday, August 26, 2019 (both days inclusive), for the purpose of AGM and determining eligibility of shareholders for dividend, subject to the approval of members at the AGM.

The Dividend on equity shares @ Rs. 3 per equity share of Re.1 each, as recommended by the Board of Directors, if declared at the AGM, will be paid on or before Tuesday, September 24, 2019 to those members whose names appear as:

(a) Beneficial Owners as at the end of business hours on Monday, August 19, 2019 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of shares held in electronic form; and

(b) Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before Monday, August 19, 2019.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Kajaria Ceramics Limited

KAJARIA CERAMICS LIMITED

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

Encl.: as above

KAJARIA CERAMICS LIMITED

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

NOTICE

NOTICE is hereby given that the 33rd (Thirty Third) Annual General Meeting of the members of Kajaria Ceramics Limited (the 'Company') will be held on Monday, 26th August, 2019 at 3.00 p.m. at Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana-122001, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company (including Audited Consolidated Financial Statements) for the financial year ended 31st March, 2019 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 31st March, 2019, the statement of profit and loss, the cash flow statement for the financial year ended on 31st March, 2019, notes to financial statements, reports of the Board and Auditors' thereon and the audited consolidated financial statements of the Company including the Balance Sheet as at 31st March, 2019, the statement of profit and loss, the cash flow statement for the financial year ended on 31st March, 2019, notes to financial statements, along with the Auditors' report thereon be and are hereby received, considered and adopted."

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

   "RESOLVED THAT a final dividend of Rs. 3/- per equity share of Re. 1/- each fully paid up for the financial year 2018-19 be and is hereby approved and declared."

3. 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 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:

4. To re-appoint Mrs. Sushmita Singha (DIN: 02284266) as an Independent Director of the Company

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

   "RESOVLED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with the 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 and on the recommendations of the Nomination and Remuneration Committee & the Board of Directors of the Company, Mrs. Sushmita Singha (DIN: 02284266), Independent Director, whose term of office shall expire on 29th March, 2020 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company for the second term of five consecutive years w.e.f. 30th March, 2020 upto 29th March, 2025 and who shall not be liable to be retire by rotation.

   RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorised to do such acts, deeds, matters and things as they may deem necessary."

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

Place: New Delhi
Date: 10th May, 2019

By Order of the Board
For Kajaria Ceramics Limited

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

NOTES:

1. The Explanatory Statement, pursuant to the provisions of Section 102 of the Companies Act, 2013 (the 'Act'), in respect of Special Business to be transacted at the 33rd Annual General Meeting (the '**AGM**' or '**Meeting**'), is annexed and forms part of this Notice.

2. Brief resume and other particulars of Mr. Dev Datt Rishi and Mrs. Sushmita Singha, 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.

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

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

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

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

5. Proxy form(s) must be duly completed, signed and stamped. Incomplete proxy forms are considered to be as invalid and the proxy so appointed shall not be entitled to vote on the resolution(s) in the AGM. A proxy holder needs to show his identity at the time of attending the Meeting. Further, in case, if the Company receive multiple proxies for the same holding of a member, the proxy which is dated last shall be considered valid, if it is not dated or bear the same date without mentioning specific time then all the proxies so send by the member shall be considered to be as invalid. During the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days of notice in writing is given to the Company.

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

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

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

9. As per the provision of Section 72 of the Act, the facility for making Nomination is available for the members in respect of their shareholding in the Company. 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**').

10. **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;

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

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

11. 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 will be available for inspection by the members at the AGM.

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

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

13. The Registers of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 20th August, 2019 to Monday, 26th August, 2019 (both days inclusive) in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the purpose of the AGM and determining names of the members eligible for dividend on equity shares, if declared.

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

    a) Whose names appear as Beneficial Owners in the list of Beneficial Owners as at the end of business hours on Monday, 19th August, 2019 to be furnished by National Securities Depository Limited ('**NSDL**') and Central Depository Services (India) Limited ('**CDSL**') in respect of shares held in electronic form; and

    b) Whose names appear as member in the Register of Members of the Company after giving effect to the valid transfers in physical forms lodged with the Company and the RTA of the Company on or before Monday, 19th August, 2019.

15. Members, who have not encashed their dividend warrant for the financial year 2011-12 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 helpdeskdelhi@mcsregistrars.com. However, all the unclaimed dividend pertaining to the financial years before the financial year 2011-12 have been transferred to the Investor Education and Protection Fund ('IEPF') as per the provision of Sections 124 & 125 of the Act. Members may please note that no claim shall lie against the Company in respect of dividend which remains unclaimed/ unpaid for a period of seven years from the date it is lying in the unpaid dividend account.

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

16. 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 4,17,094 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 financial year 2018-19: 53,362 equity shares and during the financial year 2017-18: 3,63,732 equity shares), to IEPF Authority.

    Pursuant to the IEPF Rules, the unclaimed dividend for the financial year 2011-12 will become due for transfer to the IEPF Authority on12th August, 2019 (i.e. Due date) and accordingly, both the unclaimed dividend and corresponding shares will be transferred to the IEPF Authority within 30 days from the Due date.

    Further, in compliance of the IEPF Rules, the Company has communicated individually to the concerned Members and also through newspaper advertisement on 1st May, 2019 in respect to transfer of shares against which the dividend has not been paid/claimed by such Member for 7 consecutive years (F.Y. 2011-12 to 2017-18). The Company has uploaded the details of such Members and shares due to be transferred to IEPF Authority on its website i.e. www.kajariaceramics.com. The Members may kindly note that both the unclaimed dividend and corresponding shares transferred to IEPF Authority including all benefits accruing on such shares, if any, can be claimed back by them from IEPF Authority after following the procedure prescribed by the IEPF Rules.

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

17. The SEBI has mandated the submission of Permanent Account Number ('PAN') by every participant in the securities market. However, the members having their shareholding in the Demat form are requested to provide their PAN details to their respective DPs and those who have shares in physical mode are requested to provide their PAN details to the Company or the RTA of the Company.

18. (a) The electronic copy of the Annual Report with the Notice of the AGM (alongwith Proxy Form, Attendance Slip and Route Map to the AGM Venue) for the financial year ended 31st March, 2019 is being sent to all the members whose email IDs are registered with the Company / DPs unless any member has requested for a physical copy of the same. For Members, who have requested for physical copy or who have not registered their email address, physical copies of the Annual Report with the Notice of the AGM (alongwith Proxy Form, Attendance Slip and Route Map to the AGM Venue) is being sent through permitted mode.

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

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

20. The Notice of AGM (alongwith Proxy Form, Attendance Slip and Route Map to the AGM Venue) and the Annual Report for the year ended 31st March, 2019 are available at the Company's website www.kajariaceramics.com. The Notice of the AGM is also available on www.evoting.nsdl.com

21. The Company has dedicated E-mail 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.

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

23. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and SS-2 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including amendments thereto), the Company is pleased to provide facility to the members to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the items of business given in the Notice of the AGM may be transacted through e-voting services. The facility of casting vote through e-voting system from a place other than venue of the AGM (the 'remote e-voting') will be provided by National Securities Depository Limited ('NSDL').

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

24. The remote e-voting period commences at 9:00 a.m. (IST) on Friday, 23rd August, 2019 and ends at 5:00 p.m. (IST) on Sunday, 25th August, 2019 During this period, members of the Company holding shares either in physical form or in dematerialized form, as on Cut-off date of Monday, 19th August, 2019 ('**Cut-off date'**), may cast their vote by remote e-voting. No remote e-voting shall be allowed beyond the aforesaid date and time and the remote e-voting module shall be disabled for voting upon expiry of the aforesaid period. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

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

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

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

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

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

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

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

(iv) User ID details are given below:

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

(v) Password details are given below:

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

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

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

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

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

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

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

(vii) Login can also be made using OTP (One Time Password) for casting the vote on the e-voting system of NSDL.

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

(ix) Now, click on 'Login' and the Home page of e-voting will open.

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

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

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

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

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

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

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

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

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

General Guidelines for e-voting:

i. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority Letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the 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 www.evoting.nsdl.com to reset the password.

26. The Voting Rights (for voting through remote e-voting as well as polling through Ballot paper) shall be reckoned on the paid up value of the shares registered in the name of the members as on the Cut- off date i.e. Monday, 19th August, 2019.

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

28. Any person, who 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. Monday, 19th August, 2019, may obtain the login ID and password by sending a request (alongwith Name, Folio No./DP ID-Client ID, as the case may be and shareholding) at evoting@nsdl.co.in or helpdeskdelhi@mcsregistrars.com or admin@mcsregistrars.com

    In case of any queries connected with voting by electronic means, you may refer the frequently Asked 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. 1800-222-990.

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

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

31. The Board of Directors of the Company has appointed Mr. Rupesh Agarwal (Membership No.: ACS 16302, CP No.: 5673) or failing him Mr. Shashikant Tiwari (Membership No. ACS 28994, CP No.: 13050), Partners, 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 Ballot paper process in a fair and transparent manner.

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

33. The Scrutiniser shall immediately after the conclusion of the Meeting, will first count the votes, cast at the Meeting and thereafter unlock 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, to the Chairman or a person authorised by him, who shall counter sign the same.

34. 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.

35. Subject to receipt of requisite number of votes, the resolutions set out in the Notice of the AGM shall be deemed to be passed at the 33rd AGM scheduled to be held on Monday, 26th August, 2019.

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

ITEM NO. 4

Pursuant to the provisions of the Companies Act, 2013 ("**the Act**') read with the other applicable laws/regulations, Mrs. Sushmita Singha (DIN: 02284266) was appointed as an Independent Director of the Company for a period of five consecutive years effective from 30th March, 2015. Thus, her existing tenure will expire on 29th March, 2020.

Section 149(10) of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 ('**Rules**') provides that an Independent Director shall hold office for a term upto five consecutive years on the Board of a company but shall be eligible for re-appointment for another term upto five consecutive years on passing of a special resolution by the company. An Independent Director will not be liable to retire by rotation. Regulation 17(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**the Listing Regulations**") also provides regarding the requirements to have atleast one Independent Woman Director on the Board of the company.

The Board of Directors of the Company ('the Board') consider that the continued association of Mrs. Sushmita Singha would be of immense benefit to the Company and it is desirable to continue to avail her services as the Independent Director of the Company. The Board has, based on the recommendation of the Nomination and Remuneration Committee, carried out the evaluation of her performance, in accordance with the Nomination and Remuneration Policy of the Company and fulfillment of criteria specified under the Listing Regulations read with the Act and accordingly, the Board expressed its satisfaction with her performance and contribution to the Company in the capacity of the Independent Director of the Company.

The Company has received notice in writing from the member under Section 160 of the Act proposing the candidature of Mrs. Sushmita Singha for the office of Director of the Company. She is not disqualified from being appointed as Director in terms of Section 164 of the Act and the Company has also received a declaration from Mrs. Sushmita Singha that she meets the criteria of independence as specified under Section 149(6) read with Schedule IV of the Act and Regulations 16(1)(b) & 25(8) of the Listing Regulations and her consent to act as an Independent Director. In the opinion of the Board, she fulfils the criteria/conditions specified in the Act read with the Rules made thereunder and the Listing Regulations for her re-appointment as an Independent Director of the Company and she is independent of the management of the Company.

Keeping in view of her rich experience and contributions throughout her tenure & meeting the criteria of independence and on the recommendations of the Nomination and Remuneration Committee, the Board considered the continuity of her directorship as justified and recommends to re-appoint Mrs. Sushmita Singha as an Independent Director of the Company for second term to be effective from 30th March 2020 to 29th March, 2025 and who shall not be liable to retire by rotation.

The terms and conditions of re-appointment of Mrs. Sushmita Singha will be available for inspection by the members of the Company at the Registered Office and the Corporate Office of the Company, during the working hours on working days upto and including the date of 33rd Annual General Meeting of the Company. The said terms and conditions are also available at the Company's website www.kajariaceramics.com. The disclosures prescribed under the applicable provisions 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 this Notice.

As per the circular of BSE Limited and National Stock Exchange of India Limited relating to the 'Enforcement of SEBI Orders regarding appointment of Directors by the listed companies dated 20th June, 2018, Mrs. Sushmita Singha is not debarred from holding the office of Director pursuant to any SEBI order or any other such statutory authority. Accordingly, the Board recommends the resolution in relation to re-appointment of Mrs. Sushmita Singha as the Independent Director of the Company, for the approval by the members of the Company, by way of Special Resolution.

Mrs. Sushmita Singha and her relatives may be deemed to be concerned or interested in the resolution as set out in Item No. 4 of this Notice with regard to her re-appointment. None of the other Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the said Special Resolution, except to the extent of their shareholding in the Company, if any.

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

Place: New Delhi
Date: 10th May, 2019

By Order of the Board
For Kajaria Ceramics Limited

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

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 re-appointed:

Name of Directors	Mr. Dev Datt Rishi (DIN: 00312882)	Mrs. Sushmita Singha (DIN: 02284266)
Date of Birth	5th August, 1949	13th May 1964
Age as on 31st March, 2019	70 Years	55 years
Date of first appointment on the Board of the Company	14th January, 2015	30th March, 2015
Qualification	B.Sc. (Engineering), Chemical Hons. Graduate, Diploma in Management	Post graduate in English from Patna University, 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.
Experience	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.	She has over 30 years of experience in the industry, international organizations and development sector. 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 the President of MA. (My Anchor Foundation), an NGO working in development sector in India. She is also an honorary member of BRICS Chamber of Commerce. She also serves on the Boards of other companies.
Terms and conditions of re-appointment	Mr. Dev Datt Rishi will continue to be the Non-Executive Director of the Company.	As mentioned in explanatory statement of the Notice.
Remuneration sought and last drawn	<u>Remuneration Sought:</u> No remuneration will be payable except sitting fees for attending the Board and its Committee meetings. <u>Remuneration last drawn as Non-executive Director:</u> As mentioned in the Corporate Governance Report.	<u>Remuneration Sought:</u> No remuneration will be payable except sitting fees for attending the Board and its Committee meetings. <u>Remuneration last drawn as an Independent Director:</u> As mentioned in the Corporate Governance Report.
Shareholding in the Company as on 31st March, 2019	624 equity shares	NIL
Relationship with other Directors and Key Managerial Personnel of the Company	He is not related to other Directors and Key Managerial Personnel of the Company	She is not related to other Directors and Key Managerial Personnel of the Company
Nos. of Board Meetings attended during the financial year 2018-19	6 (Six)	6 (Six)
Directorships held in other Public Limited Companies including other Listed Companies as on 31st March, 2019	NIL	• Ginni International Limited • Greenpanel Industries Limited
Chairmanships / Memberships- of the Committee of Board of Directors of the Company as on 31st March, 2019*	NIL	She is the Chairperson of the Stakeholders Relationship Committee of the Company
Chairmanships / Memberships of the Committee of the Board of Directors of other Public Limited Companies as on 31st March, 2019*	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.

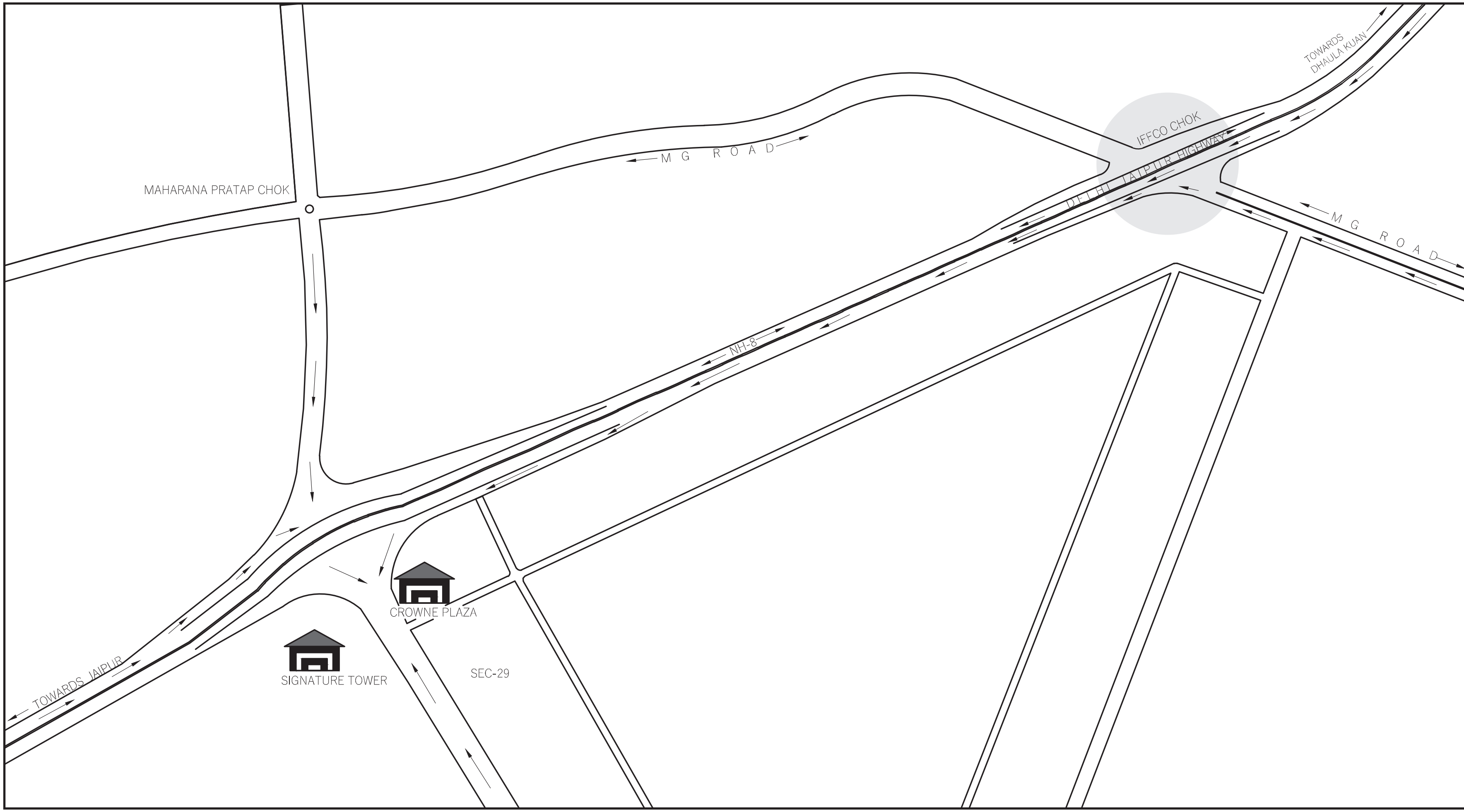
Registered Office: SF-11, Second Floor, JMD Regent Plaza,
Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon,
Haryana-122001

Place: New Delhi
Date: 10th May, 2019

By Order of the Board
For Kajaria Ceramics Limited

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

ROUTE MAP TO AGM VENUE



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KAJARIA CERAMICS LIMITED

[CIN: L26924HR1985PLC056150]

Registered Office: SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana-122001 **Phone:** +91-124-4081281

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

Phone: +91-11-26946409 **Fax:** +91-11-26946407

E-mail: investors@kajariaceramics.com **Website:** www.kajariaceramics.com

FORM NO. MGT-11
Proxy Form

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

Name of the member(s):____

Registered address :____

E-mail ID :____

Folio No./Client ID-DP ID*:____

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

1 Name: ________________________Address: ________________________

E-mail ID: ________________________Signature: ________________________Or failing him

2 Name: ________________________Address: ________________________

E-mail ID: ________________________Signature: ________________________Or failing him

3 Name: ________________________Address: ________________________

E-mail ID: ________________________Signature: ________________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd ANNUAL GENERAL MEETING of the Company, to be held on Monday, 26th August, 2019 at 3.00 p.m. at Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana-122001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution(s)	Vote *(Optional, see Note 4)* *(Please mention no. of shares)*		
		For	Against	Abstain
Ordinary Business				
1	To receive, consider and adopt Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the financial year ended on 31st March, 2019 and Reports of the Board of Directors and Auditors thereon			
2	To declare a dividend of Rs. 3/- per equity share			
3	To re-appoint Mr. Dev Datt Rishi (DIN:00312882), who retires by rotation			
Special Business				
4	To re-appoint Mrs. Sushmita Singha (DIN: 02284266) as an Independent Director of the Company			

Signed this ___________ day of ________________ 2019

Affix Revenue Stamp of Re. 1/-

Signature of Proxy holder(s) ______________________ Signature of Member ________________

Notes:

1. This Proxy Form, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than forty-eight hours before the commencement of the 33rd Annual General Meeting.
2. A member entitled to attend and vote is entitled to appoint proxy to attend and on poll, to vote instead of himself/herself. A proxy need not be a member of the Company.
3. If the Company receives multiple proxies for the same holdings of a member, the proxy which is dated last shall be considered valid and if they are not dated or bear the same date without specific mention of time, all such multiple proxies shall be treated as invalid.
4. It is optional to indicate your preference. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
5. Signature of member should be across a Revenue Stamp of Re. 1.
6. * Applicable for shares held in dematerialized form.

KAJARIA CERAMICS LIMITED

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

ATTENDANCE SLIP

33RD ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the 33RD ANNUAL GENERAL MEETING of the Company held on Monday, 26th August, 2019 at 3.00 p.m. at Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana-122001.

ELECTRONIC VOTING (E-VOTING) PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD / PIN

....	....	....
Member's Folio/DP ID-Client ID No.*	Member's/Proxy's Name in Block Letters	Member's/ Proxy's Signature

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

Commencement of remote e-voting	From 09:00 A.M. (IST) on Friday, 23rd August, 2019
Ending of remote e-voting	Upto 05:00 P.M. (IST) on Sunday, 25th August, 2019

Notes:

1. The Attendance Slip should be completed by mentioning therein Name, Folio No. / DP ID-Client ID No. with signature and thereafter, please hand it over the same at the Attendance Verification Counter at the ENTRANCE OF THE MEETING.
2. * Applicable for shares held in dematerialized form.
3. Electronic copy of the Annual Report for the financial year 2018-19 and the Notice of the 33rd Annual General Meeting ('AGM') along with the Attendance Slip, Proxy Form & Route Map to AGM venue are being sent to all the members whose e-mail are registered with the Company / Depository Participant unless any member has requested for a physical copy of the same. Members who has received electronic copy of the Annual Report, etc. as above said and is attending the AGM can carry printed copy of this Attendance Slip.
4. Physical copy of the Annual Report for the financial year 2018-19 and Notice of the AGM along with Attendance Slip, Proxy Form and Route Map to AGM venue is being sent through permitted mode to all members whose e-mail are not registered or who have requested for physical copies of the same.

Kajaria

MORE

KAJARIA CERAMICS LIMITED

Annual Report 2018-19

CONTENTS

THE SPIRIT OF PUSHING BOUNDARIES.

THE DRIVE OF ENVISIONING THE NEW.

THE MINDSET OF NOT SETTLING FOR WHAT'S FORMULAIC.

THE PRACTICE OF ALWAYS STRIVING FOR...

more

It's beyond incremental changes.

More is as much about expanding wide as it is about delving deep.

More demands Patience. Passion. Conviction.

More doesn't let you rest on your past laurels.

More redefines your journey at every trajectory.

More keeps you going, long after everyone else has sought comfort in complacency.

AT KAJARIA,

MORE

HAS BEEN THE PRIMARY CATALYST IN OUR JOURNEY THIS FAR. AND WILL CONTINUE TO BE THE FUNDAMENTAL COMPONENT OF OUR SUSTAINABLE GROWTH.

IT DEFINES OUR CULTURE.
IT FOCUSES ON OUR TRAJECTORY.
IT SETS US APART.

It's what enables us to innovate better than we had done before.

It's what pushes us to utilise resources much more efficiently.

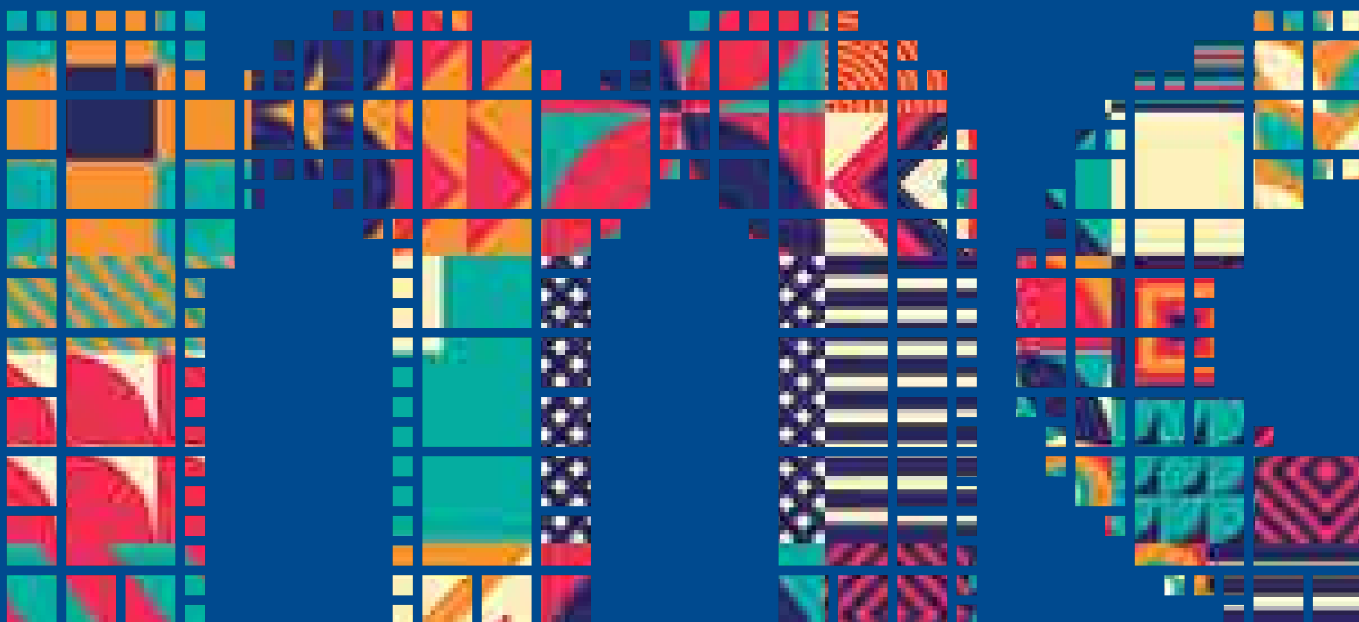
It's what fuels our passion for creating the unthought-of.

It's why we strive to create a diverse and engaging workplace.

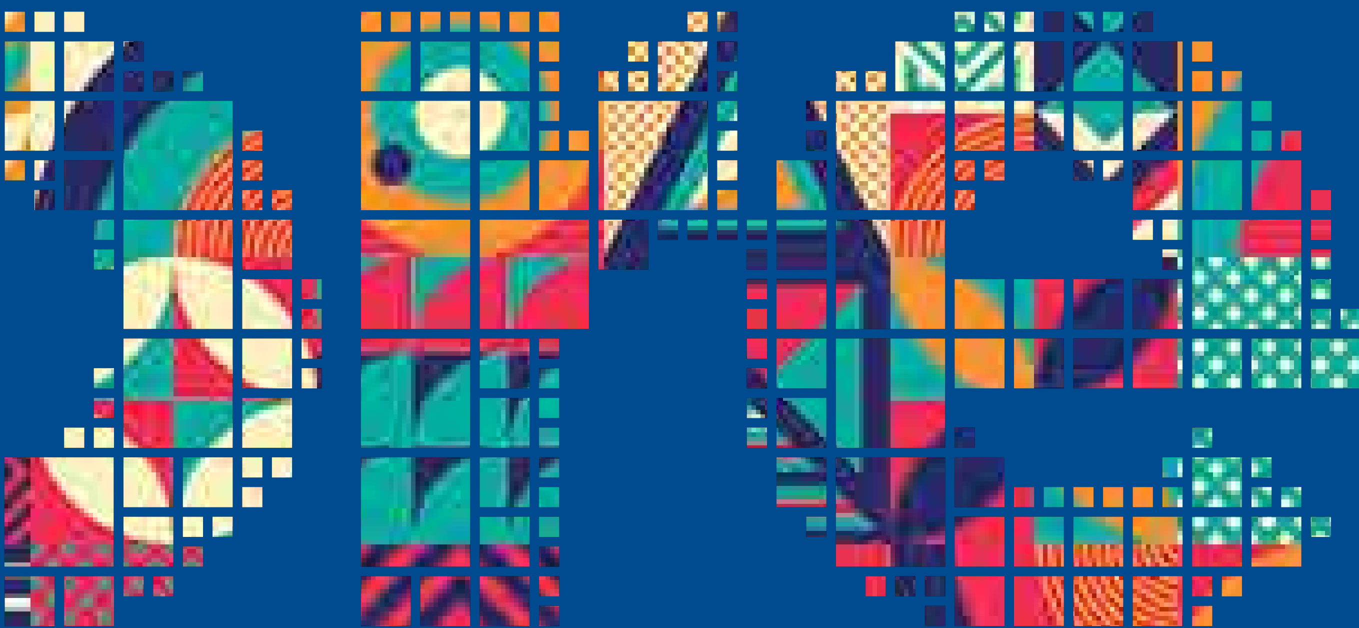
It's why we deliver long-term economic returns that encourage stakeholders to remain connected with us.

It's why we're at the forefront of whatever we do.

EVERY DAY, WE STRIVE TO DELIVER MORE TO OUR DEALERS, OUR CUSTOMERS, OUR SHAREHOLDERS AND THE COMMUNITIES WHERE WE LIVE AND WORK.



...PRODUCTS THAN YOU CAN IMAGINE!



Awareness fuels aspiration.

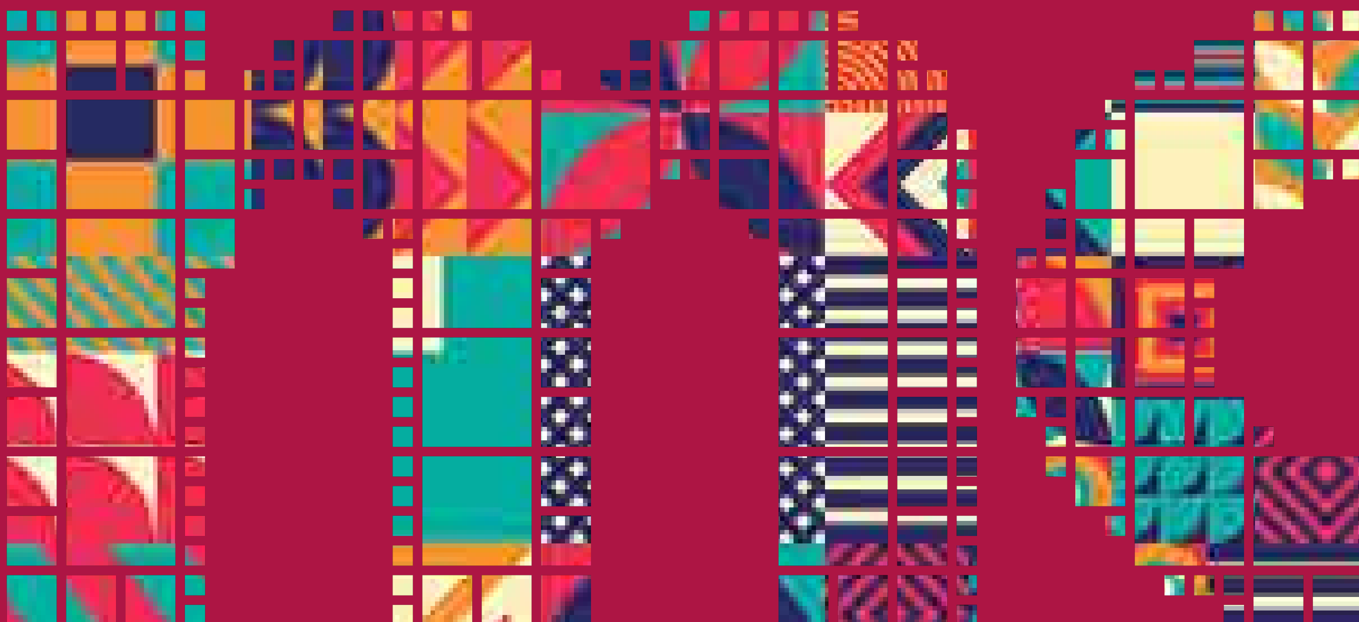
And what inspires aspiration, must keep evolving at all times, to keep pace with changing tastes of consumers.

Hence, despite possessing the largest and most diverse product basket, we continued to rejuvenate our product offering.

Because, we realise that tiles have emerged as an important tool for enhancing any home's aesthetic appeal. Because, every household requires more than just tiles – they need multiple types of tiles, they need different sizes, they need different designs, colour & aesthetics. Because, we value our customers' diversity and preferences.

Our strong design team, continues to innovate new products that leave customers spellbound; variants that promise to add a unique touch of royalty to otherwise mundane spaces.

We take pride in our developments, fully knowing that it will become increasingly challenging as we move ahead. For, the more we impress customers that Kajaria is a 'one-stop-solution' with its unending range and eye-popping design, the more they'll expect from us.



...CLOSER THAN BEFORE!

Visibility creates recall.

And what nurtures recall, must sustain and evolve, to maintain a strong connect with the changing profile of decision makers.

Hence, despite having a large distribution network, we continued to entrench our presence deeper into every district and every Tier II and III town.

Because, we understand that houses are getting significantly better in smaller towns also. And we need to be around to add to their aesthetic appeal.

Because, we realise that now there are multiple decision-makers for tiles in a single household. And we need to connect with all of them.

Our branding team continued to strengthen our customer connect by intensifying on-the-street connect (on-ground activities), on-the-move connect (innovative social media presence) and in-house connect (branding on national media during high visibility events).

Further, our business development team continued to invest in uplifting dealer’s store ambience for providing our customers with a breath-taking experience.

We feel satisfied when our customers remain awestruck, despite knowing that we have only raised the bar for ourselves. For, the more we reach closer to customers, the more we will stand out of the clutter – gaining footfalls.

Know your company

KAJARIA CERAMICS

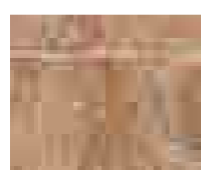
DELIVERING MORE THAN JUST TILES

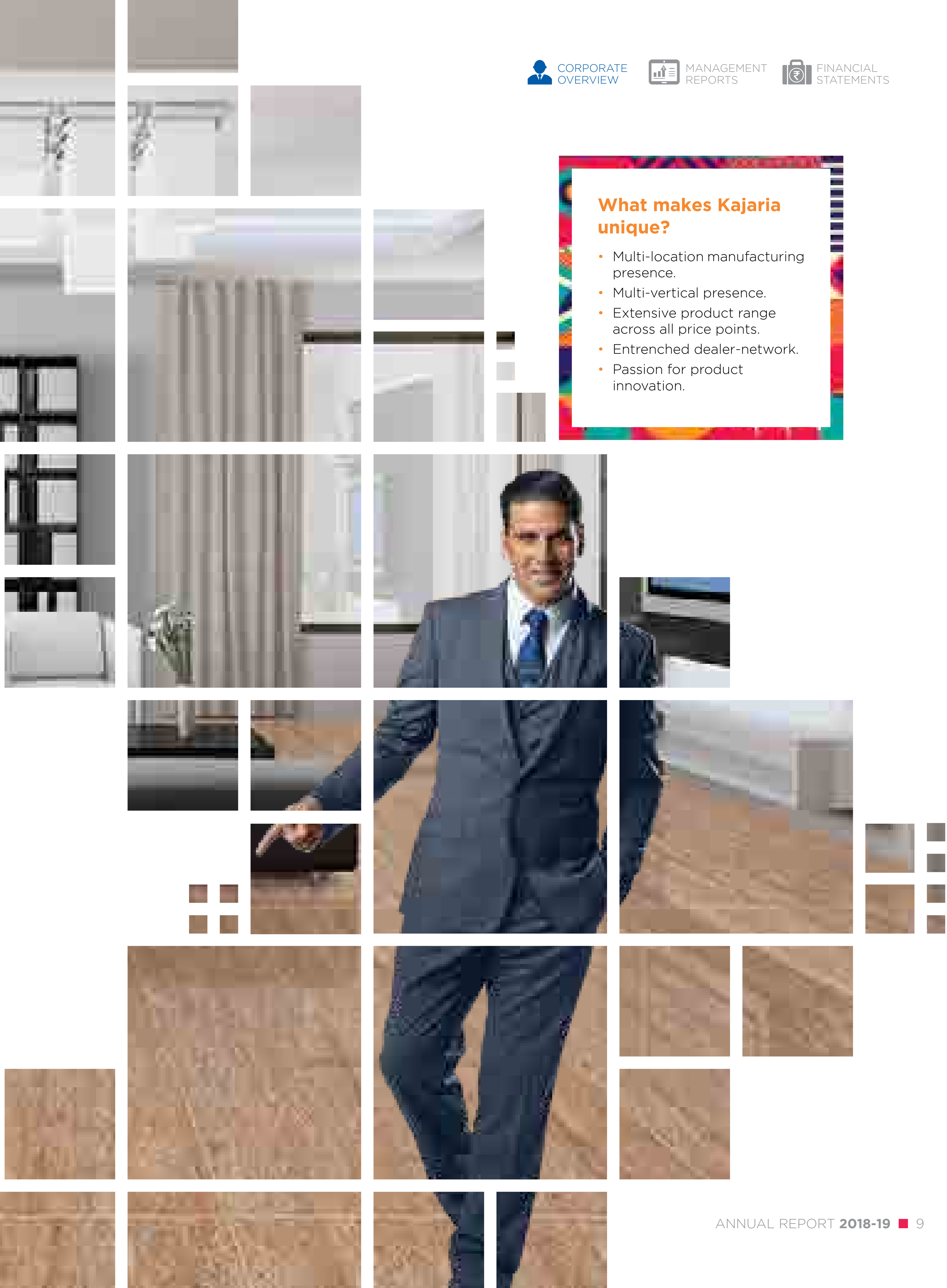
IN ONLY THREE DECADES, KAJARIA HAS BECOME THE 9TH LARGEST TILE COMPANY IN THE WORLD.

Headquartered at New Delhi, India, the Company's presence, straddles across the entire tile value chain – ceramic wall and floor tiles, polished and glazed vitrified tiles. The Company showcases its tiles pan-India, through its extensive and entrenched dealer network, providing customers with the widest choice in tiles across all price points.

The Company is spearheaded by the visionary entrepreneur, Mr. Ashok Kajaria, and his sons Mr. Chetan Kajaria and Mr. Rishi Kajaria, and ably supported by the management team comprising of experienced and efficient professionals.

In addition to tiles, Kajaria, through its subsidiary Kajaria Bathware, has a presence in bathroom solutions – sanitaryware and faucets – which are marketed under the 'Kerovit' brand. The Company has also entered into the plywood business through Kajaria Plywood (a subsidiary) during the year under review. Its products are marketed under the 'KajariaPLY' brand.



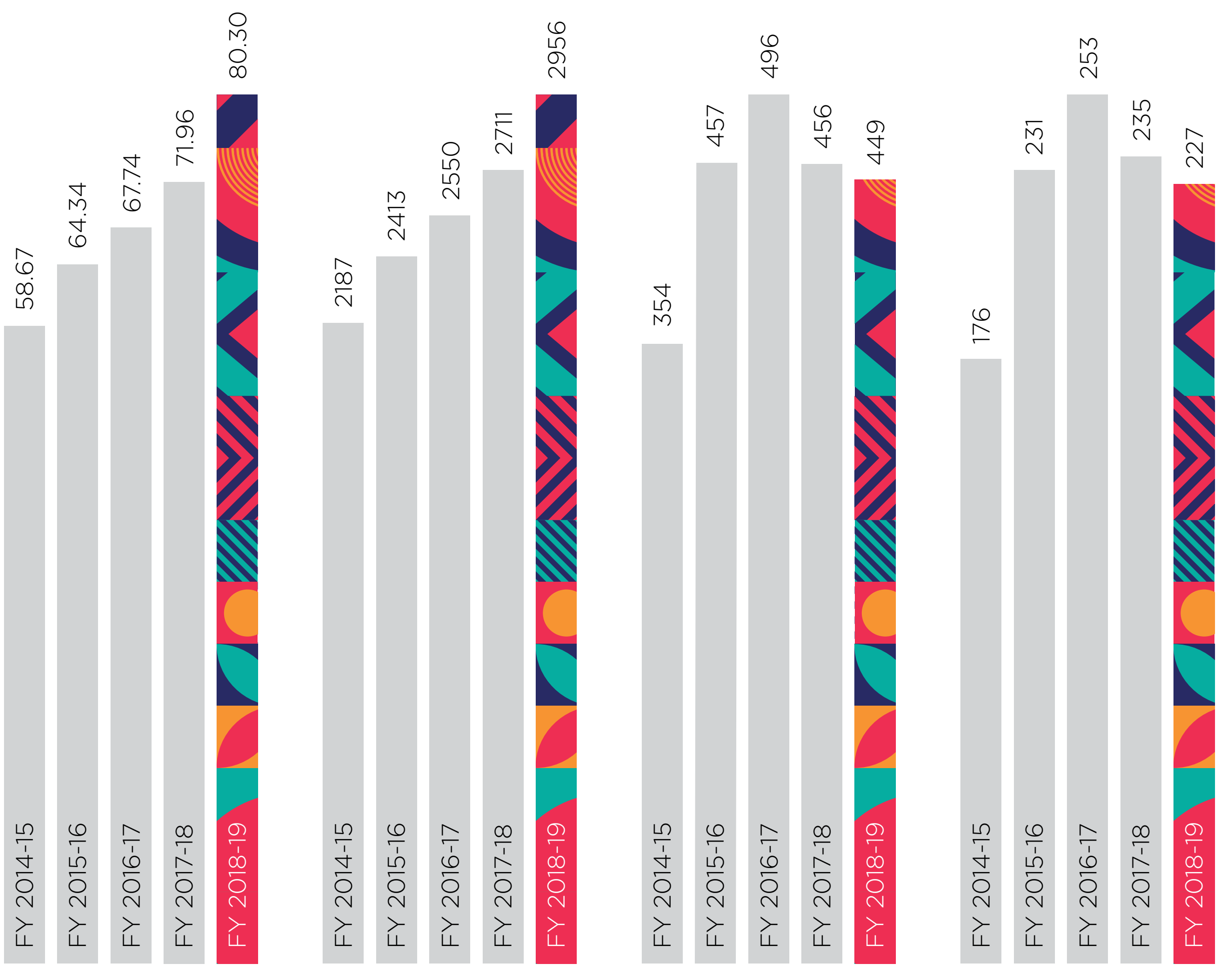


What makes Kajaria unique?

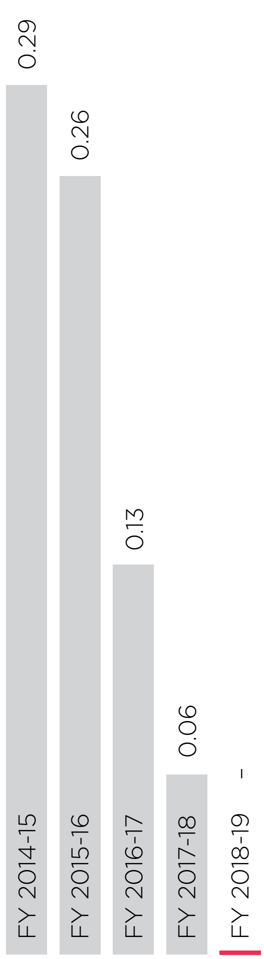
- Multi-location manufacturing presence.
- Multi-vertical presence.
- Extensive product range across all price points.
- Entrenched dealer-network.
- Passion for product innovation.

STRIVING FOR MORE HAS GOT US THIS FAR.

Sales Volume (MSM) | **Revenue** (₹ Crore) | **EBITDA** (₹ Crore) | **Net Profit** (₹ Crore)



Debt-equity
(Net)

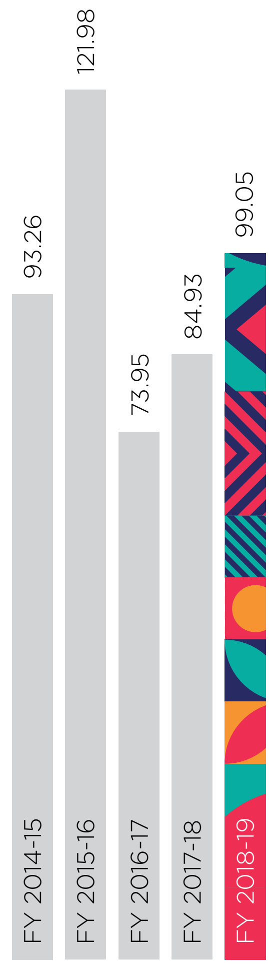


Dividend *
(₹ Crore)

*Including Dividend Distribution Tax

EBITDA margin
(%)

Book Value per share (₹)



“BEING

MORE

...IS THE PHILOSOPHY THAT TAUGHT US HOW TO START EACH DAY WITH RENEWED VIGOUR – TO STRIVE TOWARDS BEING BETTER TODAY, THAN WE WERE YESTERDAY.”

Ashok Kajaria
Chairman & Mg. Director

Chetan Kajaria
Joint Mg. Director

Dear Shareholders

What we feel and believe inside is what manifests on the outside. We believe that the real battleground is always in the mind. When we emerge victorious there, progress is a foregone conclusion.

This mental discipline has carried us through stiff headwinds that continued to decelerate the progress of the tile industry.

Even when demand remained subdued and competition intensified, we improved our sales volume and revenue. Even when gas prices remained high for most part of the year, we maintained business profitability. Even as liquidity issues continued to thwart India Inc.'s growth aspirations, we tightened our working capital and strengthened our financial statements further.

What made the year more satisfying was that our subsidiaries performed much better than the previous year.

Especially, our bathroom solution business – sanitaryware and faucets - reported healthy growth in sales along with considerable improvement in profitability. This was important as it demonstrates an increasing acceptance of our products.

Further, our new business vertical – plywood contributed ₹17 crore to the top line in its first year of operations.

Real estate... showing signs of improvement

We feel that the path forward is expected to get better. Our optimism stems from credible assumptions and important realities.

The Government is aware of the significance of the real estate sector in boosting the Indian economy owing to its close linkages with more than 250 related sectors. In keeping with this reality, the Government has strengthened its focus on uplifting the growth prospects of the real estate sector.

The improving sentiment of the real estate sector is evidenced in an interesting statistic. According to data from Cushman & Wakefield, investors have put in a record US$2.5 billion or ₹17,600 crore in the first quarter of 2019 (calendar year). The investment has not only more than doubled on a sequential basis, but it has also been the highest among first-quarter inflows since over a decade. This reposes the faith that the prospects of the real estate sector appear to improve over the medium term.

Further, reconstruction is emerging as an interesting opportunity. Multiple State Governments are working out legislations to smoothen the process of reconstructing dilapidated buildings.

Tiles...better days in store

We believe that we will see better days in the near term. For the Government has taken important steps to create a level playing field between the organised players and the informal sector.

- The National Green Tribunal (NGT), in March 2019, ordered all ceramic units that operate on coal gasifiers in Morbi, Gujarat to switch to gas.
- Intensified compliance to the GST regime by the informal players.

These factors should provide an impetus to national brands to increase their share in the sectoral pie.

Kajaria...focused on progress

Being at the top and sustaining our position there -- nobody said it would be easy. Nothing worth its salt, ever is.

But as is always said, whatever the circumstance, we always have a choice. And we have made our choice. We will endeavour to raise our performance bar higher with each passing year.

In keeping with this resolve, we have drawn a road map for the current year, which we believe will strengthen organisational stability and shore business profitability. It comprises of:

- Intensifying our focus on branding and awareness efforts by leveraging the social, print and electronic media.
- Increasing the proportion of exclusive showrooms in our distribution network even as we continue to entrench our presence in the Indian landmass.
- Maintaining our asset-light strategy for growing volumes.
- Growing the presence, awareness and availability of our bathroom solution products to sustain the growth momentum over the medium term.
- Widening the presence of our plywood business in key consuming markets.

Acknowledgement

As we step into 2019-20, we take this opportunity to express our sincere gratitude to our eminent Board, for their commitment and professionalism in paving Kajaria's long-term path.

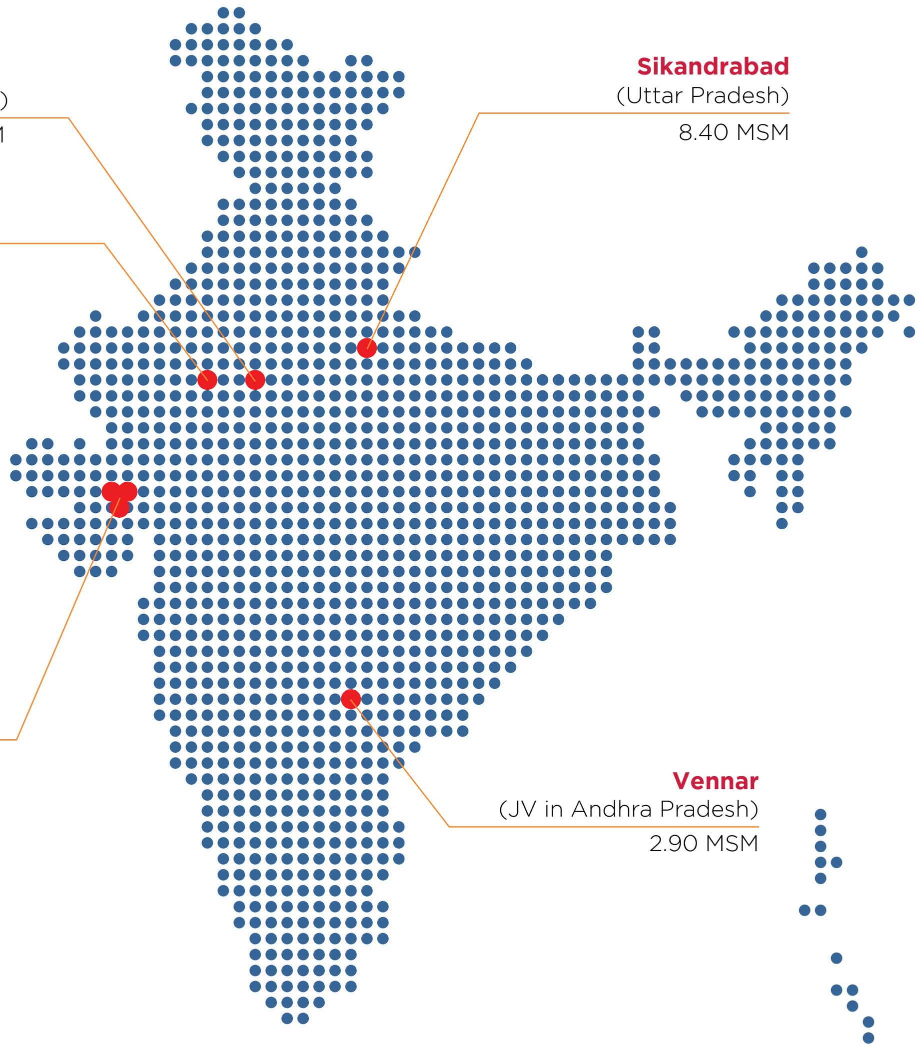
We place on record, our deep appreciation to all our valuable shareholders for their continued confidence and support. We thank the Central and State Governments for their support. We also thank all our suppliers and dealers, who continue to be our partners in growth. Lastly but most importantly, we whole-heartedly thank our executives and staff for their invaluable and unwavering dedication in contributing to Kajaria's growth.

Warm Regards

The Management Team

Rishi Kajaria
Joint Mg. Director

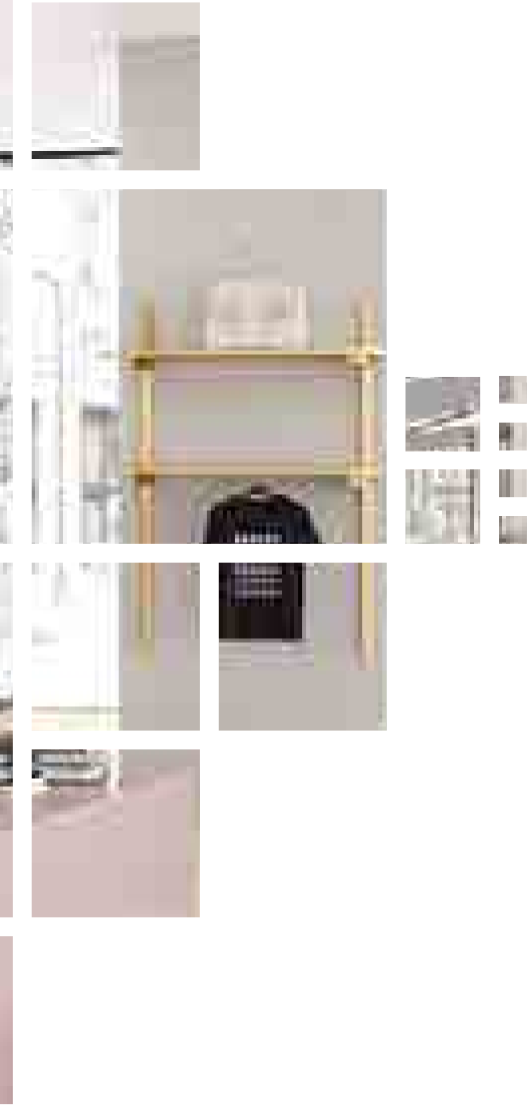
KAJARIA'S MULTI- LOCATIONAL MANUFACTURING PRESENCE



68 MSM

Total Manufacturing Capacity

MANAGEMENT DISCUSSION AND ANALYSIS



THE INDIAN ECONOMY

India's GDP decelerated a little, from 8.2% in 2016-17 to 7.2% in 2017-18 and touched 7% in 2018-19. And this has become a cause of concern for opinion makers. This is because fiscal 2018-19 which was looked upon as a year of considerable promise did not live up to expectations. Despite this slowdown, India continued to shine in the global village. It cemented its position as the fastest growing major economy in the world.

Furthermore, India's Industrial Production (IIP) contracted by 0.1% in March 2019, the lowest in 21 months, mainly due to the manufacturing sector slow down. On an annual basis, IIP growth slowed to a three-year low of 3.6% in the 2018-19 fiscal as against 4.4% in the previous fiscal.

Towards the close of the fiscal, the economy slowed a little. The Ministry of Finance in its Monthly Economic Report of March 2019 indicated that India's economy appears to have slowed down slightly in 2018-19. The approximate factors responsible for this slowdown include declining growth of private consumption, a tepid increase in fixed investment, and muted exports.

Fiscal 2018-19 had its share of positives.

- Revenue from Goods and Services Tax (GST) witnessed a 10% growth from the year-ago period at ₹1.13 trillion in April (for March 2019), the highest ever since its implementation. This is encouraging as it indicates that the tax base is increasing gradually with GST getting stabilised.
- India moved up by 23 places in the World Bank's Ease of Doing Business Index 2018 to the 77th rank.
- India has moved up one place to rank 43rd most competitive economy in the world in the IMD World Competitiveness Rankings.

Going forward, there continues to be optimism on India's growth prospects.

According to Moody's, the Indian economy is expected to grow at 7.3% in calendar years 2019 and 2020. The Government spending announced ahead of the general elections in 2019 is expected to support near-term growth.

The International Monetary Fund (IMF) has forecast India's GDP growth at 7.3% in 2019 (2019-20) and 7.5% in 2020. Their optimism is based on the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy.

Asian Development Bank and the RBI estimate GDP growth for 2019-20 at 7.2%.

India retains its position as the global shining star

India continues to retain its position as the world's fastest-growing major economy, on the back of improved investor confidence and better policy reforms. The IMF's database also suggested that India's contribution to world growth has increased from 7.6% during 2000-2008 to 14.5% in 2018.

THE GLOBAL TILE SECTOR

After a fairly dynamic performance in 2016, the global tile production and consumption saw weaker growth (around 2%) in 2017. The import-export flow continued its downward trend. After slowing in 2016, import-export flows dropped by 1.4% in 2017, the first fall since 2009.

China, the world's largest producer, consumer and exporter of ceramic tiles, saw a fall in both production and exports in 2017. In 2017, India strengthened its position as the world's second largest tile producer and consumer country. Production increased from 955 to 1,080 million sq.m (+13%), while domestic consumption fell by 3% to 760 million sq.m.

Top Manufacturing Countries **(sq. m. mill.)**

CY		2013	2014	2015	2016	2017	% on 2017 world production	% var. 17/16
1.	CHINA	5700	6000	5970	6495	6400	47.2	(1.5)
2.	INDIA	750	825	850	955	1080	8.0	13.1
3.	BRAZIL	871	903	899	792	790	5.8	(0.3)
4.	VIETNAM	300	360	440	485	560	4.1	15.5
5.	SPAIN	420	425	440	492	530	3.9	7.7
6.	ITALY	363	382	395	416	422	3.1	1.6
7.	IRAN	500	410	300	340	373	2.8	9.7
8.	TURKEY	340	315	320	330	355	2.6	7.6
9.	INDONESIA	390	420	370	360	307	2.3	(14.7)
10.	EGYPT	200	220	230	250	300	2.2	20.0
	TOTAL	**9834**	**10260**	**10214**	**10915**	**11117**	**82.0**	**1.9**
	TOTAL WORLD	**11980**	**12428**	**12460**	**13255**	**13552**	**100.0**	**2.2**

TOTAL

Production (MSM)	**13,552**
% of world production	100.0
% var. 17/16	+2.2
Consumption (MSM)	**13,270**
% of world production	100.0
% var. 17/16	+2.3

Top Consumption Countries (sq. m. mill.)

CY		2013	2014	2015	2016	2017	% on 2017 world production	% var. 17/16
1.	CHINA	4556	4894	4885	5475	5498	41.4	0.4
2.	INDIA	718	756	763	785	760	5.7	(3.2)
3.	BRAZIL	837	853	816	706	708	5.3	0.3
4.	VIETNAM	251	310	400	412	580	4.4	40.8
5.	INDONESIA	360	407	357	369	336	2.5	(8.9)
6.	USA	230	231	254	274	283	2.1	3.3
7.	TURKEY	226	215	234	241	254	1.9	5.4
8.	EGYPT	170	190	190	215	252	1.9	17.2
9.	MEXICO	187	197	218	235	242	1.8	3.0
10.	SAUDI ARABIA	235	244	263	248	203	1.5	(18.1)
	TOTAL	**7770**	**8297**	**8380**	**8960**	**9116**	**68.7**	**1.7**
	TOTAL WORLD	**11601**	**12132**	**12280**	**12973**	**13270**	**100.0**	**2.3**

THE INDIAN TILE SECTOR

The prevailing lacklustre environment in the real estate sector continued to thwart the progress of the Indian tile industry. As demand for tiles remained constrained, the informal sector intensified the competitive pressure. This impacted business profitability of the entire tile industry. Moreover, the increase in gas prices also curtailed business margins.

Although the industry is largely comprised of the informal sector epi-centered at Morbi, a small industrial town near Rajkot, the organised sector, through patient and passionate efforts in branding and product display, has been primarily instrumental in graduating the Indian tile industry to global standards. Despite facilitating this change, the progress of the organised sector remained constrained by the informal sector.

But this is expected to change. The Indian tile industry, the world's second largest, is expected to experience a shift in favour of the organised sector over the coming years. This shift is being contoured by policies and decisions that promise to create a level playing field between organised players and the informal sector.

While the launch of GST and the e-way bill facilitated in reducing the price differential partially, the recent Government notification heralds promising times for the organised sector.

The National Green Tribunal, in March 2019, ordered all ceramic tile units that operate on coal gasifiers in Morbi, Gujarat to switch to gas. This will reduce the price differential between the informal sector and their organised counterparts.

Various Government initiatives for infrastructure development, favourable demographics, growing aspirations and increasing affordability are expected to drive demand for tiles over the coming years especially for the branded players.

INDUSTRY – CHALLENGES AND PROSPECTS

OPPORTUNITIES

- Increased compliance (GST & e-way bill)- to favour organised sector.
- Capture larger market share- due to shift from unorganised to branded.
- Favourable macro-economic levers- Government initiatives such as "housing for all" and investment in infrastructure.
- Rising disposable income of an average Indian.

THREATS

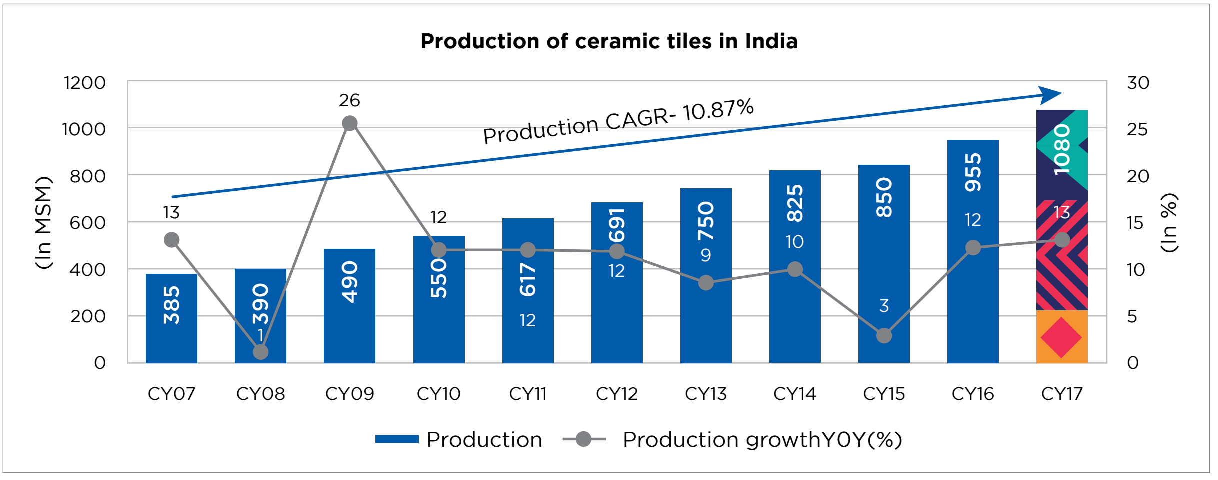
- Volatile fuel prices.
- Growing competitive intensity.
- Slowdown in real estate sector and general economy.

In a nutshell

- Production was 1,080 MSM as of CY 2017.
- Consumption was 760 MSM as of CY 2017.
- Export was 228 MSM as of CY 2017.
- The industry has been growing at a CAGR of 8-9% in the last 4-5 years but has de-grown marginally in FY2018 and 2019.

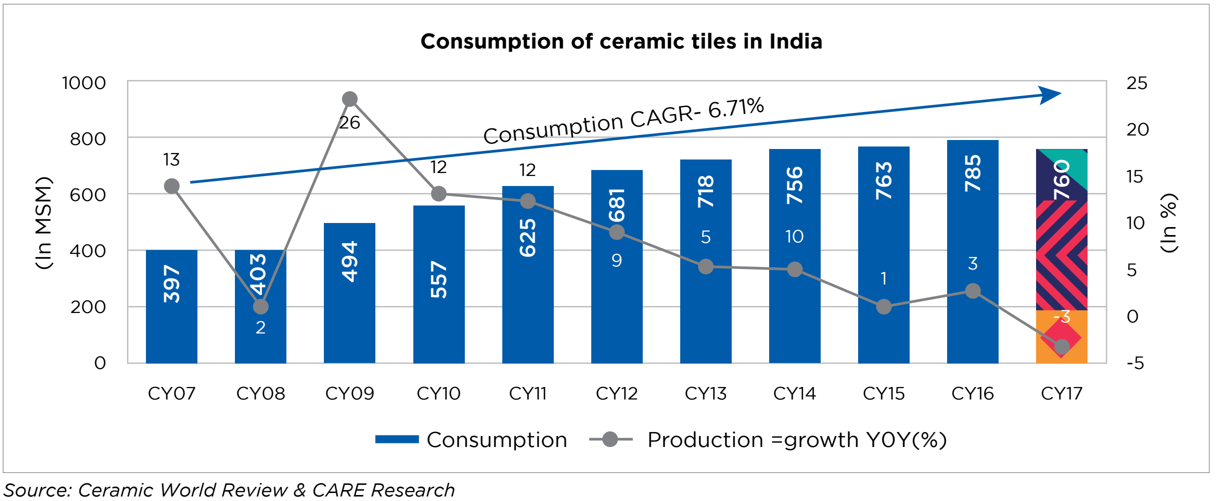
(Source: Ceramic World Review)

Production and YOY growth of Ceramic Tiles in India



Source: Ceramic World Review & CARE Research

Consumption and YOY growth of Ceramic Tiles in India



Source: Ceramic World Review & CARE Research

THE REAL ESTATE SECTOR

2018 added to the woes of the stressed real estate sector. At a time when India's real estate sector was aligning itself with the GST and RERA environment, the liquidity squeeze in the non-banking financial sector morphed into a liquidity crunch for the real estate industry. This dealt a body blow to the sector, curtailing its growth. But 2019 which has started on an interesting note, appears to be a mixed bag.

Residential segment: In 2019, the residential segment of the real estate could face liquidity issues owing to the lingering impact of the NBFC crisis. This could lead to real estate developers having to grapple with strained liquidity and a high cost of capital. If this transpires, it would further delay work resumption at their stalled projects.

Prices are likely to remain stagnant and developers will continue to focus on clearing existing inventory rather than launching new projects as they will also need to align with regulatory changes like Real Estate (Regulation and Development) Act, 2016 (RERA), Goods and Services Tax (GST) and overall muted demand.

As liquidity issues taper off, residential space should witness some recovery – but that would be at least 12-18 months away.

Commercial real estate: The commercial space in real estate is expected to remain the buoyant force in the real estate asset class. This is owing to the incumbent Government's proactive initiatives such as Make in India and the thriving start-up culture in the country, demand, and absorption for well-located office properties has been high. In addition, new sectors like co-working spaces are further expected to push the demand for commercial properties.

Experts suggest demand in office and retail sectors will continue to beat supplies, leading to lower vacancies and higher rental yields in 2019-20. Also, private equity participation is quite high in commercial assets, which lends more shine to this space.

The Logistics & Warehousing sector is expected to show significant traction in 2019 and beyond, owing to a large infusion of foreign capital (after the logistics sector was granted the infrastructure status).

Renewed interest in real estate: Higher participation of foreign investors in the first quarter of CY 2019 is a signal of sustained interest in the country's real estate story backed by increasing transparency and friendly investment policies. There are bright opportunities in the warehousing and logistics segment with office and retail sectors showing continued traction.

The office segment accounted for 44.8% of the total investments during the period, with US$1.14 billion or ₹7,925 crore. This was a 30% increase from a year ago, signalling the persistent investment appetite for quality office assets in the country.

The residential segment accounted for 20.9% of the overall private equity inflows at ₹3,697 crore during the quarter.

As a sum up, the year 2019 will be both challenging and opportunistic and the ones likely to succeed are those who embrace the changing market dynamics.

According to the report 'Real Estate Market Outlook 2019 - India' by CBRE, the real estate stock in India will reach 3.7 trillion sq ft at the end of this year (2019).

HOME LOAN SEGMENT

ON A CLOSER LOOK...EMPTY BUILDINGS POSSESS INTERESTING OPPORTUNITIES FOR THE BUILDING PRODUCTS SECTOR.

Stagnation in home sales should have led to sluggishness in the disbursement of home loans. However, that hasn't happened. The growth of bank home loans has been healthy. Moreover, home loans have been growing faster than the overall growth in bank loans.

This could be owing to the growing knowledge and awareness of the average Indian. One thing that Indians have learnt over the last few years, is not to buy a property that is under construction.

In fact, due to the lack of trust on builders, they are apprehensive even of buying residential properties that have been completed but are lying unoccupied with the builders.

High prices of properties have played their role in this as well. This explains the high number of unsold residential units across the eight big cities.

Interestingly, home buying continued to happen. And there appear to be two drivers for the same.

1) Actual home users are moving into societies, which are already occupied to some extent. Buyers are negotiating with investors (buyers of homes as an asset class) as they are a bit more amenable to price negotiations.

2) Affordable housing, backed by a series of Government sops during 2018, kept the residential demand-supply momentum ticking. While most real estate developers entered this segment to garner a share of this opportunity pie, Government sops fuelled demand.

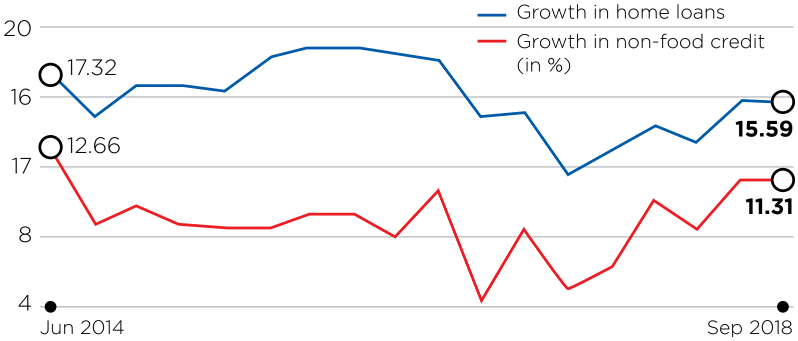
What does this mean for the Building Products sector?

This means that actual home users will move into their new homes, they will invest in their home aesthetics, they will purchase building products.

This signifies that even if institutional demand for building products remain stagnant over the near term, retail demand from end-users is expected to remain strong.

Home loans grow faster than bank loans

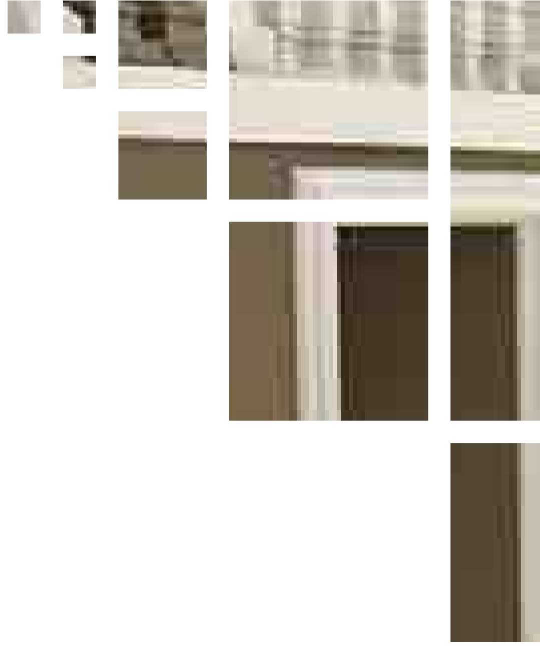
Since June 2014, growth of home loans has been faster than that of bank loans, During July-September 2018, outstanding home loans grew at 15.6%



(Source: Reserve Bank of India)

Reconstruction – an opportunity in the making

The President of India has recently given assent to three state bills, including a legislation which will smoothen the process of reconstructing dilapidated buildings or a complex of buildings in land-starved Mumbai. If this works, this could lead to other states following suit. Going forward, this little step could open a large opportunity for the building products sector.



CERAMIC

WALL & FLOOR TILES

This is the flagship division which, over the years, has transformed Kajaria from a tile brand to a household aspiration. Ceramic Wall and Floor tiles are manufactured in Rajasthan and Andhra Pradesh and outsourced from multiple quality conscious vendors in Gujarat, rolling out products in more than 17 sizes, a plethora of concepts and designs.

The division markets its basket through its wide and entrenched Pan-India dealer network. The Company recently created a new distribution channel of Dealers called 'Kajaria Prima Plus', showrooms exclusively selling its Ceramic Wall and Floor Tiles.

What we achieved in 2018-19

The division has made a healthy contribution to the overall business in 2018-19. The division registered a healthy double-digit growth as volumes scaled from 34.68 MSM in 2017-18 to 38.35 MSM in 2018-19. Net revenue increased by 8% from ₹ 1,041 crore in 2017-18 to ₹ 1,124 crore in 2018-19.

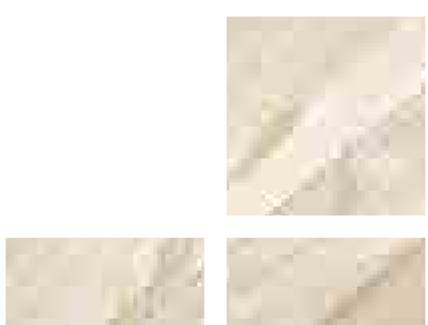
What kept us busy in 2018-19

The team worked on driving profitable business growth through the following initiatives:

- Launched the 60x120 cm Ceramic Floor tile size in a range of contemporary designs and finishes which evoked a healthy response from the dealer community.
- Added 35 Prima Plus showrooms in 2018-19 taking the total to 100, strengthening this distribution channel.
- Organised Caravaan Exhibitions Shows in multiple cities across India with a special emphasis on Tier 2 and Tier 3 Cities and Towns showcasing new designs and finishes supported by strong branding & product promotion activities.

What we have planned for 2019-20

The team will continue to strengthen the Prima Plus network with a target of doubling it to 200 by March 2021 – transforming this channel into its key showcase tool and growth driver over the coming years.



28.10
Capacity (MSM)

2,000
SKUs

38.35
Sales volume (MSM)

1,124
Revenue (₹ crore)

38
Contribution to the consolidated (%)

POLISHED
VITRIFIED TILES

This division has come a long way in emerging as an important business driver. Kajaria manufactures polished vitrified tiles, (soluble salts and double charged), at its facilities in Rajasthan and Morbi in diverse sizes, designs and finishes. The Company's products are marketed through its multi-format distribution channel pan-India.

What we achieved in 2018-19

The Company's sales volumes increased by 12% - from 22.74 MSM in 2017-18 to 25.37 MSM in 2018-19. Net revenue increased by 6% from ₹808 crore in 2017-18 to ₹855 crore in 2018-19 – even as the PVT sector registered a de-growth.

What kept us busy in 2018-19

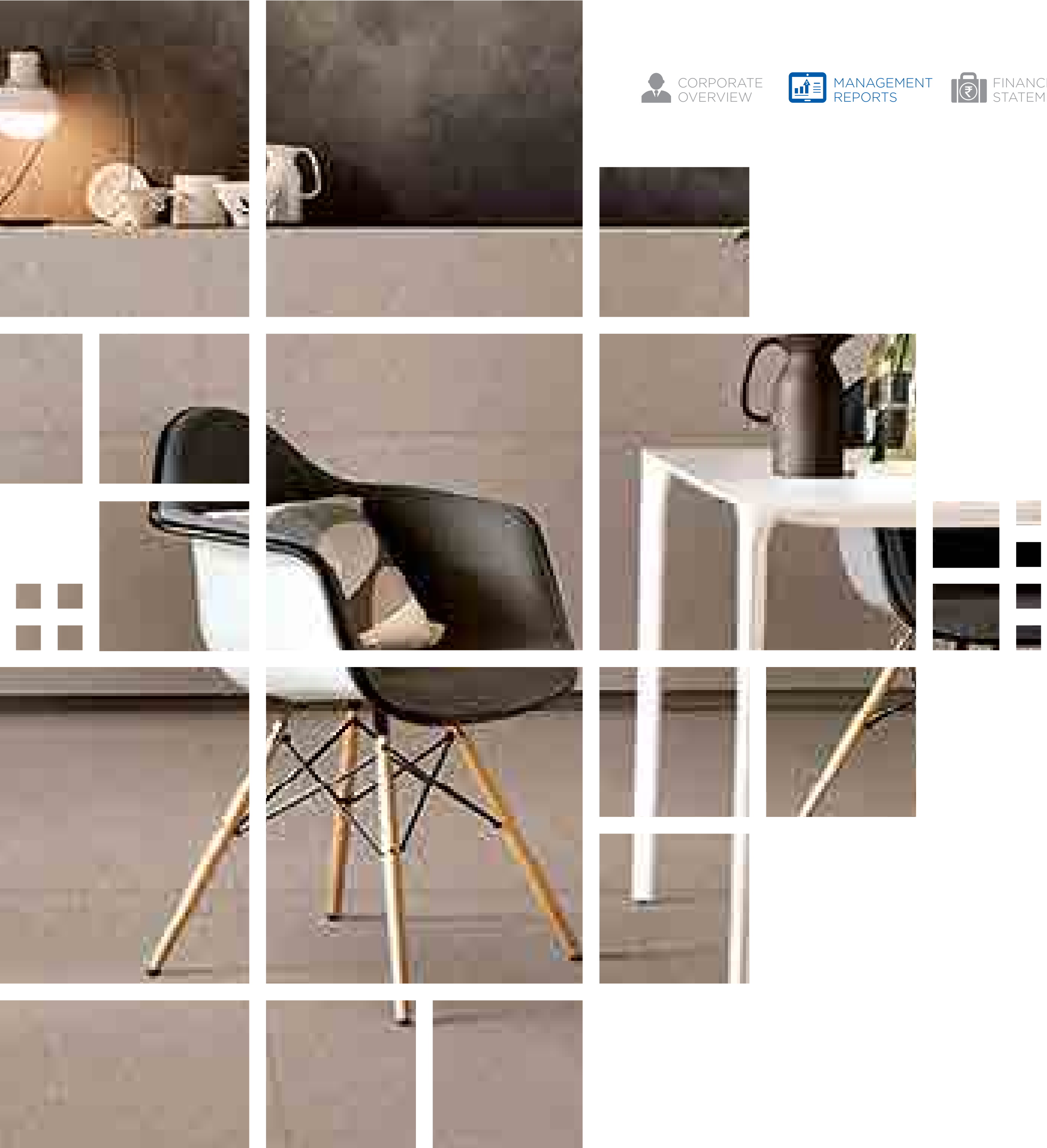
- Focused on value-added/large sizes, which helped in improving the capacity utilisation of the plant and better realisation.

- Increased reliance on quality-respecting outsourcing partners for some high-volume sizes for gaining better market reach.

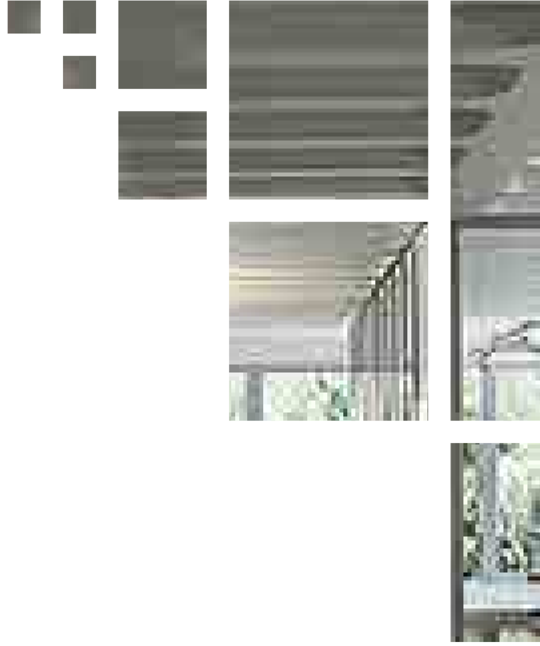
- Introduced value plus range 1000x1000 mm, 800x1600 mm & full body vitrified tiles.

What we have planned for 2019-20

The team will work on increasing its outsourcing partners for creating the capacity to satiate the increasing demand for Kajaria products.



22.40 Capacity (MSM)	**215** SKUs
25.37 Sales volume (MSM)	**855** Revenue (₹ crore)
29 Contribution to the consolidated (%)	



GLAZED VITRIFIED TILES

Having pioneered this product into the Indian shores in 2003, Kajaria is the dominant player in this product vertical. The Company's array of products are marketed under the 'Eternity' brand through an entrenched network of dealers (Kajaria Eternity World, Kajaria Galaxy and Kajaria Eternity Boutique chains), targeting customers primarily in metros and other urban locales. The Company offers the largest number of wood and stone finish tiles in a large format.

What we achieved in 2018-19

Even as sales volumes increased by 14% - from 14.54 MSM in 2017-18 to 16.59 MSM in 2018-19, increased competitive intensity impacted revenue growth. As a result, net revenue stood at ₹775 crore in 2018-19 against ₹721 crore in 2017-18.

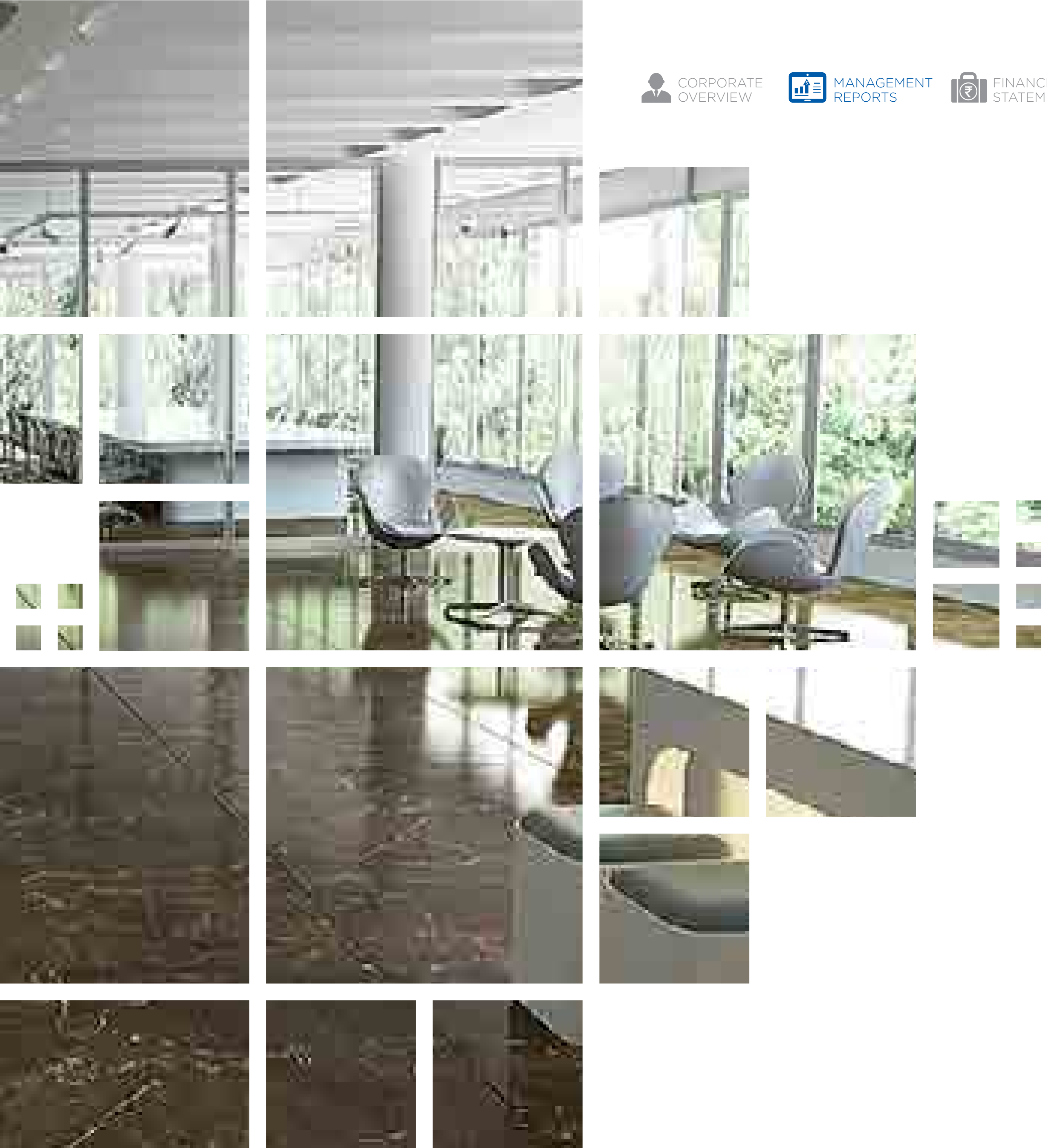
What kept us busy in 2018-19

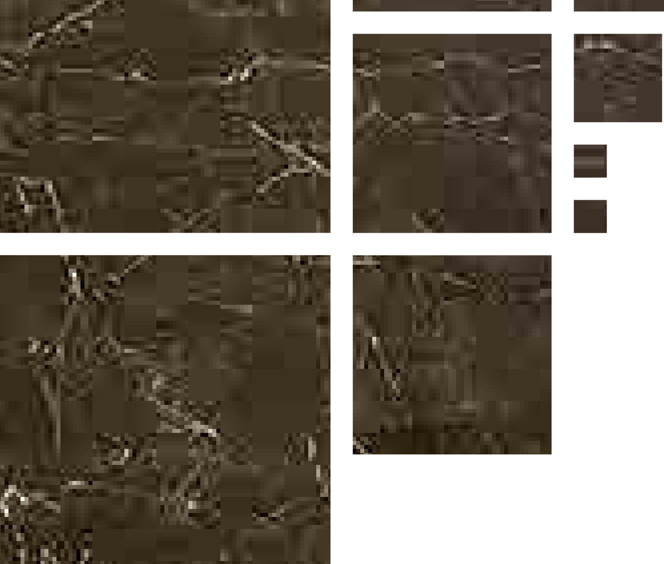
The team continued to challenge prevailing sectoral headwinds by adding innovative products, globally-prevalent designs and styles and investing in solutions that create a welcoming and novel experience for its customers.

- Launched larger format tiles (1 mtr x 2 mtr and 40 x 120 cm) in multiple designs and finishes.
- Leveraged technology at the dealer showrooms for experiential sales.
- Entered the new-age residential hubs in Tier II and III towns by creating a dealer network in these locales.

What we have planned for 2019-20

Even as we continue to challenge the creativity of our team with innovative design concepts, the team will focus on entrenching its presence deeper in South India, to create a channel for the 5 MSM output from the new facility to be commissioned by September 2019. This then would drive volumes and enhance business profitability going forward.





17.50	1,096	
Capacity (MSM)	SKUs	
16.59	**775**	**26**
Sales volume (MSM)	Revenue (₹ crore)	Contribution to the consolidated (%)

Kerovit
By Kajaria

BATHWARE

What we achieved in 2018-19

The division registered a revenue of ₹185 crore in 2018-19 – an increase of 33% over the previous year. This growth was owing to an increase in sales volumes consequent to focused efforts on branding and product awareness. New designs and value-added variants also generated interesting volumes. The division registered an EBITDA of ₹7.92 crore in 2018-19 against ₹2.47 crore in 2017-18 – primarily owing to increased volumes which provided superior cost-efficiencies.

What kept us busy in 2018-19

The team focused its energies on branding initiatives leveraging print and electronic media. In addition, it widened its presence by growing the dealer network. As a result, offtake improved.

In the sanitaryware division

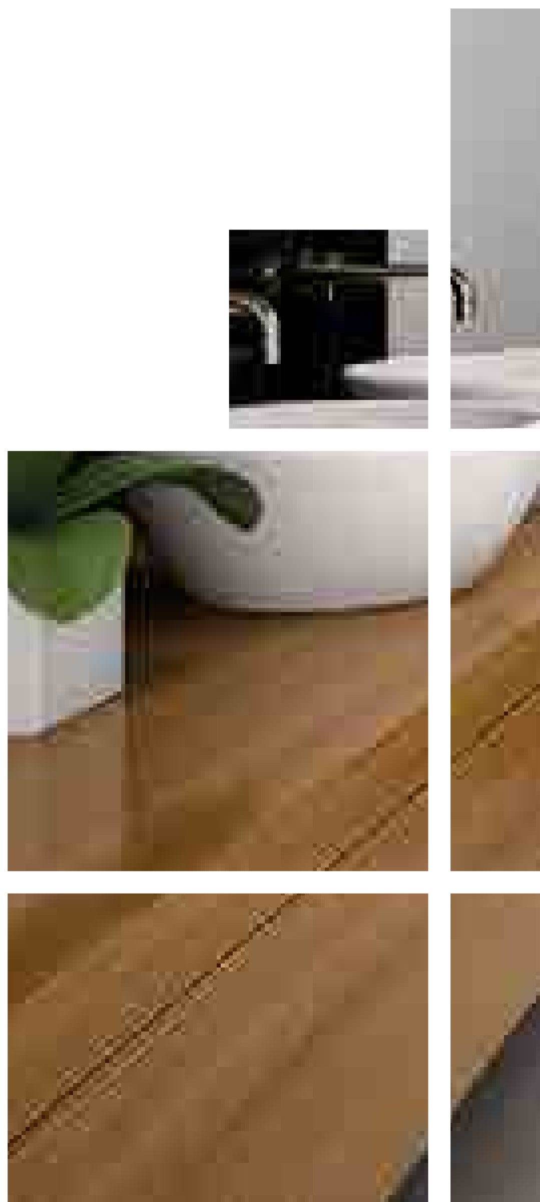
- Launched the single piece toilet in multiple variants (one with tornado flushing system and one with Symphonic flushing system) which was well received by customers.
- Launched the Smart WC at a competitive price which made healthy inroads into the marketplace.
- Initiated the capacity expansion which is expected to commence operation in 2019-20 and will increase capacity by about 20%.

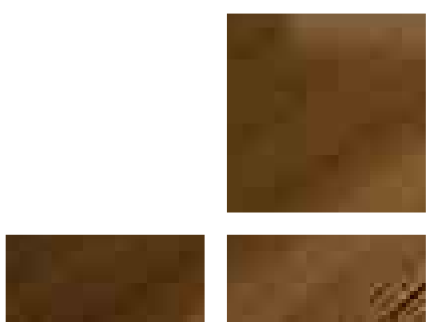
In the faucets division

- Stabilised plant operations from 46% in 2017-18 to 65% in 2018-19 to optimise costs.
- Launched four new product ranges (each comprising 20 SKUs) which received healthy customer response.
- Organised regular plumber, dealer, and architect meets for building connections with key opinion influencers.

What we have planned for 2019-20

Having established a meaningful presence in the bathroom fitting space, the team will work towards making this division an important business contributor. This transformation will be driven by growing volumes and increasing value (through high-value products and smart solutions).





PLYWOOD

Kajaria Plywood Pvt. Ltd. (a subsidiary of the Company), aims to offer wood panel products under the brand name of KajariaPLY and this brand has strived to adopt technologies as well as standards of modern times.

The team is aggregating various unorganised and semi-organised manufacturers through manufacturing tie-ups thereby up-skilling and upgrading respective plant capabilities with technical know-how as well as financial inputs, which in turn will help shift the existing capacities into the organised part of the industry and formal economy. As a direct result of the implementation of the GST and e-way bill, the share of the organised sector, which currently stands at less than 1/3rd of the ₹18,000 crore plywood industry, should increase.

As a first step, the team launched its products in West and North India by appointing direct dealers across various towns and cities. In an industry-first, the Company has appointed Bollywood celebrity Ranveer Singh, as the brand ambassador to promote KajariaPLY. In order to cater to the markets in the most optimal manner, the product portfolio has been segregated into metallic series & pro series and encompasses both plywood as well as block-boards. The complete product range currently has 12 products in 6 different sub-brands i.e. Platinum, Gold Maxx, Gold, Silver, Pro-710 & Pro-Build (both plywood and block-board), of which the metallic series products have been specially curated for all sort of climatic applications whereas the pro-series products are designed to cater to price-sensitive markets.

In addition, the team is also investing in a program for coaching carpenters and contractors to use quality products with correct application based on individual features.

The division registered a top line of ₹17 crore in 2018-19.

Going forward, the team will enter South India markets even as it continues to work on strengthening its presence in North and West India. The team is also working towards adding Flush Doors in its product portfolio as well as adding more customer-centric plywood & block-board products. Moreover, the team has drawn a comprehensive branding and advertisement blueprint to grow product awareness in key consuming markets.

ANALYSIS OF FINANCIAL STATEMENTS

Statement of Profit and Loss

Net sales increased by 9.06% from ₹2,710.60 crore in 2017-18 to ₹2,956.20 crore in 2018-19 primarily due to increase in sales volumes.

The Company witnessed slight decline in EBITDA by 1.51% from ₹456.36 crore in 2017-18 to ₹449.49 crore in 2018-19. This was mainly because of an increase in gas prices, which could not be passed on to the market.

Interest cost reduced from ₹24.10 crore in 2017-18 to ₹15.59 crore in 2018-19 consequent to repayment of debt and decline in utilisation of the working capital limit by subsidiaries. As a result, the interest coverage ratio increased from 16.01 in 2017-18 to 23.83 in 2018-19.

Depreciation remained at previous year levels as there was no major capital project operationalised during the year under review.

Net profit for the year stood at ₹226.57 crore in 2018-19 against ₹234.96 crore in 2017-18. The Company declared a dividend of 300% for 2018-19, which if approved, will result in a payout of ₹57.49 crore.

Balance Sheet

Shareholders' Fund increased from ₹1,350.38 crore as on March 31, 2018 to ₹1,574.90 crore as on March 31, 2019 – owing to addition of surplus profit during the year. As a result, the book value per share increased from ₹84.93 to ₹99.05 over the same period.

Return on Net worth declined from 18.61% as on March 31, 2018 to 15.49% as on March 31, 2019 owing to increase in networth (addition of current year profit) without any increase in profitability.

The Company continued to strengthen its Balance Sheet. The Company's gross debt declined from ₹170.33 crore as on March 31, 2018 to ₹120.33 crore as on March 31, 2019, reducing its debt equity ratio from 0.12 times as on March 31, 2018 to 0.07 times as on March 31,2019 whereas net debt equity became negative to (0.08) times as on March 31, 2019.

The Net Assets balance largely remained at the previous year levels. However, the asset portfolio is expected to increase in the current year (2019-20) as the Company will commercialise the upcoming capacity in tiles (5 MSM facilities in South India, AP) and in sanitaryware unit which is currently reflected under the head capital work-in-progress.

Despite the tough market conditions, the Company's working capital cycle witnessed a decline of 2 days from 60 days as on March 31, 2018 to 58 days as on March 31, 2019.

Moreover, cash and bank balance increased from ₹82.47 crore as on March 31, 2018 to ₹252.38 crore as on March 31, 2019.

Cash Flow Statement

Net cash from operating activities increased from ₹238.17 crore in 2017-18 to ₹317.36 crore in 2018-19 showcasing the Company's ability in strengthening organisational liquidity through disciplined working capital management. This enabled the Company to invest in capacity augmentation even as it reduced its total debt.

***For Outlook/Internal Control System and their accuracy, please refer to the Directors' Report.**

HUMAN RESOURCE

Kajaria believes that its intellectual capital represents its most valuable asset. In line with this, the Company has positioned employee engagement as a key priority through its people-centric policies and initiatives.

The Company has consistently worked on ensuring that its people competencies are enhanced in line with changing business needs – leading to their professional and personal growth. As a result, the Company enjoys the support of a committed and well satisfied 2,588-member team.

MANAGING BUSINESS AND SECTORAL CHALLENGES

Growth Risk

Sustaining the growth momentum could become challenging, having attained this size.

Mitigation: India's low per capita consumption of tiles against the global average showcases the latent demand which is expected to surface owing to important drivers such as rising demand for commercial space, and an increasing thrust on infrastructure creation, among others. Further, Government announcements are expected to grow opportunities for the organised sector. Moreover, the very low market share of Kajaria, the leader in the industry, signifies enough headroom available to the Company for growth.

Cost Risk

Increasing gas prices could impact the cost sheet of the tile business.

Mitigation: This holds true for every tile manufacturer in India and Kajaria is no exception. But Kajaria stands out, owing to its ability in managing this cost hike.

- The Company's brand strength allows it to pass on the increased cost.
- The Company's large and growing sales volumes provide economies of scale which optimises the impact of the cost hike.

Cybersecurity risk

Increasing reliance on IT solutions as a critical business imperative makes the organisation's functioning, vulnerable to a cybersecurity threat.

Mitigation: Kajaria has formulated an internal Information Security policy and guidelines to control and mitigate risks for endpoints being used by business process owners. They include:

- Information security measures have been taken through Network access control, Analysis, Web Proxy and endpoint device security.
- Access and authorisation to the business application have also been secured through multiple security layers.
- Redundancy has been created at various layers including Servers, Storage and other Network devices.
- A high availability plan is in place to recover a critical system in the event of any disaster to maintain business continuity.

Further, regularly review of key IT application controls, a timely statutory audit of IT systems and application controls by an empanelled auditor ensure the effectiveness of the control measures.

Reputation risk

Loss of trust in the Company's integrity and product promise could significantly impact business performance.

Mitigation: The Company realizes the responsibility of being an industry statesman and the importance of maintaining the corporate and brand reputation at that position. To sustain its standing, the Company adopts the following:

- Ensures that its products adhere to the highest quality standards at all times.
- Maintains a strict ethical code, for all transactions with its stakeholders; this is further consolidated by multiple checks and balances to ensure compliance with the prevailing law.
- Maintains a disciplined schedule for timely payment to bankers, creditors, employees and the Government.
- Maintains a balanced working environment for its employees to thrive and grow professionally and personally.

DIRECTORS' REPORT

Dear Shareholders

Your Directors are pleased to present the 33rd Annual Report together with the audited financial statements of your Company for the financial year ended 31st March 2019.

FINANCIAL RESULTS

The Company's financial performance for the year ended on 31st March 2019 is summarized below:

(₹ in crores)

Particular	Standalone		Consolidated	
	Year ended 31st March 2019	Year ended 31st March 2018	Year ended 31st March 2019	Year ended 31st March 2018
Revenue from Operations (net of Excise)	2726	2581	2956	2711
Profit Before Other Income, Exceptional Items, Depreciation, Interest and taxes	400	428	449	456
Profit before Tax	373	382	358	355
Tax Expense	127	129	129	127
Profit After Tax (before Minority interest)	246	252	229	229
Minority Interest	-	-	2	(6)
Profit After Tax (after Minority interest)	246	252	227	235

Financial highlights and State of Affairs of the Company

The ceramic tile sector continued to bear the brunt of a lacklustre real estate market. In the face of these challenges, your Company's focused marketing efforts yielded satisfactory results. The Company reported standalone revenue of ₹2,726 crore- a growth of 6% over the previous year; Net Profit stood at ₹246 crore- a decline of 3% over the previous year.

On a consolidated basis, the Company attained a revenue of ₹2,956 crore for the current year- a growth of 9%. EBITDA and Net profit for the year declined marginally by 2% and 4% respectively over the previous year.

The Bathware division attained a revenue of ₹185 crore- a growth of 33% over the previous year and the plywood business attained a topline of ₹17 crore in the first year of its operations.

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

Outlook

Improving macro-economic factors, stable interest rates and government sops for the MSME sector herald a promising year for the average Indian. This should cascade into an increase in discretionary spending, which augurs well for the tile sector. Moreover, the recent ban on use on coal gasifiers in Morbi, Gujarat, comes as a heartening feature as it promises to create a level playing field between the unorganised and the organised sector.

Growth drivers

There is expected optimism for the branded tile industry and Kajaria being the dominant player (with a large product basket and entrenched presence) should make the most of emerging opportunities.

Real estate sector: Even as residential segment in the real estate sector continues to be plagued with piling inventory, the commercial segment is expected to grow at a healthy pace.

Infrastructure development: India is the shining star in the global economy. To sustain its position, the Government continues to invest in creating new and refurbishing the existing infrastructure. With emphasis on building smart cities, Government plans a focused development in industrial parks and corridors, technological hubs, railway and metro network expansion, airport development and strengthening logistics segment.

Increase in market share: The Company's unwavering focus on rejuvenating its product basket with aesthetically superior products, their continued efforts in widening the distribution network, and their initiatives in cementing a lasting recall, will facilitate in growing their market share in an otherwise competitive business space.

Presence in South India: The Company's new GVT facility in South India (to commence operations in September 2019), which is a large and growing real estate market, should generate healthy volumes.

Dividend

Your Directors have recommended a dividend of ₹3/- (i.e. 300%) per equity share (previous year ₹3.00 per equity share) of a face value of ₹1 each fully paid-up for the financial year ended on 31st March 2019. If approved, the total payout is expected to be ₹57.49 Crores (including dividend distribution tax of ₹9.80 Crores). The dividend payout for the year under review has been formulated in accordance with the Company's Dividend Distribution Policy, to pay sustainable dividend keeping in mind linked to its long-term growth aspiration of the Company.

Consolidated Financial Statements

The Company adopted Indian Accounting Standard (Ind-AS) from 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 and the relevant rules issued thereunder read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ('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, Soriso Ceramic Private Limited ceased to be the subsidiary of the Company and Kajaria Plywood Private Limited became a subsidiary of the Company.

During the year under review, Kajaria Floera Ceramics Private Limited ('Floera') became the wholly-owned subsidiary as the Company has acquired additional 30 Lakhs equity shares of ₹10/- each of Floera.

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

Share Capital

The Authorised Share Capital of the Company is ₹129,10,00,000 (Rupees One Hundred Twenty Nine Crores Ten Lakhs only) divided into 52,00,00,000 (Fifty Two Crores) Equity Shares of ₹1/- each (Rupee One

Only) aggregating to ₹52,00,00,000 (Rupees Fifty Two Crores Only) and 77,10,000 (Seventy Seven Lakhs Ten Thousand) Redeemable Preference Shares of ₹100/- each (Rupees One Hundred Only) aggregating to ₹77,10,00,000 (Rupees Seventy Seven Crores Ten Lakhs Only). The paid up share capital of the Company, as on 31st March, 2019, was 15,89,50,300 equity shares of ₹1 each.

The Company has not issued shares with differential voting rights. As on 31st March, 2019, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

Employee Stock Option Scheme

Kajaria Ceramics Employee Stock Option Plan 2015 ('The ESOP Plan 2015') was approved by the 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 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. 97,000 equity shares of ₹1 each (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 due to resignation/death of ESOP Option holders. Details regarding the ESOP Plan 2015 are given at Note No. 39 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_reg_14_of_sebi_sbeb_reg_2014_for_fy_ 2018_19.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, 2019, 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, 2019 and of the profit of the Company for the period ended 31st March, 2019;

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

Management Discussion and Analysis Report

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

Related Party Transactions

For all related party transactions, prior omnibus approvals of the Audit Committee and the Board of Directors, 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. 36 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**. During the financial year 2018-19, the Related Party Transactions Policy has been revised (effective from April 1, 2019) by the Board in compliance with the Listing Regulations read with the Companies Act, 2013 and is uploaded on the Company's website i.e. https://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf

Corporate Social Responsibility Initiatives

In terms of provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the 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 Corporate Governance Report.

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 and education. 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 Companies Act, 2013.

The Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as **Annexure-3**, forming part of this Report. The Company has incurred CSR expenditure of ₹4.86 Crores during the financial year 2018-19, being about 63.20% of ₹7.69 Crores, to be spent during the financial year 2018-19. The shortfall of 36.80% in the required expenditure on CSR was due to non-identification of appropriate projects/programmes as the Company is looking for a long-term projects/ programmes which will benefit to the society at large in line with the intend of laws for which CSR provisions have been made in the statute.

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 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

Mr. Dev Datt Rishi, who is liable to retire by rotation, offered himself for re-appointment at the ensuing Annual General Meeting ('AGM'). The Board recommends for his re-appointment in the ensuing Annual General Meeting.

The tenure of Mrs. Sushmita Singha as the Independent Director of the Company will expire on 29th March, 2020. Subject to the approval of shareholders by way of a special resolution, it is proposed to re-appoint Mrs. Sushmita Singha as the Independent Director for the second term of 5 (five) consecutive years effective from 30th March 2020 to 29th March, 2025 as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company. The requisite disclosures/declarations including a declaration that she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 read with the Regulations 16(1)(b) & 25(8) of the Listing Regulations, have been received. Mrs. Sushmita Singha, is not debarred or disqualified 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.

Mr. Basant Kumar Sinha is not on the Board of the Company, in any capacity, from the close of working hours of 31st March, 2019 as he resigned from the Board of the Company and his tenure as the Director-Technical was also completed with effect from the close of working hours of 31st March, 2019.

Mr. Ram Ratan Bagri ceased to be the Non-executive & Independent Director of the Company with effect from the close of working hours of 31st March, 2019 as his tenure as the Non-executive & Independent Director of the Company was completed.

The Shareholders of the Company had approved, by passing the Special Resolutions on 11th March, 2019, through Postal Ballot:

- The continuation of Mr. Raj Kumar Bhargava and Mr. Debi Prasad Bagchi as the Independent Directors of the Company on/after 1st April, 2019 and till the expiry of their existing tenure i.e. upto the conclusion of 33rd Annual General Meeting of the Company to be held in the Calendar Year 2019 or upto 31st July, 2019, whichever is earlier; and
- The re-appointments of Mr. Raj Kumar Bhargava and Mr. Debi Prasad Bagchi as the Independent Directors of the Company for the second term effective from the conclusion of the 33rd Annual General Meeting of the Company to be held in the Calendar Year 2019 or from 1st August, 2019, whichever is earlier and upto the conclusion of the 36th Annual General Meeting of the Company to be held in the Calendar Year 2022.

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 the Regulations 16(1)(b) & 25(8) of the Listing Regulations.

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 (except mentioned above) 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 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. During the year under review, this Policy has been revised (effective from April 1, 2019) in accordance with the amended provision of the Listing Regulations.

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 reports on the financial statements of the Company for the financial year ended 31st March, 2019, 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 reports. 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 Annual General Meeting ('AGM') of the Company held on August 10, 2017, for a period of five years effective from the conclusion of the 31st AGM of the Company held on August 10, 2017 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 August 27, 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 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 2019. The Report of the Secretarial Audit is annexed herewith as **Annexure-5**.

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

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

Extract of Annual Return

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

Compliance of the Secretarial Standards

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

Particulars of Loans, 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, 34 to the Financial Statements.

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

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

Meetings of Board

The Board of Directors of the Company met 6 (six) times during the financial year 2018-19 on 8th May, 2018, 24th July, 2018, 24th September, 2018, 25th October, 2018, 18th January, 2019 and 30th March, 2019. Details of the meetings of the Board of Directors held during the financial year 2018-19 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. During the financial year 2018-19, this Policy has been revised (effective from April 1, 2019) as per the SEBI (Prohibition of Insider Trading) Regulations, 2015 (including amendments thereto) by including a provision for making aware the employees to report leak/suspected leak 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 2018-19.

Particulars of Employees

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

Deposits

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

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

Ashok Kajaria

Place: New Delhi
Chairman & Managing Director

Date: 10th May, 2019
DIN: 00273877

ANNEXURE – 1

FORM 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 Pvt. Ltd. (CIN: U26933GJ 2010PTC062933)**		**Vennar Ceramics Ltd. (CIN: U26919TG 1994PLC031858)**		**Cosa Ceramics Pvt. Ltd. (CIN: U26933GJ 2010PTC063444)**		**Kajaria Bathware Pvt. Ltd.* (CIN: U26943DL 2013PTC252495)**		**Kajaria Floera Ceramics Pvt. Ltd. (CIN: U26933AP 2014PTC095460)**		**Kajaria Plywood Pvt. Ltd. (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-19	31 Mar-18	31 Mar-19	31 Mar-18	31 Mar-19	31 Mar-18	31 Mar-19	31 Mar-18	31 Mar-19	31 Mar-18	31 Mar-19	31 Mar-18
Capital												
- Equity Shares	14.95	14.95	24.00	24.00	9.10	9.10	25.00	25.00	10.00	10.00	4.00	-
- Preference Shares	0	0	0	0	0	0	4.41	0	0	0	0	-
Reserves	-4.00	-3.90	11.21	8.66	62.89	59.22	35.14	-19.69	-0.48	0.15	-6.35	-
Total Assets	212.84	199.87	84.16	84.25	124.55	129.25	170.79	159.13	118.10	24.61	3.84	-
Total Liabilities	201.89	188.82	48.95	51.59	52.56	60.93	106.24	153.82	108.58	14.46	6.19	-
Investments	0.09	0.09	-	-	-	-	-	-	-	-	-	-
Gross Turnover	315.86	229.06	71.00	63.06	176.95	163.22	184.84	141.20	-	-	16.82	-
Profit before Taxation	-0.10	-18.50	3.18	-10.06	5.12	5.86	-5.22	-9.77	-	-	-6.05	-
Provision for Taxation	-	-0.01	0.74	-3.40	1.45	-0.10	-	-	-	-	-	-
Profit After Taxation	-0.10	-18.49	2.44	-6.66	3.67	5.96	-5.22	-9.77	-	-	-6.05	-
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-
% of Shareholding	82.37%	82.37%	51%	51%	51%	51%	100%	100%	100%	70%	96.25%	-

*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:

1. There is no Associate or JV Company other than those mentioned above.
2. As on 31st March 2019, Kajaria Floera Ceramics Private Limited had not commenced operations.
3. Soriso Ceramic Private Limited ceased to be a subsidiary of the Company during the year 2018-19.

For and on Behalf of Board

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 10th May, 2019

ANNEXURE – 2

FORM 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 31.03.2019

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 31.03.2019

Sl. No.	Name(s) of the Related Party and Nature of Relationship	Nature of Contract / Arrangement / Transactions	Duration of the Contract / Arrangement / Transactions	Salient terms of Contract / Arrangement / Transactions	Date of Approval by the Board, if any	Amount paid as advance (Rupees in Crores)	Total Amount (Rupees in Crores)
1	Jaxx Vitrified Private Limited (Subsidiary)	Purchase/sale of tiles, etc.	Continuous in nature and not for a specific period	In ordinary course of business	08.05.2018	NIL	293.73

For and on Behalf of Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: 10th May, 2019

ANNEXURE – 3

ANNUAL REPORT ON **CSR ACTIVITIES**

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

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

   Your Company strives to make difference in the lives of people with a special focus on local / neighbouring areas. Your Company has implemented various CSR programmes / projects which made positive impacts mainly in the areas of health, sanitation, conservation of natural resources, sports, promoting education and rural development. 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 rural area development. These CSR initiatives are implemented directly and through various trusts/ societies / NGOs.

2. **The composition of CSR committee:**
   Please refer to the Corporate Governance Report for the composition of Corporate Social Responsibility Committee ('CSR Committee') of the Company.

3. **Average net profit of the Company for the last three financial years:**
   ₹384.53 Crores

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above):**
   ₹7.69 Crores

5. **Details of CSR spent during the financial year 2018-19:**

a) Total amount to be spent for the financial year	₹7.69 Crores
b) Total amount spent during the financial year	₹4.86 Crores
c) Amount unspent, if any	₹2.83 Crores

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

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub-heads: (1) direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period	Amount spend direct or through implementing agency*
1	Swachh Bharat: Construction / Renovation of Toilets in Government Schools/ Institution, etc.	Cl-i.- Sanitation	Sikandrabad (U.P.) Gailpur (Rajasthan) Malootana (Rajasthan)	70.00 70.00 50.00	51.62 55.60 10.59	51.62 55.60 10.59	Direct

(₹ in Lakhs)

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub-heads: (1) direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period	Amount spend direct or through implementing agency*
2	Social Relief	Cl-i- Preventive Health Care, Eradicating poverty and malnutrition		170.00	131.69	131.69	Direct/ Through Trusts
3	Safe Drinking Water	Cl- iv- Conservation of natural resources		70.00	47.70	47.70	Direct / Through Trusts
4	Education	Cl- ii- Promoting Education		230.00	146.74	146.74	Direct / Through Trusts
5	Sports Development	Cl- vii- Promoting Sports including training		50.00	17.00	17.00	Through Trusts
6	Rural Development	Cl- x- Rural Development Projects / activities		59.00	24.60	24.60	Direct / Through Trusts
	Grand Total			**769.00**		**485.54**	

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

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

The Company has incurred CSR expenditure of ₹4.86 Crores during the financial year 2018-19, being about 63.20% of ₹7.69 Crores, to be spent during the financial year 2018-19. The shortfall of 36.80% in the required expenditure on CSR was due to non-identification of appropriate projects/programmes as the Company is looking for a long-term projects/programmes which will benefit to the society at large in line with the intend of laws for which CSR provisions have been made in the statute.

7. Responsibility Statement:

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

Place: New Delhi
Date: 10th May, 2019

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

Sushmita Singha
Chairperson, CSR Committee
(DIN: 02284266)

ANNEXURE – 4

STATEMENT OF DISCLOSURE OF **REMUNERATION**

UNDER SECTION 197 OF THE COMPANIES ACT 2013 AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

I. Ratio of remuneration of each Executive Director to the median remuneration of Employees of the Company for the financial year 2018-19, the percentage increase in remuneration of Chairman & Managing Director, Joint Managing Directors, Executive Director, Company Secretary and CFO during the financial year 2018-19:

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	92:1	9.22%
2	Mr. Chetan Kajaria (DIN: 00273928)	Joint Managing Director	101:1	(33.05%)
3	Mr. Rishi Kajaria (DIN: 00228455)	Joint Managing Director	101:1	(33.05%)
4	Mr. Basant Kumar Sinha$ (DIN: 03099241)	Director - Technical	16:1	8.35%
5	Mr. Ram Chandra Rawat (FCS 5101)	COO (A&T) & Company Secretary	Not Applicable	9.08%
6	Mr. Sanjeev Agarwal	CFO	Not Applicable	10.91%

$ Mr. Basant Kumar Sinha is not on the Board of the Company, in any capacity, from the close of working hours of 31st March, 2019 as he resigned from the Board of the Company and his tenure as Director-Technical was also completed with effect from the close of working hours of 31st March, 2019.

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 2018-19	12%
2	Total number of permanent employees on the rolls of the Company as on 31st March, 2019 (on standalone basis)	2588
3	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2018-19 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 2018-19 was 11.8%. 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: 10th May, 2019

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.

g. 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.
- Fulfilment 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 and as may be required under the Act & the Listing Regulations. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, reimbursement 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 as may be required under 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. April 1, 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

SECRETARIAL **AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and 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 March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We further report that:

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

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

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

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

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

1. Subscribed 38,50,000 equity shares of ₹10 each fully paid up of Kajaria Plywood Private Limited (KPPL) and accordingly, KPPL became a subsidiary of the Company;
2. Acquisition of 30,00,000 equity shares at ₹10 each of Kajaria Floera Ceramics Private Limited (Floera) and accordingly, Floera, became a Wholly owned subsidiary of the Company;
3. Soriso Ceramic Private Limited ceased to be a subsidiary of the Company.

For Chandrasekaran Associates
Company Secretaries

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

Date: 10.05.2019
Place: Delhi

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

ANNEXURE – A

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

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

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

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

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

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

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

For Chandrasekaran Associates
Company Secretaries

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

Date: 10.05.2019
Place: Delhi

ANNEXURE – 6

FORM **NO. MGT 9**

EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED ON 31st MARCH, 2019

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

I. Registration and Other details:

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

II. Principal Business Activities of the Company:

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

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

III. Particulars of Holding, Subsidiary and Associate Companies

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

S. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate Company	% of Shares held	Applicable Section
3.	Vennar Ceramics Limited Sitha Nilayam, No. 6-3-347/21, Dwarkapuri Colony, Panjagutta, Hyderabad- 500082, Telangana	U26919TG1994PLC031858	Subsidiary	51%	2(87)
4.	Kajaria Bathware Private Limited # J-1/B-1 (Extn.), Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi- 110044	U26943DL2013PTC252495	Subsidiary	100%	2(87)
5.	Kajaria Floera Ceramics Private Limited ** Survey No. 129, Industrial Park, Opp Bhavanisankarapuram, Thatiparthi, Chittoor, Andhra Pradesh- 517642	U26933AP2014PTC095460	Subsidiary	100%	2(87)
6.	Kajaria Plywood Private Limited @ J-1/B-1 (Extn.), Mohan Co-operative Industrial Estate, Mathura Road, New Delhi- 110044	U36109DL2017PTC324260	Subsidiary	96.25%	2(87)

The Company holds 100% (85% on diluted basis) equity Shares of Kajaria Bathware Private Limited.

** During the year 2018-19, the Company has acquired additional 30% equity Shares of Kajaria Floera Ceramics Private Limited ('Floera') and accordingly, the shareholding of the Company in Floera increased to 100% from 70%.

@ During the year 2018-19, the Company has acquired 96.25% equity shares of Kajaria Plywood Private Limited.

During the year 2018-19, Soriso Ceramic Private Limited, ceased to be a subsidiary of the Company.

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

(a) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April 2018]				No. of Shares held at the end of the year [As on 31st March 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoter/ Promoter Group									
(1) Indian									
a) Individual/ HUF	10956364	0	10956364	6.89	10955364	0	10955364	6.89	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0.00	0	0.00	0	0	0	0.00	0.00
f) Any other: **Trust**									
Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust)	12933973	0	12933973	8.14	12933973	0	12933973	8.14	0.00

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April 2018]				No. of Shares held at the end of the year [As on 31st March 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	25867947	0	25867947	16.27	25867947	0	25867947	16.27	0.00
Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)	25867947	0	25867947	16.27	25867947	0	25867947	16.27	0.00
Sub- Total (A)(1)	**75626231**	**0**	**75626231**	**47.58**	**75625231**	**0**	**75625231**	**47.58**	**0.00**
(2) Foreign									
a) NRI's - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Others - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A)(2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Promoter/ Promoter Group (A) = (A)(1)+(A)(2)	**75626231**	**0**	**75626231**	**47.58**	**75625231**	**0**	**75625231**	**47.58**	**0.00**
(B) Public Shareholding									
(1) Institutions									
a) Mutual Funds	12686003	76300	12762303	8.03	16082815	71300	16154115	10.16	2.13
b) Banks / FIs	186460	11880	198340	0.12	18937	11880	30817	0.02	-0.10
c) Central Govt.	502161	0	502161	0.32	678353	0	678353	0.43	0.11
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	1178220	0	1178220	0.74	200000	0.00	200000	0.13	-0.62
g) Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (Specify): (Foreign Portfolio Investors)	44646542	0	44646542	28.09	41262051	0.00	41262051	25.96	-2.13
Sub-total (B)(1)	**59199386**	**88180**	**59287566**	**37.31**	**58242156**	**83180**	**58325336**	**36.69**	**-0.61**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April 2018]				No. of Shares held at the end of the year [As on 31st March 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	5354620	22150	5376770	3.38	5468382	19000	5487382	3.45	0.07
ii) Overseas	0	0	0	0	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	13547265	1693316	15240581	9.59	14701160	1263472	15964632	10.04	0.46
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	2285862	0	2285862	1.44	2285862	0.00	2285862	1.44	0.00
c) Others (Specify):									
i. NBFCs Registered with RBI	20040	0	20040	0.01	0.00	0.00	0.00	0.00	-0.01
ii. Trust & Foundation	1852	0	1852	0.00	1852	0	1852	0.00	0.00
iii. Cooperative Societies	5000	0	5000	0.00	5000	0	5000	0.00	0.00
iv. Educational Institutions	0.00	0	0	0.00	0	0	0	0.00	0.00
v. Non Resident Indians	712796	29870	742666	0.47	808041	29870	837911	0.53	0.06
vi. Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0.00	0.00
vii. Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
viii. Investor Education & Protection Fund Authority*	363732	0	363732	0.23	417094	0	417094	0.26	0.03
Sub-total (B)(2)	**22291167**	**1745336**	**24036503**	**15.12**	**23687391**	**1312342**	**24999733**	**15.73**	**0.61**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**81490553**	**1833516**	**83324069**	**52.42**	**81929547**	**1395522**	**83325069**	**52.42**	**0.00**
(C) Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A)+(B)+(C)	**157116784**	**1833516**	**158950300**	**100.00**	**157554778**	**1395522**	**158950300**	**100.00**	**0.00**

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

(b) Shareholding of Promoter & Promoter Group:

S. No.	Shareholder's Name	Shareholding at the beginning of the year (1st April, 2018)			Shareholding at the end of the year (31st March, 2019)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1.	Ashok Kumar Kajaria	1047004	0.66	0.00	1047004	0.66	0.00	0.00
2.	Versha Devi Kajaria*	1778014	1.12	0.00	1777014	1.12	0.00	0.00
3.	A.K. Kajaria (HUF)	1967750	1.24	0.00	1967750	1.24	0.00	0.00
4.	Chetan Kajaria	1339880	0.84	0.00	1339880	0.84	0.00	0.00
5.	Rishi Kajaria	1805716	1.14	0.00	1805716	1.14	0.00	0.00
6.	Rasika Kajaria	570000	0.36	0.00	570000	0.36	0.00	0.00
7.	Shikha Kajaria	600000	0.38	0.00	600000	0.38	0.00	0.00
8.	Kartik Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
9.	Parth Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
10.	Raghav Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
11.	Vedant Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
12.	Chetan Kajaria (HUF)	42000	0.03	0.00	42000	0.03	0.00	0.00
13.	Rishi Kajaria (HUF)	6000	0.00	0.00	6000	0.00	0.00	0.00
14.	Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust)	12933973	8.14	0.00	12933973	8.14	0.00	0.00
15.	Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	25867947	16.27	0.00	25867947	16.27	0.00	0.00
16.	Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)	25867947	16.27	0.00	25867947	16.27	0.00	0.00
	TOTAL	**75626231**	**47.58**	**0.00**	**75625231**	**47.58**	**0.00**	**0.00**

* During the year 2018-19, Mrs. Versha Devi Kajaria sold 1000 equity shares of the Company.

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

S. No.	Name of Promoters & person belongs to Promoter Group	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	75626231	47.58	-----	-----
1.	Date Wise increase/Decrease in promoter's shareholding during the year specifying the reason for increase/decrease (e.g. Allotment/ transfer/bonus/sweat equity etc.)	----	----	#	#
	At the end of the year	----	----	75625231	47.58

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

S. No.	Name	Shareholding: No. of shares at the beginning (1st April 2018) / end of the year (31st March 2019)	% of total shares of the Company	Date of Change in Shareholding	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year (1st April 2018 to 31st March 2019)	% of total Shares of the Company
1.	Versha Devi Kajaria	1778014	1.12	07-01-2019	-1000	Sale	1777014	1.12
		1777014	1.12	31-03-2019				

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

S. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year (1st April 2018 to 31st March 2019)	
		No. of shares at the beginning (1st April 2018)/end of the year (31st March 2019	% of total shares of the Company				No. of shares	% of total Shares of the Company
1.	**Government Pension Fund Global (IN30005410076881)**	**4989693**	**3.14**	**01-04-2018**				
				08-06-2018	-96409	Sale	4893284	3.08
				15-06-2018	380536	Purchase	5273820	3.32
				22-06-2018	161107	Purchase	5434927	3.42
				29-06-2018	125544	Purchase	5560471	3.50
				06-07-2018	-74852	Sale	5485619	3.45
				13-07-2018	-36702	Sale	5448917	3.43
				20-07-2018	-36469	Sale	5412448	3.41
				27-07-2018	-8735	Sale	5403713	3.40
				03-08-2018	243283	Purchase	5646996	3.55
				10-08-2018	106000	Purchase	5752996	3.62
				24-08-2018	466000	Purchase	6218996	3.91
				14-09-2018	222348	Purchase	6441344	4.05
				05-10-2018	211978	Purchase	6653322	4.19
				19-10-2018	460020	Purchase	7113342	4.48
		7113342	**4.48**	**31-03-2019**				
2.	**J. P. MORGAN FUNDS (IN3034810006522)**	**1819072**	**1.14**	**01-04-2018**				
				11-05-2018	-55790	Sale	1763282	1.11
				01-06-2018	201980	Purchase	1965262	1.24
				15-06-2018	298340	Purchase	2263602	1.42
				05-10-2018	326065	Purchase	2589667	1.63
				09-11-2018	221997	Purchase	2811664	1.77
				16-11-2018	333763	Purchase	3145427	1.98
				14-12-2018	-55930	Sale	3089497	1.94
				31-12-2018	-54730	Sale	3034767	1.91
				15-02-2019	-115980	Sale	2918787	1.84
				22-02-2019	-112500	Sale	2806287	1.77
				29-03-2019	-82710	Sale	2723577	1.71
		2723577	**1.71**	**31-03-2019**				

S. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year (1st April 2018 to 31st March 2019)	
		No. of shares at the beginning (1st April 2018)/end of the year (31st March 2019	% of total shares of the Company				No. of shares	% of total Shares of the Company
3.	**FRANKLIN TEMPLETON INVESTMENT FUNDS (IN30343810004305)**	**2240000**	**1.41**	**01-04-2018**				
				17-08-2018	498765	Purchase	2738765	1.72
				24-08-2018	329712	Purchase	3068477	1.93
				04-01-2019	69015	Purchase	3137492	1.97
				11-01-2019	138161	Purchase	3275653	2.06
				15-03-2019	-60935	Sale	3214718	2.02
				22-03-2019	-86015	Sale	3128703	1.97
				29-03-2019	-592663	Sale	2536040	1.60
		2536040	**1.60**	**31-03-2019**				
4.	**FRANKLIN INDIA SMALLER COMPANIES FUND (IN30016710016878)**	**1610000**	**1.01**	**01-04-2018**				
				17-08-2018	248000	Purchase	1858000	1.17
				29-09-2018	122000	Purchase	1980000	1.25
		1980000	**1.25**	**31-03-2019**				
5.	**HDFC STANDARD LIFE INSURANCE COMPANY (IN30016710142910)***	**1399795**	**0.88**	**01-04-2018**				
				13-04-2018	50205	Purchase	1450000	0.91
				27-04-2018	44590	Purchase	1494590	0.94
				04-05-2018	105410	Purchase	1600000	1.01
				11-05-2018	25161	Purchase	1625161	1.02
				29-06-2018	24839	Purchase	1650000	1.04
				06-07-2018	50000	Purchase	1700000	1.07
				20-07-2018	50000	Purchase	1750000	1.10
				27-07-2018	50000	Purchase	1800000	1.13
				24-08-2018	58328	Purchase	1858328	1.17
				07-09-2018	24037	Purchase	1882365	1.18
				14-09-2018	42635	Purchase	1925000	1.21
				21-09-2018	1121	Purchase	1926121	1.21
				29-09-2018	73879	Purchase	2000000	1.26
				05-10-2018	75000	Purchase	2075000	1.31
				12-10-2018	113188	Purchase	2188188	1.38
				19-10-2018	11812	Purchase	2200000	1.38
				26-10-2018	25000	Purchase	2225000	1.40
				02-11-2018	-25000	Sale	2200000	1.38
				09-11-2018	-75000	Sale	2125000	1.34
				16-11-2018	-26116	Sale	2098884	1.32
				23-11-2018	-23884	Sale	2075000	1.31
				30-11-2018	-38955	Sale	2036045	1.28
				21-12-2018	-36040	Sale	2000005	1.26
				28-12-2018	-1952	Sale	1998053	1.26
				04-01-2019	-23053	Sale	1975000	1.24
				11-01-2019	-32739	Sale	1942261	1.22
				18-01-2019	-45022	Sale	1897293	1.19
				25-01-2019	-18159	Sale	1879080	1.18
				08-02-2019	-23208	Sale	1855872	1.17
				15-02-2019	19128	Purchase	1875000	1.18
				08-03-2019	-27332	Sale	1847668	1.16
				15-03-2019	-394	Sale	1847274	1.16
				29-03-2019	2725	Purchase	1849999	1.16
		1849999	**1.16**	**31-03-2019**				

S. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year (1st April 2018 to 31st March 2019)	
		No. of shares at the beginning (1st April 2018)/end of the year (31st March 2019	% of total shares of the Company				No. of shares	% of total Shares of the Company
6.	**FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA PRIMA FUND (IN30016710010936)**	**1593720**	**1.00**	**01-04-2018**				
				01-06-2018	150000	Purchase	1743720	1.10
		1743720	**1.10**	**31-03-2019**				
7.	**GOLDMAN SACHS INDIA LIMITED (IN30016710044058)**	**2043060**	**1.29**	**01-04-2018**				
				06-04-2018	-97926	Sale	1945134	1.22
				13-04-2018	-141959	Sale	1803175	1.13
				20-04-2018	-50205	Sale	1752970	1.10
				27-04-2018	-115000	Sale	1637970	1.03
				04-05-2018	-92351	Sale	1545619	0.97
				11-05-2018	-11649	Sale	1533970	0.97
				02-11-2018	127302	Purchase	1661272	1.05
		1661272	**1.05**	**31-03-2019**				
8.	**KOTAK FUNDS-INDIA MIDCAP FUND* (IN30014210753517)**	**883479**	**0.56**	**01-04-2018**				
				04-05-2018	57877	Purchase	941356	0.59
				11-05-2018	14876	Purchase	956232	0.60
				08-06-2018	106574	Purchase	1062806	0.67
				22-06-2018	4243	Purchase	1067049	0.67
				20-07-2018	200000	Purchase	1267049	0.80
				02-11-2018	18262	Purchase	1285311	0.81
				30-11-2018	32539	Purchase	1317850	0.83
				07-12-2018	100000	Purchase	1417850	0.89
				14-12-2018	35800	Purchase	1453650	0.91
		1453650	**0.91**	**31-03-2019**				
9.	**KOTAK EMERGING EQUITY SCHEME (IN30152430012592)***	**964498**	**0.61**	**01-04-2018**				
				04-05-2018	72876	Purchase	1037374	0.65
				18-05-2018	80000	Purchase	1117374	0.70
				08-06-2018	21999	Purchase	1139373	0.72
				29-06-2018	94550	Purchase	1233923	0.78
				26-10-2018	81623	Purchase	1315546	0.83
				07-12-2018	2106321	Purchase	1526177	0.96
				11-01-2019	-78650	Sale	1447527	0.91
				18-01-2019	-25000	Sale	1422527	0.90
				08-02-2019	-14173	Sale	1408354	0.89
		1408354	**0.89**	**31-03-2019**				
10.	**L AND T MUTUAL FUND TRUSTEES LTD- L AND T MID CAP FUND (IN30005410064151)***	**334371**	**0.21**	**01-04-2018**				
				27-07-2018	200000	Purchase	534371	0.34
				31-08-2018	351629	Purchase	886000	0.56
				07-09-2018	309400	Purchase	1195400	0.75
				05-10-2018	168100	Purchase	1363500	0.86
				15-03-2019	36100	Purchase	1399600	0.88
		1399600	**0.88**	**31-03-2019**				

S. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year (1st April 2018 to 31st March 2019)	
		No. of shares at the beginning (1st April 2018)/end of the year (31st March 2019	% of total shares of the Company				No. of shares	% of total Shares of the Company
11.	**FIDELITY INVESTMENT TRUST FIDELITY INTERNATIONAL DISCOVERY FUND (IN30005410020162)#**	**2444763**	**1.54**	**01-04-2018**				
				07-09-2018	-58381	Sale	2386382	1.50
				14-09-2018	-304700	Sale	2081682	1.31
				21-09-2018	-279553	Sale	1802129	1.13
				29-09-2018	-437996	Sale	1364133	0.86
				05-10-2018	-252826	Sale	1111307	0.70
				12-10-2018	-423699	Sale	687608	0.43
				19-10-2018	-238973	Sale	448635	0.28
				26-10-2018	-448635	Sale	0	0.00
		0	**0.00**	**31-03-2019**				
12.	**BNP PARIBAS ARBITRAGE (IN30179910081740)#**	**1927771**	**1.21**	**01-04-2018**				
				18-05-2018	81600	Purchase	2009371	1.26
				25-05-2018	-16800	Sale	1992571	1.25
				01-06-2018	-176800	Sale	1815771	1.14
				06-07-2018	14315	Purchase	1830086	1.15
				13-07-2018	-669000	Sale	1161086	0.73
				20-07-2018	-411310	Sale	749776	0.47
				27-07-2018	-672159	Sale	77617	0.05
				29-09-2018	-6000	Sale	71617	0.05
				30-11-2018	-69000	Sale	2617	0.00
				28-12-2018	5322	Purchase	7939	0.01
				31-12-2018	600	Purchase	8539	0.01
				04-01-2019	-3557	Sale	4982	0.00
				11-01-2019	-1765	Sale	3217	0.00
				25-01-2019	55527	Purchase	58744	0.04
				01-02-2019	-4809	Sale	53935	0.03
				08-02-2019	-11407	Sale	42528	0.03
				15-02-2019	-22084	Sale	20444	0.01
				22-02-2019	-13313	Sale	7131	0.00
				01-03-2019	-3914	Sale	3217	0.00
		3217	**0.00**	**31-03-2019**				
13.	**STEADVIEW CAPITAL MAURITIUS LIMITED (IN30317320012164)#**	**1744320**	**1.10**	**01-04-2018**				
				11-05-2018	-1744320	Sale	0	0.00
		0	**0.00**	**31-03-2019**				
14.	**ABU DHABI INVESTMENT AUTHORITY-BEHAVE (IN30343810005898)#**	**1648431**	**1.04**	**01-04-2018**				
				03-08-2018	-52000	Sale	1596431	1.00
				10-08-2018	-130654	Sale	1465777	0.92
				31-08-2018	-273000	Sale	1192777	0.75
				07-09-2018	-182777	Sale	1010000	0.64
				07-12-2018	-1010000	Sale	0	0
		0	**0.00**	**31-03-2019**				

* Not in the list of top ten shareholders as on March 31, 2018. The same has been reflected above since the shareholder was one of the top 10 shareholders as on March 31, 2019.

\# Ceased to be in the list of top 10 shareholders as on March 31, 2019. The same was reflected above since the shareholder was one of the top ten shareholders as on March 31, 2018.

(e) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding		Date	Increase/ Decrease in Share-holding	Reason	Cumulative shareholding during the year (1st April 2018 to 31st March 2019)	
		No. of shares at the beginning (1st April 2018)/end of the year (31st March 2019	% of total shares of the Company				No. of shares	% of total Shares of the Company
1.	Mr. Ashok Kajaria Chairman & Managing Director (DIN: 00273877)	1047004	0.66	01-04-2018	0	-	0	0.00
		1047004	0.66	31-03-2019				
2.	Mr. Chetan Kajaria Joint Managing Director (DIN: 00273928)	1339880	0.84	01-04-2018	0	-	0	0.00
		1339880	0.84	31-03-2019				
3.	Mr. Rishi Kajaria Joint Managing Director (DIN: 00228455)	1805716	1.14	01-04-2018	0	-	0	0.00
		1805716	1.14	31-03-2019				
4.	Mr. Basant Kumar Sinha Director – Technical* (DIN : 03099241)	0.00	0.00	01-04-2018	0	-	0	0.00
		0.00	0.00	31-03-2019				
5.	Mr. Dev Datt Rishi Non-Executive Director (DIN: 00312882)	624	0.00	01-04-2018	0	-	0	0.00
		624	0.00	31-03-2019				
6.	Mr. Raj Kumar Bhargava Independent Director (DIN: 00016949)	8592	0.01	01-04-2018				
				12-10-2018	10000	Purchase	18592	0.01
		18592	0.01	31-03-2019				
7.	Mr. Ram Ratan Bagri Independent Director # (DIN: 00275313)	40000	0.03	01-04-2018	0	-	0	0.00
				22-03-2019	-1500	Sale	38500	0.02
		38500	0.02	31-03-2019				
8.	Mr. Debi Prasad Bagchi Independent Director (DIN: 00061648)	0	0.00	01-04-2018	0	-	0	0.00
		0	0.00	31-03-2019				
9.	Mr. H. Rathnakar Hegde Independent Director (DIN : 05158270)	0	0.00	01-04-2018	0	-	0	0.00
		0	0.00	31-03-2019				
10.	Mrs. Sushmita Singha Independent Director (DIN: 02284266)	0	0.00	01-04-2018	0	-	0	0.00
		0	0.00	31-03-2019				

S. No.	Name	Shareholding		Date	Increase/ Decrease in Share-holding	Reason	Cumulative shareholding during the year (1st April 2018 to 31st March 2019)	
		No. of shares at the beginning (1st April 2018)/end of the year (31st March 2019	% of total shares of the Company				No. of shares	% of total Shares of the Company
11.	Mr. Ram Chandra Rawat COO (A & T) & Company Secretary (FCS No. 5101)	0	0.00	01-04-2018	0	-	0	0.00
		0	0.00	31-03-2019				
12.	Mr. Sanjeev Agarwal CFO	0	0.00	01-04-2018	0	-	0	0.00
		0	0.00	31-03-2019				

* Mr. Basant Kumar Sinha is not on the Board of the Company, in any capacity, from the close of working hours of 31st March, 2019 as he resigned from the Board of the Company and his tenure as Director-Technical was also completed with effect from the close of working hours of 31st March, 2019.

\# Mr. Ram Ratan Bagri ceased to be the Non-executive & Independent Director of the Company with effect from the close of working hours of 31st March, 2019 as his tenure being the Non-executive & Independent Director of the Company was completed.

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

(₹ in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	17.31	0.00	0.00	17.31
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	**17.31**	**0.00**	**0.00**	**17.31**
Change in Indebtedness during the financial year				
* Addition	0.88	0.00	0.00	0.88
* Reduction	3.25	0.00	0.00	3.25
Net Change	**-2.37**	**0.00**	**0.00**	**-2.37**
Indebtedness at the end of the financial year				
i) Principal Amount	14.94	0.00	0.00	14.94
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	**14.94**	**0.00**	**0.00**	**14.94**

V. Remuneration of Directors and Key Managerial Personnel:

(A) Remuneration to Managing Director/Whole Time Director and/or Manager:

S. No.	Particulars of Remuneration	Name of Chairman/MD/WTD/ Manager				Total Amount (₹ in Lakhs) per annum
	Chairman/MD/WTD	Mr. Ashok Kajaria	Mr. Chetan Kajaria	Mr. Rishi Kajaria	Mr. Basant Kumar Sinha*	
1.	Gross salary (Per Annum)					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	253.20	374.40	374.40	67.32	1069.32
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	84.40	43.27	43.27	8.62	179.56
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4.	Commission - as % of profit	0.00	77.00	77.00	0.00	154.00
5.	Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total (A)	**337.60**	**494.67**	**494.67**	**75.94**	**1402.88**

Overall Ceiling as per Act: ₹3503 Lakhs (being 10% of the profit of the Company calculated as per Section 198 of the Companies Act, 2013.

* Mr. Basant Kumar Sinha is not on the Board of the Company, in any capacity, from the close of working hours of 31st March, 2019 as he resigned from the Board of the Company and his tenure as Director-Technical was also completed with effect from the close of working hours of 31st March, 2019.

(B) Remuneration to other directors

S. No.	Particulars of Remuneration	Name of Directors						Total amount (₹ in Lakhs)
	Independent Director	Mr. Raj Kumar Bhargava	Mr. Ram Ratan Bagri #	Mr. Debi Prasad Bagchi	Mr. H. Rathnakar Hegde	Mr. Dev Datt Rishi	Mrs. Sushmita Singha	
1.	Fee for attending Board / Committee meetings	3.60	4.00	4.00	2.00	Not Applicable	2.40	16.00
	Commission	-	-	-	-	Not Applicable	-	-
	Others, please specify	-	-	-	-	Not Applicable	-	-
	Total (1)	**3.60**	**4.00**	**4.00**	**2.00**	**Not Applicable**	**2.40**	**16.00**
2	**Other Non-Executive Directors**							
	Fee for attending Board / Committee meetings	0.00	0.00	0.00	0.00	1.80	0.00	1.80
	Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (2)	**0.00**	**0.00**	**0.00**	**0.00**	**1.80**	**0.00**	**1.80**
	Total (B)=(1+2)	**3.60**	**4.00**	**4.00**	**2.00**	**1.80**	**2.40**	**17.80**
	Total Managerial Remuneration							**1420.68**
	Overall Ceiling as per the Act	₹3853 Lakhs (being 11% of the profit of the company calculated as per Section 198 of the Companies Act, 2013						

\# Mr. Ram Ratan Bagri ceased to be the Non-executive & Independent Director of the Company with effect from the close of working hours of 31st March, 2019 as his tenure being the Non-executive & Independent Director of the Company was completed.

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Ram Chandra Rawat, COO (A&T) & Company Secretary	Mr. Sanjeev Agarwal, CFO	Total Amount (₹ in Lakhs) per annum
1	Gross salary (per annum)			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	165.81	167.10	332.91
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	0.40	0.80
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission - as % of profit - others, specify	0.00	0.00	0.00
5	Others, please specify			
	Employer Contribution to Provident Fund	3.25	3.25	6.50
	Variable Pay / incentive	0.00	0.00	0.00
	Total	**169.46**	**170.75**	**340.21**

VI. Penalties / Punishment / Compounding of Offences:

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

For and on behalf of Board

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

Place: New Delhi
Date: 10th May, 2019

ANNEXURE – 7

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 2018-19 are as follows:

- Air leakage audit conducted and the air leakage arrested.
- Installation of Natural ventilators in Press area.
- Auto switching on and off of conveyors, blowers, etc., when not in use.
- 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, analyse, & report and also compare the power consumption across all plants of the Company.
- 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, besides the exhaust heat of gas generators of spray driers.

(ii) Utilising alternate sources of energy

a. Solar Energy:

During the financial year 2018-19, The Company has installed 0.68 MW rooftop solar project at Gailpur (Rajasthan) plant of the Company.

With the commissioning of the above project, total installed rooftop solar energy capacity is now 4.43 MW at Gailpur & Malootana (Rajasthan) and Sikandrabad, (U.P.) plants of the Company.

For the financial year 2018-19, the solar project has generated about 46.18 Lakhs units, which is about 3.54% 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 2018-19, the wind turbine project generated about 38.78 Lakhs units, which is about 2.97% of electricity consumption across all the plants of the Company.

(iii) Capital investment on energy conservation equipments

The Company has spent ₹43.13 Lakhs on energy conservation equipments, during the financial year 2018-19.

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	2018-19	2017-18
a) Capital	0.26	0.80
b) Recurring	18.22	16.77
Total	**18.48**	**17.57**
Total R&D expenditure as a percentage of total turnover	0.68%	0.66%

C. Foreign Exchange Earning and Outgo

Foreign exchange earned in terms of actual inflow during the financial year 2018-19 was ₹43.44 Crores (equivalent value of various currencies).

Foreign exchange outgo in terms of actual outflow during the financial year 2018-19 was ₹46.26 Crores (equivalent value of various currencies).

For and on behalf of Board

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

Place: New Delhi
Date: 10th May, 2019

ANNEXURE – 8

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 2018-19:

S. No.	Name	Age	Designation	Qualification	Experience	Date of commencement of employment	Remuneration received during the financial year 2018-19 (₹ in Lakhs)	Particular of last employment
1.	Mr. Ashok Kajaria	71	Chairman & Managing Director	B.SC, BSME, UCLA (California), USA	43	01.01.1987	451.54	Managing Director -Kajaria Exports Limited
2.	Mr. Chetan Kajaria	44	Joint Managing Director	B. Engg. (Petrochem), Pune University, MBA from Boston College (USA)	19	15.01.2000	494.67	Managing Director - Kajaria Plus Limited
3.	Mr. Rishi Kajaria	41	Joint Managing Director	B.Sc. in Business Administration from Boston University (USA)	15	26.07.2003	494.67	Director - Kajaria Infotech Limited
4.	Mr. Ram Chandra Rawat	63	COO (A&T) & Company Secretary	M. Com. FCA, FCS	39	14.07.1987	165.81	Chief Accounts Officer - RCS Vanaspati Limited
5.	Dr. Rajveer Choudhary	65	Chief Operating Officer (Gailpur Plant)	M.A., PH.D	37	03.08.1998	162.52	VP - Venus Sugars Limited
6.	Mr. Sanjeev Agarwal	55	CFO	B.Com., FCA	32	09.02.1994	167.10	Dy. Manager- Finance Orissa Synthetics Limited
7.	Mr. Pankaj Sethi	48	COO (Marketing)	BE - Civil Engg.	27	01.04.2003	229.72	Regional Manager -Kajaria Infotech Limited
8.	Mr. Bhupendra Vyas	61	COO (Marketing)	MMS	38	01.08.2016	155.86	Executive Director- City Tiles Limited
9.	Mr. Gautam Seth	45	VP (Marketing & Technical)	BE- Mech. Engg.	20	01.09.2009	147.69	VP – Marketing Kajaria Plus Limited
10.	Mr. Vivek Goyal	50	VP (Marketing)	PGDBA – Marketing	28	01.05.2000	141.05	DGM- Marketing – Kajaria Plus Limited
11.	Mr. R K Bhagat	53	GM (Marketing)	B. Com. (Pass)	33	15.06.1998	126.87	Sales Executive- Infra Industries Limited
12.	Mr. Amit S Jain	43	GM (Marketing)	PGDBA – Marketing	19	01.08.2000	117.82	Auditing- B. S. Sharma & Consultancy
13.	Mr. G P Nirmal	58	Sr. VP (I & E)	B. Com. (Hons)	40	01.08.1997	110.41	Sr. Manager – Kajaria Exports Limited
14.	Mr. Bal Mukund Sharma	43	GM (Marketing)	PGDBM	21	17.01.2005	109.24	Asst. Manager (Sales)- Kajaria Tiles (Aust) Pvt. Limited

(b) No employee was in receipt of remuneration exceeding ₹8.50 Lakhs per month, who was employed for a part of financial year 2018-19.

(c) During the financial year 2018-19, no employee was in receipt of remuneration exceeding the remuneration drawn by the Managing Director or Whole Time Director of the Company.

Note:

1. Remuneration includes salary, allowances, and perquisites but excludes Gratuity Fund and Personal Accident Insurance as the same is paid for the Company as whole.
2. All above mentioned employees are on the rolls of the Company and nature of employment is as per the appointment letter given by the Company.
3. Mr. Ashok Kajaria, Mr. Chetan Kajaria and Mr. Rishi Kajaria, hold equity shares of the Company, which is disclosed in Annexure-6 of the Directors' Report.
4. 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: 10th May, 2019

REPORT ON CORPORATE GOVERNANCE

The Company's Philosophy on Corporate Governance

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

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

The Board of Directors ('the Board') of the Company 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 laws; and

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

Board of Directors

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

Selection of the Board

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

Composition

The Board comprises of such number of Executive, Non-Executive and Independent Directors as required under the applicable legislations. The Board consists of eminent individuals from the Industry, management, technical, financial and marketing, etc. The Company is managed by the Board of Directors in co-ordination with the Senior Management team. From the close of working hours of 31st March, 2019, One (1) Executive Director and One (1) Non-executive-Independent Director ceased to be on the Board of the Company. Accordingly, after close of working hours of 31st March 2019, the Company has Eight (8) Directors on its Board, out of which Three (3) are Executive Directors, One (1) is Non-executive Director and Four (4) are Non-executive-Independent Directors including one Woman Independent Director. The Board periodically evaluates the need for change in its composition and size.

The details of composition of the Board, 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 2019 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)	6	6	Yes	1	0	2
Mr. Chetan Kajaria (DIN: 00273928) $	Joint Managing Director	6	5	Yes	1	0	1
Mr. Rishi Kajaria (DIN: 00228455) $	Joint Managing Director	6	6	Yes	1	0	0
Mr. Basant Kumar Sinha ^ (DIN: 03099241)	Director – Technical (Executive)	6	1	Yes	1	0	0
Mr. Dev Datt Rishi (DIN: 00312882)	Director - (Non-Executive)	6	6	Yes	1	0	0
Mr. Raj Kumar Bhargava # (DIN: 00016949)	Director (Non-Executive & Independent)	6	6	Yes	4	5	2
Mr. Ram Ratan Bagri @ (DIN: 00275313)	Director (Non-Executive & Independent)	6	5	Yes	3	0	2
Mr. Debi Prasad Bagchi # (DIN: 00061648)	Director (Non-Executive & Independent)	6	6	Yes	3	1	2
Mr. H. Rathnakar Hegde ^^ (DIN: 05158270)	Director (Non-Executive & Independent)	6	3	Yes	8	5	4
Mrs. Sushmita Singha (DIN: 02284266)	Director (Non-Executive & Independent)	6	6	No	3	1	0

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

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

^ Mr. Basant Kumar Sinha is not on the Board of the Company, in any capacity, from the close of working hours of 31st March 2019 as he resigned from the Board of the Company and his tenure as Director-Technical was also completed w.e.f. the close of working hours of 31st March 2019.

The Shareholders of the Company had approved, by passing the Special Resolutions on 11th March, 2019, through Postal Ballot:

- The continuation of Mr. Raj Kumar Bhargava and Mr. Debi Prasad Bagchi as the Independent Directors of the Company on/after 1st April, 2019 and till the expiry of their existing tenure i.e. upto the conclusion of 33rd Annual General Meeting of the Company to be held in the Calendar Year 2019 or upto 31st July, 2019, whichever is earlier; and
- The re-appointments of Mr. Raj Kumar Bhargava and Mr. Debi Prasad Bagchi as the Independent Directors of the Company for the second term effective from the conclusion of the 33rd Annual General Meeting of the Company to be held in the Calendar Year 2019 or from 1st August, 2019, whichever is earlier upto the conclusion of the 36th Annual General Meeting of the Company to be held in the Calendar Year 2022.

@ Mr. Ram Ratan Bagri ceased to be the Non-executive & Independent Director of the Company with effect from the close of working hours of 31st March, 2019 as his tenure being the Non-executive & Independent Director of the Company was completed.

^^ The Shareholders of the Company had, by passing a Special Resolution at the Annual General Meeting held on August 27, 2018, re-appointed Mr. H. Rathnakar Hegde as the Independent Director of the Company for second term with effect from 1st April, 2019 to 31st March, 2024.

$ Promoter Group

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

Mr. Ashok Kajaria, Chairman & Managing Director of the Company is the father of Mr. Chetan Kajaria and Mr. Rishi Kajaria, Joint Managing Directors, of the Company. There is no relationship between any of the 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 other 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, 2019, 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. Basant Kumar Sinha ^ (DIN: 03099241)	-	-
Mr. Dev Datt Rishi (DIN: 00312882)	-	-
Mr. Raj Kumar Bhargava (DIN: 00016949)	Noida Toll Bridge Company Limited	Non-executive & Independent Director
	Asian Hotels (West) Limited	Non-executive & Independent Director
	HB Portfolio Limited	Non-executive & Independent Director
Mr. Ram Ratan Bagri @ (DIN: 00275313)	APM Industries Limited	Non-executive & Independent Director
Mr. Debi Prasad Bagchi (DIN: 00061648)	Mideast Integrated Steels Limited	Non-executive & Independent Director
Mr. H. Rathnakar Hegde (DIN: 05158270)	Sical Logistics Limited	Non-executive & Independent Director
Mrs. Sushmita Singha (DIN: 02284266)	-	-

* Excluded the Directorship held in Kajaria Ceramics Limited.

^ Mr. Basant Kumar Sinha is not on the Board of the Company, in any capacity, from the close of working hours of 31st March, 2019 as he resigned from the Board of the Company and his tenure as Director-Technical was also completed with effect from the close of working hours of 31st March, 2019.

@ Mr. Ram Ratan Bagri ceased to be the Non-executive & Independent Director of the Company with effect from the close of working hours of 31st March, 2019 as his tenure being the Non-executive & Independent Director of the Company was completed.

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

The details of equity shares of the Company held by the Independent Directors / Non-Executive Director are as under:

Sr. No.	Name of Independent Directors/ Non-executive Director	Category	No. of equity shares of ₹ 1 each of the Company held as on 31st March, 2019
1.	Mr. Raj Kumar Bhargava	Non-executive & Independent Director	18,592
2.	Mr. Ram Ratan Bagri*	Non-executive & Independent Director	38,500
3.	Mr. Dev Datt Rishi	Non-executive Director	624

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

* Mr. Ram Ratan Bagri ceased to be the Non-executive & Independent Director of the Company with effect from the close of working hours of 31st March, 2019 as his tenure being the Non-executive & Independent Director of the Company was completed.

Board Meetings

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

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

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

During the financial year 2018-19, six (6) Board Meetings were held, at least one in every calendar quarter and the gap between two consecutive Board Meetings did not exceed one hundred and twenty (120) days. The dates on which the Board Meetings were held, are as follows:

8th May, 2018, 24th July, 2018, 24th September, 2018, 25th October, 2018, 18th January, 2019 and 30th March, 2019.

Post meeting follow up Mechanism

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

Board Support

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

Separate Meeting for Independent Directors

The Independent Directors of the Company meet once in a financial year without the presence of Executive Directors and Management Personnel. Such Meeting reviews the performance of Non-Independent Directors and the Board as a whole, reviews the performance of Chairman, 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 10th May, 2019.

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 a Director of the Company. The Director is also explained in detail the compliances required from him/her under the Companies Act, 2013, the Listing Regulations and other relevant rules & regulations. The Chairman & Managing Director also has one to one discussion with the newly appointed Director to familiarize him/her with the Company's Operations. The Board Members are provided with necessary documents, reports and policies to enable them to familiarise with the Company's Procedures and Practices. Periodic presentations are made at the Board and 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 2018-19, the Committee met six (6) times i.e. 8th May, 2018, 24th July, 2018, 24th September, 2018, 25th October, 2018, 18th January, 2019 and 30th March, 2019. During the year, 2018-19, the Committee has been reconstituted by the Board. 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	6
Mr. Ashok Kajaria	Executive	Member	6
Mr. Ram Ratan Bagri *	Non-executive & Independent	Member	5
Mr. H. Rathnakar Hegde	Non-executive & Independent	Member	3
Mr. Debi Prasad Bagchi	Non-executive & Independent	Member	6

* The Board of the Company re-constituted the Audit Committee at its meeting held on 30th March, 2019 as Mr. Ram Ratan Bagri ceased to be a member of the Audit Committee.

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

Mr. Ram Chandra Rawat, COO (A&T) & Company Secretary of the Company acts as the Secretary of the Audit Committee. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company held on 27th August, 2018.

Terms of Reference of Audit Committee

During the year 2018-19, the Board has revised the terms of reference (Role) of the Audit Committee in compliance with the provisions of the Listing Regulations read with the Companies Act, 2013 and the revised 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 Companies Act, 2013;
    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 statements 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 rupees 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. Any other role/functions as may be delegated by the Board of Directors of the Company or prescribed by law, from time to time.

Nomination and Remuneration Committee

During the year 2018-19, the Committee met two (2) times i.e. 8th May, 2018 and 18th January, 2019. During the year, 2018-19, the Committee has been reconstituted by the Board. 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	2
Mr. Ashok Kajaria	Executive	Member	2
Mr. Ram Ratan Bagri *	Non-executive & Independent	Member	2
Mr. H. Rathnakar Hegde	Non-executive & Independent	Member	1
Mrs. Sushmita Singha *	Non-executive & Independent	Member	0

* The Board of the Company re-constituted the Nomination and Remuneration Committee at its meeting held on 30th March, 2019 and nominated Mrs. Sushmita Singha as a member of this Committee in place of Mr. Ram Ratan Bagri.

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

The Chairman of the Nomination and Remuneration Committee was present in the last Annual General Meeting of the Company held on 27th August 2018.

During the year 2018-19, the Terms of Reference (Role) of the Nomination and Remuneration Committee has been revised and the revised role of the Committee, effective from April 1, 2019, 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 2018-19, one (1) meeting of the Risk Management Committee was held on 14th March, 2019. The composition of the Committee and details of meeting attended by the Directors / members of this Committee are as follows:

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

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

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

1. Identifying, assessing and mitigating the existing as well as potential risk (including strategic, financial, operational and compliance risks) to the Company and to recommend the strategy to the Board to overcome them.
2. Assisting the Board in framing, implementing and monitoring the risk management plan for the Company and reviewing and guiding the risk policy.
3. Developing risk management policy, system and framework for the Company.
4. Perform such activities related to this policy as requested by the Board of Directors or to address issues relating to any significant subject within its terms of reference.

During the year 2018-19, the Board has, additionally authorised the Risk Management Committee to carry out function which shall specifically cover cyber security (effective from April 1, 2019) and any other function as may be prescribed by law, from time to time.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 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.

Remuneration

A. Remuneration to Independent / Non-executive Director

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 2018-19 was ₹17.80 Lakhs. The Independent/ Non-executive Directors do not have any pecuniary relationship or transactions with the Company. The criteria of making payment to Non-executive Directors is disclosed in the Nomination and Remuneration Policy of the Company. The said Policy has been revised during the year 2018-19 and 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 2019 is as under:

S. No.	Name of Independent / Non-Executive Director	Sitting Fees (₹ in Lakhs)
1	Mr. Raj Kumar Bhargava	3.60
2	Mr. Ram Ratan Bagri @	4.00
3	Mr. Debi Prasad Bagchi	4.00
4	Mr. H. Rathnakar Hegde	2.00
5	Mr. Dev Datt Rishi	1.80
6	Mrs. Sushmita Singha	2.40

@ Mr. Ram Ratan Bagri ceased to be the Non-executive & Independent Director of the Company with effect from the close of working hours of 31st March, 2019 as his tenure being the Non-executive & Independent Director of the Company was completed.

B. Remuneration to Executive Directors

The appointment and remuneration of Executive Directors including Chairman & Managing Director, Joint Managing Directors and Whole Time Director are governed by the recommendations of the Nomination and Remuneration Committee and approvals by the Board of Directors and shareholders of the Company.

The remuneration package and terms and conditions of appointment of the Chairman & Managing Director, Joint Managing Directors and Whole Time Director are governed by the respective agreements executed between them and the Company. Their remuneration package comprises of salary, perquisites and commission, if any, as approved by the shareholders at the General Meetings.

The details of remuneration paid to Executive Directors during the year ended 31st March 2019 is as under:

S. No.	Name of Directors	Fixed Component		Performance Linked Incentive	Total
		Salary	Perquisites & other Benefits	Commission	
1.	Mr. Ashok Kajaria	253.20	198.34	-	451.54
2.	Mr. Chetan Kajaria	374.40	43.27	77.00	494.67
3.	Mr. Rishi Kajaria	374.40	43.27	77.00	494.67
4.	Mr. Basant Kumar Sinha ^	67.32	8.62	-	75.94

^ Mr. Basant Kumar Sinha is not on the Board of the Company, in any capacity, from the close of working hours of 31st March, 2019 as he resigned from the Board of the Company and his tenure as Director-Technical was also completed with effect from the close of working hours of 31st March, 2019.

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 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 2018-19, the Committee met four (4) times i.e. 9th April, 2018, 2nd July, 2018, 5th October, 2018 and 8th January, 2019.

During the year 2018-19, the Committee has been reconstituted by the Board. The composition of the Committee and details of meetings attended by the Directors are as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Ram Ratan Bagri *	Non-executive & Independent	Chairperson	1
Mrs. Sushmita Singha *	Non-executive & Independent	Chairperson	0
Mr. Ashok Kajaria	Executive	Member	4
Mr. Chetan Kajaria	Executive	Member	4

* The Board of the Company re-constituted the Stakeholders Relationship Committee at its meeting held on 30th March, 2019 and nominated Mrs. Sushmita Singha as the Chairperson of this Committee in place of Mr. Ram Ratan Bagri.

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

During the year 2018-19, 16 complaints were received, out of which 15 complaints were duly addressed/ disposed and 1 compliant remained pending as on 31st March 2019. 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.

During the year 2018-19, the Terms of Reference (Role) of the Stakeholders Relationship Committee has been revised and the revised role of the Committee, effective from April 1, 2019, 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 2018-19, the Committee met three (3) times i.e. 7th May, 2018, 24th July, 2018 and 25th October, 2018. The composition of the Committee and details of meetings attended by the Directors are as follows:

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

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

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

As a part of initiative of CSR drive, the Company has implemented various CSR programmes/projects which made positive impacts mainly in the areas of health, sanitation, conservation of natural resources, sports and promoting education, 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 Companies Act, 2013.

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 2018-19, the Committee met one (1) time i.e. 7th May, 2018. The composition of the Committee is as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Ashok Kajaria	Executive Director	Chairperson	1
Mr. Chetan Kajaria	Executive Director	Member	1
Mr. Rishi Kajaria	Executive Director	Member	1
Dr. Rajveer Choudhary	COO (Works)	Member	-
Mr. Bhupendra Vyas	COO (Marketing)	Member	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. During the year 2018-19, the Committee has been re-constituted and it comprises of three Executive Directors of the Company as Mr. Ram Ratan Bagri, Non-executive & Independent Director, ceased to be a member of this Committee. 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 Companies Act, 2013, the Company has framed and adopted a Code of Business Conduct and Ethics ('the Code'). The Company has in place a comprehensive Code of Conduct applicable to all Senior Management Personnel which would include the Directors of the Company, the Top Management Personnel and all functional 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 Directors and Management Personnel. All members of the Board and Senior Officers have affirmed compliance to the Code as on 31st March, 2019.

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, the Company has adopted the Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosure. During the year 2018-19, the Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosure have been revised, effective from April 1, 2019, in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (including amendments thereto). The Code of Conduct for Prevention of Insider Trading is applicable to Promoters, Promoters Group, all Directors, Key Managerial Persons and other Designated Persons including employees 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. During the year 2018-19, the Material Subsidiary Policy has been revised, effective from April 1, 2019, in compliance with the Listing Regulations (including amendments thereto). 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 Companies Act, 2013, the Company has adopted Related Party Transaction Policy. During the year 2018-19, the said Policy has been revised, effective from April 1, 2019, in compliance with the Listing Regulations and the Companies Act, 2013 (including amendments thereto). 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 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 Companies Act, 2013 and 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. The details of the said policy are given as **Annexure-A**.

6. Risk Management Policy

The Company has adopted the Risk Management Policy and the same is 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- B**. 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.
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
2016-17	10th August, 2017	3:00 p.m.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana - 122001	• To amend and adopt new Articles of Association of the Company.
2015-16	24th August, 2016	4:00 p.m.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana - 122001	• Re-appointment of Mr. Ashok Kajaria as Chairman & Managing Director of the Company • Sub-division of equity shares of the Company

b) Special Resolution passed through Postal Ballot:

During the year 2018-19, four Special Resolutions were passed through Postal Ballot for:

- Continuation of Mr. Raj Kumar Bhargava and Mr. Debi Prasad Bagchi as the Independent Directors of the Company on/after 1st April, 2019 and till the expiry of their existing tenure i.e. upto the conclusion of 33rd Annual General Meeting of the Company to be held in the Calendar Year 2019 or upto 31st July, 2019, whichever is earlier; and
- Re-appointments of Mr. Raj Kumar Bhargava and Mr. Debi Prasad Bagchi as the Independent Directors of the Company for the second term effective from the conclusion of the 33rd Annual General Meeting of the Company to be held in the Calendar Year 2019 or from 1st August, 2019, whichever is earlier upto the conclusion of the 36th Annual General Meeting of the Company to be held in the Calendar Year 2022.

The voting results for the said Resolutions are given below:

Description of Resolution(s)	No. of total valid votes (Postal Ballot & e-voting) received	Votes cast (No. of shares)	
		For	Against
Approval for continuation of Mr. Raj Kumar Bhargava as an Independent Director of the Company	120065281	115930936	4134345
Approval for continuation of Mr. Debi Prasad Bagchi as an Independent Director of the Company	120064491	115934332	4130159
Approval for re-appointment of Mr. Raj Kumar Bhargava as an Independent Director of the Company	120064493	115859609	4204884
Approval for re-appointment of Mr. Debi Prasad Bagchi as an Independent Director of the Company	120063493	115862785	4200708

Mr. Shashikant Tiwari (ACS No.: 28994, CP No. 13050), Partner of M/s Chandrasekaran Associates, Company Secretaries, Delhi had conducted the Postal Ballot exercise as the Scrutiniser and submitted the report in compliance of the applicable laws.

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

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

d) Procedure for Postal Ballot:

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

ballot forms are requested to return the forms duly completed and signed, to the Scrutiniser on or before the closure of the voting period. Shareholders desiring to exercise their votes by electronic mode are requested to vote before 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) Except as stated above, the Company did not hold Extra-Ordinary General Meeting of the Shareholders.

Disclosures

a) Materially Significant Related party transactions

During the year 2018-19, 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. 36 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 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 Companies Act, 2013 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. During the year 2018-19, this Policy has been revised, effective from April 1, 2019, as per the SEBI (Prohibition of Insider Trading) Regulations, 2015 (including amendments thereto) by including a provision for making aware the employees to report leak 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 2018-19.

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 Board's 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 SEBI's Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, the Annual Secretarial Compliance Report for the year 2018-19 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 Companies Act, 2013.
- 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 fulfil the conditions/criteria specified in the Listing Regulations read with the Companies Act, 2013 and they are also independent of the management.

h) During the year 2018-19, 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 2018-19 : Nil
- Number complaints disposed of during the year 2018-19 : Nil
- Number of complaints pending as on end of the year 2018-19 : Nil

j) Details all credit ratings obtained by the Company along with any revisions thereto during year 2018-19, 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 2018-19, 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 2018-19, 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 year 2018-19	40.00
2	Other Services and out of pocket expenses	26.29
	Total	**66.29**

B. Payment to M/s Grant Thornton, network firm of M/s. Walker Chandiok & Co LLP, Chartered Accountants, the Statutory Auditors of the Company

Sr. No.	Particulars	₹ in Lakhs (exclusive of applicable taxes)
1	Advisory services	9.00
	Total	**9.00**

l) The Board of Directors of the Company have identified the following Core Skills/Practical Experience/Competencies as required in the context of its business(es) and sector(s) for it to function effectively:

- Technology;
- Manufacturing process;
- Accountancy;
- Finance and financial management;
- Law;
- Economics;
- Business Management;
- Risk Management;
- Administration; and
- Human Resources.

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 year 2018-19	Amount of Transaction during the year 2018-19 (₹ in Crores)
1	Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	Promoter Group	Dividend Paid	7.76
2	Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)	Promoter Group	Dividend Paid	7.76

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 each household of the shareholders.

c. Modified opinion(s) in Audit Report: The Audit Reports on the Financial Statements (Standalone & Consolidated) for the year ended March 31, 2019, do not contain any modified opinion.

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

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

Means of Communication

Quarterly, Half-Yearly & Annual Financial Results:

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

Investor Release

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

General Shareholders Information

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

Date, time and venue of the 33rd Annual General Meeting ('AGM')

Day & Date	:	Monday, 26th August, 2019
Time	:	3.00 p.m.
Venue	:	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana 122001
Dates of Book closure	:	Tuesday, 20th August, 2019 to Monday, 26th August, 2019 (Both days inclusive)
Financial Year	:	April 1 to March 31

Financial Calendar (Tentative)

First Quarter Results :	1st week of August, 2019
Second Quarter / Half Yearly Results :	4th week of October 2019
Third Quarter / Nine Months Results :	4th week of January 2020
Fourth Quarter / Annual Results for the year ending 31st March 2020 :	2nd week of May, 2020

Dividend Payment date

Dividend shall be paid to all eligible shareholders within 30 days from the date of declaration of dividend at the 33rd Annual General Meeting.

Dividend history for the last 5 years is as under:

Year	Dividend Rate (%)	In per Share (Face value of ₹ 2/- upto F.Y. 2015-16 and ₹ 1/- from F.Y. 2016-17)	Dividend Amount (Rupees in Crores)
2017-18	300	₹ 3.00	47.69
2016-17	300	₹ 3.00	47.68
2015-16	250	₹ 5.00	39.73
2014-15	200	₹ 4.00	31.79
2013-14	175	₹ 3.50	26.45

Unpaid / Unclaimed Dividend:

The entire unpaid / unclaimed dividend up to the financial year 2010-11 has been transferred to Investor Education and Protection Fund ('IEPF'). No claims will lie against the Company in respect of unclaimed amount so transferred.

The unclaimed dividend declared in respect of the financial year 2011-12 will be transferred to the Investor Education and Protection Fund as per the applicable laws.

Transfer of equity shares to Investor Education and Protection Fund ('IEPF') Authority:

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 4,17,094 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 financial year 2018-19: 53362 equity shares and during the financial year 2017-18: 363732 equity shares), to IEPF Authority.

Pursuant to the IEPF Rules, the unclaimed dividend for the financial year 2011-12 will become due for transfer to the IEPF Authority on August 12, 2019 (i.e. Due date) and accordingly, both the unclaimed dividend and corresponding shares will be transferred to the IEPF Authority within 30 days from the Due date.

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')

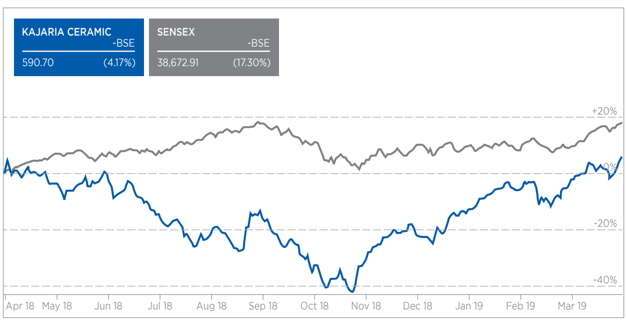
Listing fees for the financial year 2019-20 have been paid by the Company within the stipulated time.

Stock Code : 500233 (BSE) / KAJARIACER (NSE)
ISIN : INE217B01036

Market Price Data : Monthly High and Low quotation of shares traded on BSE/ NSE during the year 2018-19:

Month	BSE		NSE	
	High	Low	High	Low
April, 2018	595.00	540.15	596.70	539.05
May, 2018	578.00	502.65	579.55	501.25
June, 2018	559.10	473.15	558.75	472.60
July, 2018	495.00	415.05	495.45	414.20
August, 2018	511.20	405.00	511.70	406.00
September, 2018	483.60	362.10	483.50	363.80
October, 2018	403.00	316.20	402.40	310.00
November, 2018	469.80	391.85	469.95	391.75
December, 2018	498.25	405.00	498.50	417.00
January, 2019	554.00	487.75	554.65	487.55
February, 2019	555.15	493.95	556.00	494.65
March, 2019	597.65	544.60	598.75	542.00

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: helpdeskdelhi@mcsregistrars.com

Share Transfer System

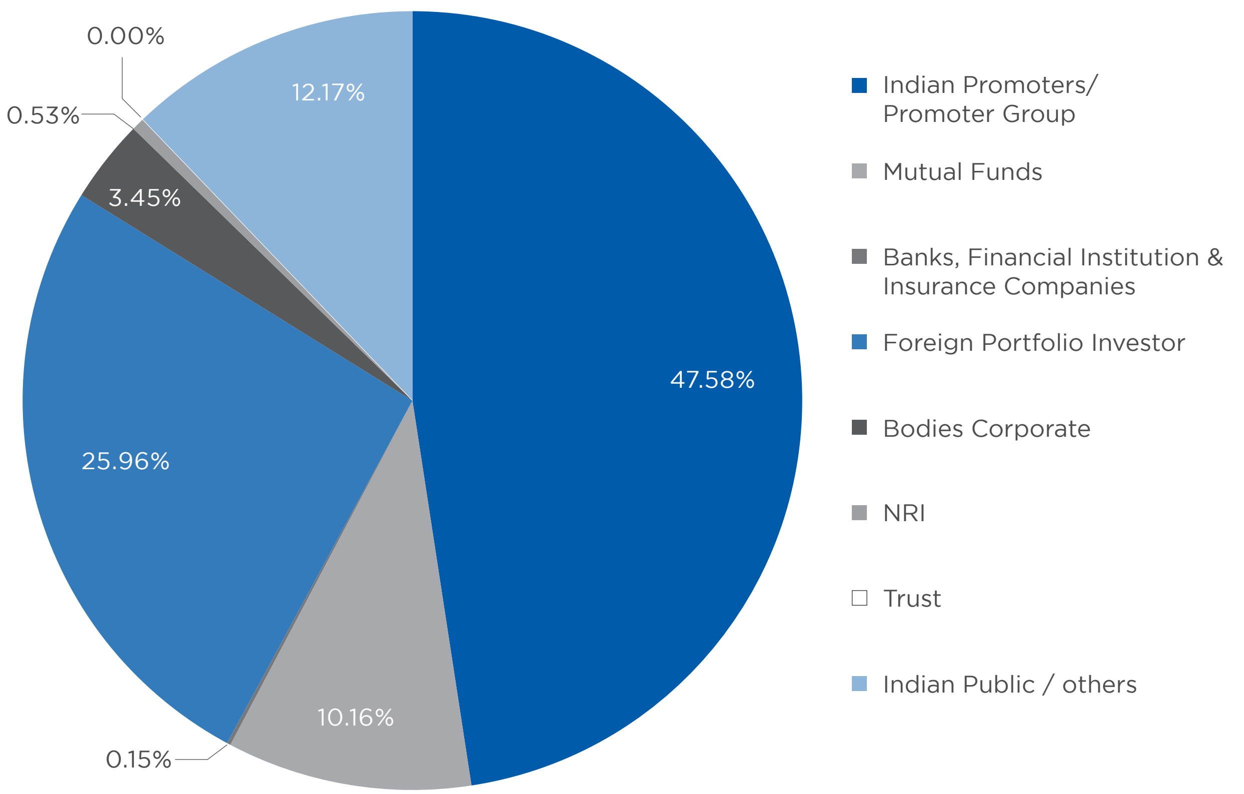
MCS Share Transfer Agent Limited is the Registrar and Share Transfer Agent ('RTA') for handling the share registry work relating to shares held in physical and electronic format at single point. The applications and request received by the Company/the Registrar and Share Transfer Agent for the transfer of shares held in physical form are processed and the share certificate for the same are sent to the transferee within the stipulated period. A summary of all the share transfers, etc. processed by the RTA and approved by the Stakeholders Relationship Committee is placed before the Board of Directors, from time to time.

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 / 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.

Shareholding Pattern as on 31.03.2019

Category	No. of Equity Shares Held	Percentage of Shareholding
Promoter/Promoter Group:		
Indian Promoter / Promoter Group	75625231	47.58
Institutional Investors & Others:		
Mutual Funds	16154115	10.16
Banks, Financial Institutions & Insurance companies	230817	00.15
Foreign Portfolio Investors	41262051	25.96
Bodies Corporate	5487382	03.45
NRI	837911	00.53
Trust	1852	00.00
Indian Public / Others	19350941	12.17
Total	**158950300**	**100.00**

Sharholding Pattern as on 31/03/2019



Distribution of Shareholding as on 31.03.2019

Category Range	No. of Shareholders		No. of Equity Shares	
	Total	% of shareholders	Total	% of share capital
1-500	59286	89.96	6234234	3.92
501-1000	3473	5.27	2667183	1.68
1001-2000	1618	2.46	2456331	1.55
2001-3000	514	0.78	1312730	0.83
3001-4000	259	0.39	923434	0.58
4001-5000	167	0.25	777502	0.49
5001-10000	263	0.40	1867692	1.17
10001 and above	322	0.49	142711194	89.78
Total	**65902**	**100.00**	**158950300**	**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 2019, 15,75,54,778 equity shares out of 15,89,50,300 equity shares of the Company, forming 99.12% 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	150665761	94.79
CDSL	6889017	4.33
Shares in Physical Form	1395522	0.88
Total	**158950300**	**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 2018-19.

Other Information

a) Corporate Identification Number (CIN): L26924HR1985PLC056150

b) Reconciliation Audit for Share Capital as on 31st March, 2019

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 2019. The details of foreign currency exposure as on 31st March 2019 is provided in Note No. 44 of the Financial Statements. All import liabilities are unhedged because cost of forward premium was higher. However, all import liabilities are paid on the due date.

Plant Locations

The plants of the Company are located as under:

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

Subsidiary Companies

As on 31st March 2019, the Company does not have any material unlisted subsidiary company as defined in 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

Telephone: +91 - 124-4081281

ii. Corporate Office:

Kajaria Ceramics Limited
J-1/B-1 (Extn.), Mohan Co-operative Industrial Estate,
Mathura Road, New Delhi - 110044
Telephone: +91 - 11 - 26946409
Fax No.: +91 - 11 - 26946407

Email ID for Investors

The Company has designated investors@kajariaceramics.com as an email address especially for investors' grievance(s).

Declaration related to code of conduct to Directors/ Senior Management

In accordance with the Listing Regulations, I hereby declare that all Directors and Senior Management Personnel 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: 10th May, 2019

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, 2019 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, 2019, 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, 2019;
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 : 10th May, 2019

Ashok Kajaria
Chairman & Managing Director

Sanjeev Agarwal
CFO

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

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

We have examined all relevant records of **Kajaria Ceramics Limited** (the Company) for the purpose of certifying of all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March 2019. 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

Place: Delhi
Date: 10.05.2019

SECRETARIAL COMPLIANCE REPORT

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

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 2019** ("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;

(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 Regulations and Bye-laws framed thereunder to the extent of Regulations 76 of Securities and Exchange Board of India (Depositories and Participants Regulations, 2018;

(j) The Securities and Exchange Board of India (Registrar to Issue and Share Transfer Agent) 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	NIL	NIL

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from 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	NIL	NIL	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... (The years are to be mentioned)	Action taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
	Not Applicable during the year under review.			

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. ACS 16302
Certificate of Practice No.5673

Date: 10.05.2019
Place: Delhi

CERTIFICATE UNDER SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

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

Based on the disclosures/declarations received from Directors appointed on the Board of Kajaria Ceramics Limited ("**Company**") as on March 31, 2019, we hereby certified that as on March 31, 2019, none of the Directors on the Board of Company have been debarred or disqualified from being appointed or continuing as director of the Company by Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Managing Partner
Membership No. ACS 16302
Certificate of Practice No.5673

Date: 10.05.2019
Place: Delhi

Annexure-A

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

The Company aims at rewarding its shareholders by sharing a part of its profits after retaining sufficient funds for the growth of the Company. The Company has been able to pursue its aim over years and has been able to maintain fairness, consistency and sustainability while distributing profits to its shareholders. This policy has been framed with an objective to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes.

2. PURPOSE AND REGULATORY FRAMEWORK

In accordance with the provisions of the Companies Act, 2013 and rules made thereunder (the 'Act') and Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), as amended from time to time, this Policy provides guidance for declaration of dividend and its pay-out by the Company.

The Board of Directors (the 'Board') will consider the Policy while declaring / recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board for recommending / declaring dividend, which takes into consideration all the relevant parameters/circumstances enumerated hereunder or other factors as may be decided by the Board.

3. CONCEPT OF DIVIDEND

Dividend is the share of the profit that a company decides to distribute among its shareholders. The profits earned by the company can either be retained in the business or can be distributed among the shareholders as dividend.

4. TYPES OF DIVIDEND

The Act deals with two types of dividend - Interim and Final.

- **Interim Dividend**

Interim dividend is the dividend declared by the Board between two Annual General Meetings as and when considered appropriate. The Board shall have the absolute power to declare interim dividend during the financial year, as and when deemed fit. The Act authorises the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.

Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial statements.

- **Final Dividend**

Final dividend is recommended for the financial year at the time of approval of the Annual Financial Statements. The Board shall have the power to recommend final dividend to the shareholders for their approval at the Annual General Meeting of the Company.

5. DIVIDEND DECLARATION

Subject to the provisions of the Act, dividend shall be declared and paid out of:

I. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);

II. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.

III. Out of I and II both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, a company may declare dividend out of free reserves subject to the compliance with the Act.

6. PARAMETER / FACTOR GOVERNING DECLARATION OF DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The circumstances for dividend pay-out decision depends on various external and internal factors as under:

- **External Factors:**

The Board shall consider various external factors while declaring dividend including the following:

- Economic Scenario - The Board shall endeavour to retain a larger portion of profits to build up reserves, in case of adverse economic scenario.

- Market Scenario - The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.

- Regulatory Restrictions / Obligations - In order to ensure compliance with the applicable laws, the Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend.

  Statutory obligations under the Act to transfer a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve, etc. may impact the decision with regard to dividend declaration.

  Dividend distribution tax or any tax deduction at source as required by tax regulations in India, applicable at the time of declaration of dividend may impact the decision with regard to dividend declaration.

- Agreements with Lenders / Debenture Trustees - The decision of dividend pay-out may also be affected by the restrictions and covenants contained in the agreements entered into with the lenders or Debenture Trustees of the Company from time to time.

- Other Factors - Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

- **Internal Factors:**

The Board shall consider internal factors while declaring dividend including the following:

- Outlook of the Company in line with business plan
- Profitability;
- Capex needs for the existing businesses;
- Mergers and Acquisitions;
- Expansion / Modernization of the business;
- Cost of raising funds from alternate sources;
- Cost of servicing outstanding debts;
- Funds for meeting contingent liabilities
- Any other factor as deemed appropriate by the Board.

7. FINANCIAL PARAMETERS FOR DECLARING DIVIDEND

To keep investment attractive and to ensure capital appreciation for the shareholders, the Company shall also endeavour to provide consistent return over a period of time. While deciding on the dividend, micro and macro economic parameters for the country in general and the Company in particular shall also be considered.

The Board shall endeavor to maintain the Dividend Payout Ratio (Dividend including Dividend Distribution

Tax / Profit After Tax) between 20-25% of Consolidated Profit After Tax.

Taking into consideration the aforementioned factors, the Board shall endeavour to maintain a dividend payout.

8. UTILISATION OF RETAINED EARNINGS

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilised as under:

- Declaration of dividend - Interim or Final;
- Issue of fully paid-up bonus shares;
- Augmenting internal resources;
- Repayment of debt;
- Funding for Capex / expansion plans / acquisition;
- Any other permitted use.

9. CIRCUMSTANCES IMPACTING DIVIDEND PAYMENT

The decision regarding Dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in the business.

The circumstances under which the shareholders may expect dividend would depend upon certain factors mentioned in Clause 6 above.

10. PARAMETERS FOR VARIOUS CLASSES OF SHARES

The Authorised Share Capital of the Company is divided into Equity Shares of ₹1/- each and Preference Shares of ₹100/- each. Currently, the Company has one class of issued and subscribed shares - Equity Shares. There is no privilege amongst Equity shareholders of the Company with respect to dividend distribution.

As and when the Company shall issue other class of Equity Shares or other kind of shares, this Policy may be suitably amended.

11. DISCLOSURE

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website www.kajariaceramics.com.

If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

12. EFFECTIVE DATE

This Policy shall be effective and applicable for dividend, if any, declared for the Financial Year 2016-17 onwards.

13. REVIEW / AMENDMENT

This Dividend Distribution Policy may be amended by the Board, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the provisions of the Act and the Listing Regulations, from time to time. Any amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

Annexure-B

BUSINESS RESPONSIBILITY REPORT FOR 2018-19

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	**Corporate Identity 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**	2018-19
7	**Sector(s) that the Company is engaged in (Industrial Activity code wise)**	23913 (Manufacturing Ceramic Products)
8	**List three key products that Company manufactures (as Per Balance Sheet)**	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**	56

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: J1/B1 (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 (₹)	-	15.90 Crores
2.	Total Turnover (Gross) (₹)	-	2726.07 Crores
3.	Total Profit/(Loss) After Taxes (PAT) (₹)	-	245.90 Crores
4.	Total spending on Corporate Social Responsibility (CSR) for the financial year 2018-19 is ₹4.86 Crores which is about 2% 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 2018-19.

SECTION C: OTHER DETAILS

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

   As on 31st March, 2019, 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 2018-19.

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 9001:2008 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								

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO/ appropriate Board Director?	All the policies have been approved by the Board and have been signed by the Chairman & Managing Director of the Company.								
5.	Does the Company have a specified committee of the Board / Director / official to oversee the implementation of the policy?	The Company has constituted a Business Responsibility & Sustainability Committee ("BRS Committee") to oversee the implementation of the policy.								
6.	Indicate the link for the policy to be viewed online?	https://www.kajariaceramics.com/pdf/BusinessResponsibilityPolicy.pdf								
7.	Has the policy been formally communicated to all the relevant internal and external stakeholders?	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. 2018-19 may be accessed through the Company's website link https://www.kajariaceramics.com/pdf/business_responsibility_report_2018-19.pdf

SECTION E: PRINCIPLE WISE PERFORMANCE

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Business should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend the group / joint ventures/ suppliers/ contractors/ NGOs/ others?**

   Our philosophy is based on the trusteeship, transparency and accountability. We believe that it is imperative for us to manage our business affairs in the 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 2018-19, 16 shareholder complaints were received by the Company, out of which 15 complaints were duly resolved and 1 complaint remained pending as on 31st March, 2019.

   The Company did not have any significant external stakeholder complaint in the last financial year.

PRINCIPLE 2: PRODUCT LIFE CYCLE SUSTAINABILITY

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. **List up to 3 of your products whose design has incorporated social or environmental concerns, risks and / or opportunities.**

   The Company is engaged in manufacturing and selling of tiles, which constitutes almost 99% of its total turnover.

   The Company being a leading tile manufacturer in the world, has been innovating and launching products meeting multiple consumer needs, spanning across various income groups, from young to old and everyone in - between. The Company understands its obligations on social and environmental concerns, risks and opportunities.

   The Company has deployed best in class technology and process to manufacture tiles which use optimal resources. The Company has initiated proactive steps to control, reduce and eliminate use of toxic and hazardous raw material during design and manufacture of products, focuses to accord highest priority in developing eco-friendly products which meet the best International standards. Further, the Company ensures that all processes, plant, equipment, machinery and material provided at functional site are safe to the people as well as environment.

   In addition to the aforesaid, the Company has also taken various energy conservation initiatives like installation of roof solar plant, LED lights, Rain Water Harvesting, etc.

2. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so.**

   It is important for your Company to manage the impacts of its product life cycle for the success of its operations. The life cycle of the product covers the entire value chain from sourcing of raw materials, to product manufacture, distribution, consumer use and disposal.

   The resources involved in the manufacturing processes are efficient and sustainable and 100% of the inputs are sustainably sourced by the Company.

   Further, the Company gives preference in selection of vendors for procurement of raw material, who comply with the various principles of sustainability. Majority of suppliers of raw material are located within a radius of 200 Km of the manufacturing units of the Company which helps to 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?**

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

   The Company encourages the sourcing its raw material/stores and other consumables from local economy and small vendors, as far as possible. The Company's contractor who supplies labour services for plant operations employ workmen from nearby communities.

4. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also provide details thereof, in about 50 words or so.**

   The production process of the Company is based on principles of optimising the material and energy resources. Therefore, the Company lays high degree of stress to reduce waste associated with its products.

   In the said direction, it has installed Effluent Treatment Plant ("ETP") and filter processes at all of its plants and whatever, liquid and solid waste is generated, the same is being recycled and reused in the process. The current waste generation is less than 5% of the total production, majority of which is recycled.

PRINCIPLE 3: EMPLOYEE WELL-BEING

Business should promote the well-being of all employees

1. **Please indicate the total number of employees:**

   The total numbers of employees were 2588 as on 31st March 2019.

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

   The total temporary/contractual/casual employees were 1894 as on 31st March 2019.

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

   There were 91 women employees as on 31st March 2019.

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

   There was 1 permanent employee with disabilities as on 31st March 2019.

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 2018-19.

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

- Permanent employees : 45%
- Permanent women employees : 30%
- Casual/ Temporary / Contractual employees : 45%
- Employees with disabilities : Nil

PRINCIPLE 4: STAKEHOLDERS ENGAGEMENT

Business should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

1. Has the Company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & 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.

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 2018-19.

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 and Industry
   iii. Indian Council of Ceramic Tiles and Sanitaryware
   iv. Bhiwadi Manufacturers Association
   v. Sikandrabad Industries Association
   vi. Indian Industry Association

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: governance and administration, economic reforms, inclusive development policies, energy security, water, food security, sustainable business principles, others)**

   Your Company is associated with above institutions with an intention of mutual learning and contribution in development of processes. As and when required, the Company put forth its views on the issues faced by the industry with respective business forums and chambers.

PRINCIPLE 8: INCLUSIVE GROWTH

Business should support inclusive growth and equitable development

1. **Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? if yes details thereof.**

   The Company supports inclusive growth and equitable development through its Corporate Social Responsibility (CSR) programmes. The Company has aligned its CSR programmes/ initiatives/ activities with the requirements of Companies Act, 2013. The Company's CSR activities are being monitored by the 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 have been provided in Annexure 3 of the Directors' Report for the financial year 2018-19.

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 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), USA.

He is widely credited with spearheading a transformation of the tile industry in India and is best known for being the pioneer behind launching large format wall tiles in the country and his catalytic role in revolutionising tile display and marketing.

In his career spanning over 41 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 Tiles 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, 2019, he is holding 1047004 shares of the Company.

2. Mr. Chetan Kajaria (DIN:00273928)

Mr. Chetan Kajaria is a Bachelor in Petro Chemical Engineering (B.E.) from Pune University and holds an MBA from Boston College, U.S.A.

Presently, He is the Chairman of the Indian Council of Ceramic Tiles and Sanitaryware ('ICCTAS'). He is also 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, 2019, he is holding 1339880 shares of the Company.

3. Mr. Rishi Kajaria (DIN:00228455)

Mr. Rishi Kajaria holds a B.Sc. in Business Administration from Boston University, U.S.A.

He is the Joint Managing Director of Kajaria Ceramics Limited and is a member of the 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 39.90 MSM per annum.

Mr. Kajaria identified the opportunity in the Bathware segment and started Kajaria Bathware. He is also responsible for spearheading the lateral shift of the company into Sanitaryware and faucets in keeping with the overall growth master plan.

As on 31st March, 2019, he is holding 1805716 shares of the Company.

4. Mr. Dev Datt Rishi (DIN: 00312882)

Mr. Dev Datt Rishi is a B.Sc. (Engineering) Chemical Hons. graduate with a Diploma in Management.

He is an eminent technical professional having experience in a wide spectrum of industries like Chemicals, Fertilizers, Pesticides and Ceramics. He was associated with Kajaria Ceramics since inception in January 1987 when the first tile plant was conceived at Sikandrabad. For more than 20 years, he managed all operations meticulously. Under his dynamic leadership, the Company successfully carried out various expansions. His knowledge and techniques have contributed to production of international standards quality tiles. He has rich experience in the field of production, quality control, R&D, technology transfer, 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. He, however, 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 2019, he holds 624 shares of the Company.

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

Mr. Raj Kumar Bhargava, a B.A. (Hon.) and M.A., is a retired IAS officer.

He is an Independent Director and joined the Board of the Company on 9th November, 1998. He is 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, 2019, 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.

He also serves on the Boards of several companies.

As on 31st March, 2019, 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. He is also serving the Board of Directors of the other companies of different business.

As on 31st March, 2019, 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 was appointed as an Independent Director w.e.f. 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 the President of MA. (My Anchor Foundation), an NGO working in development sector in India. She is also an honorary member of BRICS Chamber of Commerce and serves on the Boards of other companies.

As on 31st March, 2019, she does not hold any share of the Company.

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: Malootana, Tehsil: Thanagazi, Distt.: Alwar (Rajasthan) -301022.

SUBSIDIARIES

Kajaria Bathware Private Limited
Kajaria Plywood Private Limited
Kajaria Floera Ceramics Private Limited
Jaxx Vitrified Private Limited
Vennar Ceramics Limited
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

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 31 March 2019, 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 (financial position) of the Company as at 31 March 2019, and its profit (financial performance 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 Standalone 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 standalone 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 standalone 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 matters
Revenue recognition	
We refer to the Company's significant accounting policies in note 3(D)(b) and the revenue related disclosures in note 23 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, adopted by the Company from the current year, 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, in line with the requirements of the Standards on Auditing, revenue is determined to be an area involving significant risk and hence requiring significant auditor attention.	Our audit procedures, related to revenue recognition, included, but were not limited, to the following: a) Assessed the design and 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 (including transactions during the year) 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.

Key audit matters (cont'd)	How our audit addressed the key audit matter (cont'd)
Impairment of investments	
As disclosed in note 6 to the accompanying financial statements, the Company has a carrying value of ₹ 116.55 crores as at 31 March 2019 in respect of its investment in subsidiary companies. Considering the continued losses recorded over the years by one of the subsidiary company, the management has identified that indicators exist that requires the management to test the carrying value of such investments aggregating to ₹ 31.14 crores for possible impairment. Management's assessment of the recoverable amount of investment in subsidiaries 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 subsidiaries and ability to generate cash profits in the future. The key assumptions supporting management's assessment of the recoverable amount of investments 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 investment in subsidiaries. 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 selected as a key audit matter for the current year audit.	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 under Ind AS 38 '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 company; c) Involved our valuation specialists 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; 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 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 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 Standalone 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 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 state of affairs (financial position), profit or loss (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 standalone 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 standalone financial statements, Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are 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 standalone 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 standalone financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism 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 system 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 standalone 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, 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, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 10 May 2019 as per Annexure II expressed an 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 34(b)(ii) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

   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 31 March 2019; and

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

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

Neeraj Sharma
Partner
Membership No.: 502103

Place: New Delhi
Date: 10 May 2019

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 31 MARCH 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has granted unsecured loans to 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) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they 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, 1944	Excise duty	0.03	0.01	2013-2015	Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	0.02	-	2012-2015	Appellate authorities till Commissioner level
Finance Act, 1994	Service tax	2.77	0.21	2012-2015	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	1.54	0.19	2010-2017	Appellate authorities till Commissioner level
Income Tax Act, 1961	Income-tax	2.52	-	1990-2000	High Court
Income Tax Act, 1961	Income-tax	0.38	0.38	2009-2014	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income-tax	0.13	-	2016-2017	Appellate authorities till Commissioner level
Sales tax laws	Central sales tax	0.03	0.03	2016-2017	Appellate authorities till Commissioner level
Sales tax laws	Value added tax	0.69	0.35	2010-2017	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 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

Place: New Delhi
Date: 10 May 2019

ANNEXURE II

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 31 MARCH 2019

Independent Auditor's Report on the Internal Financial Controls under clause(i) of sub-section 3 of sub-section 143 of the Companies Act ('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 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's responsibility for internal financial controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of internal financial controls over financial reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Neeraj Sharma
Partner
Membership No.: 502103

Place: New Delhi
Date: 10 May 2019

Standalone Balance Sheet as at 31 March 2019

(AMOUNTS IN ₹ CRORES, UNLESS OTHERWISE STATED)

	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	706.81	742.43
(b) Capital work-in-progress	4	0.49	1.33
(c) Other intangible assets	5	2.16	2.37
(d) Financial assets			
(i) Investments	6	116.88	115.65
(ii) Loans	7	263.43	216.31
(e) Non-current tax assets (net)	8	0.02	0.02
(f) Other non-current assets	9	1.83	4.03
		1,091.62	**1,082.14**
Current assets			
(a) Inventories	10	281.16	246.16
(b) Financial assets			
(i) Trade receivables	11	410.01	406.59
(ii) Cash and cash equivalents	12	18.99	75.62
(iii) Bank balances other than (ii) above	13	228.90	1.73
(iv) Loans	7	4.30	1.85
(v) Other financial assets	14	0.23	0.40
(c) Other current assets	9	12.28	16.65
		955.87	**749.00**
TOTAL ASSETS		**2,047.49**	**1,831.14**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	15.90	15.90
(b) Other equity	16	1,550.08	1,360.67
		1,565.98	**1,376.57**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	7.13	6.02
(b) Provisions	18	3.05	4.42
(c) Deferred tax liabilities (net)	19A	102.33	104.46
(d) Other non-current liabilities	19	2.59	2.61
		115.10	**117.51**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	2.67	5.92
(ii) Trade payables	20		
- Total outstanding dues of micro enterprises and small enterprises; and		12.68	18.44
- Total outstanding dues of creditors other than micro enterprises and small enterprises		216.62	163.29
(iii) Other financial liabilities	21	71.00	84.70
(b) Other current liabilities	19	43.88	45.51
(c) Provisions	18	15.30	12.50
(d) Current tax liabilities (net)	22	4.26	6.70
		366.41	**337.06**
TOTAL LIABILITIES		**481.51**	**454.57**
TOTAL EQUITY AND LIABILITIES		**2,047.49**	**1,831.14**

See accompanying notes forming part of these standalone financial statements. 1-50

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Neeraj Sharma
Partner
Membership No. 502103

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 10 May 2019

Standalone Statement of Profit and Loss for the year ended 31 March 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
INCOME			
Revenue from operations	23	2,726.07	2,628.25
Other income	24	34.81	23.51
TOTAL INCOME (I)		**2,760.88**	**2,651.76**
EXPENSES			
Cost of materials consumed	25	513.54	483.15
Purchases of stock-in-trade		865.99	819.12
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	(31.46)	(6.96)
Excise duty		-	47.57
Employee benefits expense	27	264.04	247.54
Finance costs	28	3.39	4.48
Depreciation and amortisation expense	29	63.45	61.76
Other expenses	30	713.60	609.94
TOTAL EXPENSES (II)		**2,392.55**	**2,266.60**
Profit before exceptional items and tax (I-II)		**368.33**	**385.16**
Exceptional items (income)/loss	35	(4.78)	3.61
Profit before tax		**373.11**	**381.55**
Tax expense:	**19B**		
Current tax		129.34	123.78
Deferred tax		(2.13)	5.45
Profit for the year		**245.90**	**252.32**
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of profit and loss			
- Re-measurement of defined benefit plans		0.21	(0.23)
- Fair valuation of investment in equity instruments through OCI		-	(0.47)
Income-tax relating to items that will not be reclassified to statement of profit and loss		(0.07)	0.08
Total other comprehensive income for the year, net of tax		**0.14**	**(0.62)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**246.04**	**251.70**
Earnings per equity share (face value of ₹ 1 each)	31		
- Basic (in ₹)		15.47	15.88
- Diluted (in ₹)		15.46	15.83

See accompanying notes forming part of these standalone financial statements. 1-50

As per our report of even date attached

For and on behalf of the Board of Directors

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Partner
Membership No. 502103

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 10 May 2019

Standalone Statement of Cash Flows for the year ended 31 March 2019

(AMOUNTS IN ₹ CRORES, UNLESS OTHERWISE STATED)

	Year ended 31 March 2019	Year ended 31 March 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**373.11**	**381.55**
Adjusted for :		
Depreciation and amortisation expenses	63.45	61.76
Interest income	(29.56)	(17.12)
Interest expense	3.39	4.48
Share based payments to employees	0.86	1.74
Loss on disposal of property, plant and equipment	5.13	0.95
Gain on disposal of current investment	(0.09)	-
Dividend income	(0.29)	-
Exceptional items	(4.78)	3.61
Provision for expected credit loss on trade receivables	1.08	0.66
Operating profit before working capital changes	**412.30**	**437.63**
Working capital adjustments:		
Movement in inventories	(34.99)	(11.50)
Movement in trade and other receivables	(8.31)	(95.33)
Movement in other assets	4.37	17.12
Movement in trade and other payables	48.55	(21.35)
Movement in provisions	1.22	(2.85)
Cash flow generated from operations	**423.14**	**323.72**
Less: taxes paid	(131.85)	(124.59)
Net cash flow generated from operations (A)	**291.29**	**199.13**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment (including capital advances, capital work-in-progress, intangible assets and payable towards property, plant & equipment)	(51.33)	(93.89)
Disposal of property, plant and equipment	5.77	1.80
Purchase of long-term investments	(6.85)	(14.59)
Sale of long-term investments	10.40	3.75
Purchase of current investments	(25.00)	-
Proceeds from disposal of current investments	25.09	-
Loans given to subsidiaries (net)	(45.76)	(28.97)
Interest received	29.74	17.98
Dividend received	0.29	-
Movement in other bank balances	(227.07)	(0.21)
Net cash flow (used in) investing activities (B)	**(284.72)**	**(114.13)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(3.39)	(4.48)
Proceeds/(repayment) of long-term borrowings (net)	0.88	6.20

Standalone Statement of Cash Flows for the year ended 31 March 2019

(AMOUNTS IN ₹ CRORES, UNLESS OTHERWISE STATED)

	Year ended 31 March 2019	Year ended 31 March 2018
Proceeds/(repayment) of short-term borrowings (net)	(3.25)	(1.86)
Proceeds from issue of shares	-	0.52
Dividend and dividend distribution tax paid	(57.44)	(57.22)
Net cash flow (used in) financing activities (C)	**(63.20)**	**(56.84)**
Net increase in cash and cash equivalents (A+B+C)	**(56.63)**	**28.16**
Cash and cash equivalents at the beginning of the year	**75.62**	**47.16**
Add: Cash and cash equivalents vested in the Company pursuant to Scheme	-	0.30
Cash and cash equivalents at the end of the year	**18.99**	**75.62**
Components of cash and cash equivalents at the end of the year		
Balances with banks		
- Current accounts	18.41	12.06
- Deposits with original maturity of less than three months	-	63.00
Cash on hand	0.58	0.56
	18.99	**75.62**

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 March 2019	As at 31 March 2018
Current borrowings	2.67	5.92
Non-current borrowings	7.13	6.02
Net debt	**9.80**	**11.94**

	Current borrowings	Non-current borrowings
Net debt as at 1 April 2017	**7.78**	**2.96**
Cash flows	(1.86)	6.20
Non-cash adjustments - Fair value adjustments	-	(3.14)
Net debt as at 31 March 2018	**5.92**	**6.02**
Cash flows	(3.25)	0.88
Non-cash adjustments - Fair value adjustments	-	0.23
Net debt as at 31 March 2019	**2.67**	**7.13**

See accompanying notes forming part of these standalone financial statements. 1-50

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

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Joint Managing Director
(DIN: 00228455)

Neeraj Sharma
Partner
Membership No. 502103

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 10 May 2019

Standalone statement of changes in equity for the year ended 31 March 2019

(AMOUNTS IN ₹ CRORES, UNLESS OTHERWISE STATED)

A. Equity share capital

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the reporting year	15.90	15.89
Add: Change in equity share capital during the year (refer note 15)	-	0.01
Balance at the end of the reporting year	**15.90**	**15.90**

B. Other equity (refer note 16)

Particulars	Reserves and surplus						Items of other comprehensive income (OCI)	Total other equity
	General reserve	Securities premium	Capital redemption reserve	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI	
Balance as at 1 April 2017	**320.37**	**163.06**	**5.00**	**2.70**	**-**	**672.67**	**-**	**1,163.80**
Profit for the year	-	-	-	-	-	252.32	-	252.32
Items of OCI for the year, net of tax								
Re-measurement of defined benefit plans	-	-	-	-	-	(0.15)	-	(0.15)
Fair valuation of investment in equity instruments through OCI	-	-	-	-	-	-	(0.47)	(0.47)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**252.17**	**(0.47)**	**251.70**
Reserves vested in the Company pursuant to the Scheme (refer note 48)	-	-	-	-	38.82	27.67	-	66.49
Adjustment pursuant to the Scheme (refer note 48)	-	-	-	-	(66.20)	(19.31)	-	(85.51)
Shares issued during the year (refer note 15)	-	0.68	-	-	-	-	-	0.68
Employee stock option scheme	-	-	-	1.59	-	-	-	1.59
Dividend distributed	-	-	-	-	-	(28.37)	-	(28.37)
Income-tax on dividend distribution	-	-	-	-	-	(9.71)	-	(9.71)
Balance as at 31 March 2018	**320.37**	**163.74**	**5.00**	**4.29**	**(27.38)**	**895.12**	**(0.47)**	**1,360.67**
Profit for the year	-	-	-	-	-	245.90	-	245.90
Items of OCI for the year, net of tax								

Standalone statement of changes in equity for the year ended 31 March 2019

(AMOUNTS IN ₹ CRORES, UNLESS OTHERWISE STATED)

Particulars	Reserves and surplus						Items of other comprehensive income (OCI)	Total other equity
	General reserve	Securities premium	Capital redemption reserve	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI	
Re-measurement of defined benefit plans	-	-	-	-	-	0.14	-	0.14
Fair valuation of investment in equity instruments through OCI	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**246.04**	**-**	**246.04**
Employee stock option scheme	-		-	0.86	-	-	-	0.86
Dividend distributed	-	-	-	-	-	(47.69)	-	(47.69)
Income-tax on dividend distribution	-	-	-	-	-	(9.80)	-	(9.80)
Balance as at 31 March 2019	**320.37**	**163.74**	**5.00**	**5.15**	**(27.38)**	**1,083.67**	**(0.47)**	**1,550.08**

See accompanying notes forming part of these standalone financial statements. 1-50

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Ashok Kajaria
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Membership No. 502103

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 10 May 2019

Notes on the standalone financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

1. Corporate information

KAJARIA CERAMICS LIMITED ("KCL" or "the Company") is a limited company domiciled in India and was incorporated on 20 December 1985. Equity shares of the Company are listed in India on the Bombay Stock Exchange and the National Stock Exchange. The registered office of the Company is located at SF-11, Second Floor, JMD Regent Plaza Mehrauli Gurgaon Road, Village Sikanderpur Ghosi Gurgaon Haryana - 122001, India. KCL is a manufacturer of ceramic and vitrified wall and floor tiles.

2. Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the standalone financial statements are authorized have been considered in preparing these standalone financial statements.

Standards issued but not yet effective

- **Ind AS 116 Leases:** On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 116-Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The standard permits two possible methods of transition:

(i) Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

(ii) Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

(i) Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

(ii) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

The effective date for adoption of Ind AS 116 is periods beginning on or after 1 April 2019. The Company is in the process of making an assessment of the impact of Ind AS 116 upon initial application.

- **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:** On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in

Notes on the standalone financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition:

i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is periods beginning on or after 1 April 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

- **Amendment to Ind AS 12 – Income taxes:** On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

  The effective date for application of this amendment is period beginning on or after 1 April 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

- **Amendment to Ind AS 19 – plan amendment, curtailment or settlement:** On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity: • to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and • to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

  The effective date for application of this amendment is period beginning on or after 1 April 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

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.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods and service tax are excluded from revenue.

Interest income and dividend:

Interest income is recognised using effective interest method.

Dividend income is recognised when the right to receive payment is established.

c. Inventories

Raw materials, work-in-progress, finished goods, packing materials, stores and spares, stock-in-trade, trading and other products are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

In determining the cost of raw materials, packing materials, stock-in-trade, stores and spares, trading and other products, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing

Notes on the standalone financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

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 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

Freehold land is not depreciated. Leasehold land and 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

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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 1 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 is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

j. **Taxes on income**

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax
Current tax is measured at the amount expected to be paid/ recovered to/from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit 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.

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 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.

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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 determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the transaction. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term however, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

n. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

o. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

p. Earnings per share

Basic earnings per equity share is calculated by dividing the net profit for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity share

q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Classification

The Company classifies financial assets as subsequently measured at 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

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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

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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 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.

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4 Property, plant and equipment

	Free-hold land	Lease-hold land	Buil-dings	Plant and equip-ment	Fur-niture and fixtures	Vehi-cles	Office equip-ments	Com-puters	Display assets	Total
Gross carrying amount										
As at 1 April 2017	14.74	3.12	228.44	784.47	7.92	26.50	7.86	5.76	23.52	1,102.33
Additions	0.18	3.00	7.59	63.71	0.50	8.51	1.30	0.36	4.78	89.93
Disposals	0.02	0.01	0.16	5.58	0.23	3.99	0.61	1.94	6.57	19.11
As at 31 March 2018	**14.90**	**6.11**	**235.87**	**842.60**	**8.19**	**31.02**	**8.55**	**4.18**	**21.73**	**1,173.15**
Additions	-	-	5.94	20.33	0.20	8.21	0.56	0.33	2.53	38.10
Disposals	-	-	-	18.57	0.23	4.98	0.33	0.31	0.94	25.36
As at 31 March 2019	**14.90**	**6.11**	**241.81**	**844.36**	**8.16**	**34.25**	**8.78**	**4.20**	**23.32**	**1,185.89**
Accumulated depreciation										
As at 1 April 2017	-	0.86	59.15	292.63	4.24	8.50	3.38	4.10	13.16	386.02
Depreciation charge for the year	-	0.04	6.35	46.30	0.51	3.42	0.96	0.51	2.97	61.06
Disposals	-	-	0.11	4.60	0.22	2.41	0.59	1.93	6.50	16.36
As at 31 March 2018	**-**	**0.90**	**65.39**	**334.33**	**4.53**	**9.51**	**3.75**	**2.68**	**9.63**	**430.72**
Depreciation charge for the year	-	0.06	6.31	46.91	0.52	3.90	1.05	0.55	3.53	62.83
Disposals	-	-	-	9.83	0.20	2.92	0.31	0.29	0.92	14.47
As at 31 March 2019	**-**	**0.96**	**71.70**	**371.41**	**4.85**	**10.49**	**4.49**	**2.94**	**12.24**	**479.08**
Net carrying amount:										
As at 31 March 2019	14.90	5.15	170.11	472.95	3.31	23.76	4.29	1.26	11.08	706.81
As at 31 March 2018	14.90	5.21	170.48	508.27	3.66	21.51	4.80	1.50	12.10	742.43

Notes:

I. Property, plant and equipment pledged as security

Refer note 17 for information on property, plant and equipment pledged as security by the Company.

II. Contractual obligations

Refer to note 34(a) for disclosure on contractual commitments for the acquisition of property, plant and equipment.

III. Capital work-in-progress

Capital work-in-progress mainly pertains to work related to installation of machinery and civil work being carried on at the plants of the Company.

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

5 Other intangibles assets

	Software	Total
Gross carrying amount		
As at 1 April 2017	7.24	7.24
Additions	0.32	0.32
As at 31 March 2018	**7.56**	**7.56**
Additions	0.41	0.41
Disposals	0.04	0.04
As at 31 March 2019	**7.93**	**7.93**
Accumulated amortisation		
As at 1 April 2017	4.49	4.49
Amortisation charge for the year	0.70	0.70
As at 31 March 2018	**5.19**	**5.19**
Amortisation charge for the year	0.62	0.62
Disposals	0.04	0.04
As at 31 March 2019	**5.77**	**5.77**
Net carrying amount :		
As at 31 March 2019	**2.16**	**2.16**
As at 31 March 2018	**2.37**	**2.37**

6 Non-current financial assets - Investments

	As at 31 March 2019	As at 31 March 2018
Investments in equity instruments (unquoted)		
(a) Investments in subsidiaries (measured at cost) - Trade		
Soriso Ceramic Private Limited		
Nil (31 March 2018: 1,530,000) equity shares of ₹ 10 each fully paid up	-	5.62
Jaxx Vitrified Private Limited		
12,314,032 (31 March 2018: 12,314,032) equity shares of ₹ 10 each fully paid up	31.14	31.14
Vennar Ceramics Limited		
12,240,000 (31 March 2018: 12,240,000) equity shares of ₹ 10 each fully paid up	18.24	18.24
Cosa Ceramics Private Limited		
4,642,040 (31 March 2018: 4,642,040) equity shares of ₹ 10 each fully paid up	11.61	11.61
Kajaria Floera Ceramics Private Limited		
10,000,000 (31 March 2018: 7,000,000) equity shares of ₹ 10 each fully paid up	11.71	8.71
Kajaria Bathware Private Limited		
25,000,000 (31 March 2018: 25,000,000) equity shares of ₹ 10 each fully paid up	40.00	40.00
Kajaria Plywood Private Limited		
3,850,000 (31 March 2018: Nil) equity shares of ₹ 10 each fully paid up	3.85	-
(b) Investments in others (measured at FVOCI) - Trade		
Taurus Tiles Private Limited		
800,000 (31 March 2018: 800,000) equity shares of ₹ 10 each fully paid up	0.33	0.33
Total	**116.88**	**115.65**
Aggregate amount of unquoted investments	**116.88**	**115.65**

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7 Loans#

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Considered good-unsecured				
Security deposits	9.71	8.34	-	-
Loans to other companies	-	-	1.97	-
Loans to related parties*	253.72	207.97	0.21	0.20
Other loans**	-	-	2.12	1.65
Total	**263.43**	**216.31**	**4.30**	**1.85**

Notes:

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

* - Represents loans given to subsidiary companies for business purposes and *inter alia* includes ₹ 49.75 crores (31 March 2018: ₹ 85.00 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.

- Does not include any loans due from directors or other officers of the Company either severally or jointly with any other person.

** Other loans represents advances given to the employee of the Company.

8 Non-current tax assets (net)

	As at 31 March 2019	As at 31 March 2018
Non-current tax assets (net)	0.02	0.02
	0.02	**0.02**

9 Other assets

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Considered good-unsecured				
Capital advances	-	0.95	-	-
Advance to suppliers	-	-	3.18	6.03
Prepaid expenses	-	-	4.94	4.84
Deferred lease expenses	1.83	3.08	0.45	-
Export benefit receivables	-	-	0.42	1.93
Balances with statutory authorities	-	-	3.29	3.85
Total	**1.83**	**4.03**	**12.28**	**16.65**

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10 Inventories (valued at lower of cost or net realisable value)

	As at 31 March 2019	As at 31 March 2018
Raw materials	27.87	26.34
Work-in-progress	7.21	9.53
Finished goods	190.20	159.35
Stock-in-trade	8.93	6.00
Stores and spares	32.32	32.21
Packing material	14.63	12.73
Total	**281.16**	**246.16**

11 Trade receivables

	As at 31 March 2019	As at 31 March 2018
Considered good-unsecured	410.01	406.59
Credit impaired	3.28	2.20
Less: Allowance for expected credit losses	(3.28)	(2.20)
Total	**410.01**	**406.59**

Note:

a) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person or amounts dues from firms or private companies in which any director is a partner, director or a member.

b) All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

12 Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- Current accounts	18.41	12.06
- Deposits with original maturity of less than three months	-	63.00
Cash on hand	0.58	0.56
Total	**18.99**	**75.62**

Note:

a) There are no repatriation restrictions with regard to cash and cash equivalents as the end of the reporting period and prior period.

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 Company.

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13 Bank balances other than cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Earmarked balances with banks in current accounts-unpaid dividends*	1.83	1.73
Deposits with original maturity of greater than 3 months**	227.07	-
Total	**228.90**	**1.73**

* 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 ₹ 61.73 crores (31 March 2018: ₹ Nil) have been pledged against facilities taken by subsidiaries 'Kajaria Sanitaryware Private Limited' and 'Kajaria Floera Ceramics Private Limited'.

14 Other current financial assets

(Considered good-unsecured)

	As at 31 March 2019	As at 31 March 2018
Interest accrued on deposits and loans		
- Term deposit	-	0.40
- Others	0.22	-
Others	0.01	-
Total	**0.23**	**0.40**

15 Equity share capital

	As at 31 March 2019	As at 31 March 2018
Authorised:		
520,000,000 equity shares of ₹ 1 each (31 March 2018: 520,000,000 of ₹ 1 each)	52.00	52.00
7,710,000 preference shares of ₹ 100 each (31 March 2018: 7,710,000 of ₹ 100 each)	77.10	77.10
	129.10	**129.10**
Issued and subscribed:		
158,950,300 equity shares of ₹ 1 each (31 March 2018: 158,950,300 equity shares of ₹ 1 each)	15.90	15.90
Total	**15.90**	**15.90**

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A. Reconciliation of authorised share capital at the beginning and at the end of the reporting year

i.) Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	520,000,000	52.00	250,000,000	25.00
Add: Increase during the year (refer note 48)	-	-	270,000,000	27.00
Outstanding at the end of the year	**520,000,000**	**52.00**	**520,000,000**	**52.00**

ii.) Preference share capital

	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	7,710,000	77.10	1,000,000	10.00
Add: Increase during the year (refer note 48)	-	-	6,710,000	67.10
Outstanding at the end of the year	**7,710,000**	**77.10**	**7,710,000**	**77.10**

B. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	158,950,300	15.90	158,938,000	15.89
Add: issued on exercise of employee share option	-	-	12,300	0.01
Outstanding at the end of the year	**158,950,300**	**15.90**	**158,950,300**	**15.90**

C. Terms/rights attached to equity shares

The Company has only one class of equity share having face value of ₹ 1 per share. The holder of the equity shares is entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual general meeting. The holder of share is entitled to voting rights proportionate to their share holding.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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 39.

Notes on the standalone financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

E. Details of shareholders holding more than 5% shares in the Company*:

Name of shareholder	As at 31 March 2019		As at 31 March 2018	
	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				
Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust)	12,933,973	8.14%	12,933,973	8.14%
Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	25,867,947	16.27%	25,867,947	16.27%
Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)	25,867,947	16.27%	25,867,947	16.27%

* *As per the records of the Company, including its register of members*

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 as mentioned in note 48, the Company has not issued any shares pursuant to a contract without payment being received in cash nor has there been any buy-back of shares and any bonus shares which have been issued in the current year and preceding five years.

16 Other equity

	As at 31 March 2019	As at 31 March 2018
a) General reserves		
Balance at the beginning/end of the year	**320.37**	**320.37**
b) Securities premium		
Balance at the beginning of the year	**163.74**	**163.06**
Shares issued during the year (refer note 15)	-	0.68
Balance at the end of the year	**163.74**	**163.74**
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	**4.29**	**2.70**
Employee stock option scheme	0.86	1.59
Balance at the end of the year	**5.15**	**4.29**

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	As at 31 March 2019	As at 31 March 2018
e) Capital reserve		
Balance at the beginning of the year	**(27.38)**	**-**
Reserves vested in the Company pursuant to the Scheme (refer note 48)	-	38.82
Adjustment pursuant to the Scheme (refer note 48)	-	(66.20)
Balance at the end of the year	**(27.38)**	**(27.38)**
f) Retained earnings		
Balance at the beginning of the year	**895.12**	**672.67**
Profit for the year	245.90	252.32
Items of OCI for the year, net of tax	0.14	(0.15)
Reserves vested in the Company pursuant to the Scheme (refer note 48)	-	27.67
Adjustment pursuant to the Scheme (refer note 48)	-	(19.31)
Dividend distributed (refer note 47)	(47.69)	(28.37)
Income-tax on dividend distribution (refer note 47)	(9.80)	(9.71)
Balance at the end of the year	**1,083.67**	**895.12**
g) Other comprehensive income		
Equity instruments designated at fair value through other comprehensive income		
Balance at the beginning of the year	**(0.47)**	**-**
Items of OCI for the year, net of tax	-	(0.47)
Balance at the end of the year	**(0.47)**	**(0.47)**
Total other equity	**1,550.08**	**1,360.67**

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

This reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

c) Capital redemption reserve

This reserve was created on redemption of preference shares in the financial year 2001-02. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

d) Share options outstanding account

The reserve is used to recognise the grant date fair value of the options issued to employees under Kajaria Ceramics Employee Stock Option Plan, 2015.

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(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

e) Capital reserve

The reserve was created on Scheme of Arrangement (the Scheme) between the Company and Kajaria Securities Private Limited ('KSPL') (refer note 49).

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.

17 Borrowings

	Non current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Term loan - Secured				
(i) Deferred payment liabilities				
Interest free loan from Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh)"	7.13	6.02	-	-
Working capital facility - Secured				
From banks	-	-	2.67	5.92
	7.13	**6.02**	**2.67**	**5.92**

Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	31 March 2019	31 March 2018			
Term loan - deferred payment liabilities	7.13	6.02	Nil	Secured against first charge on factory land and building of the Company at Sikandrabad, Uttar Pradesh.	Repayable in one instalment after 7 years from date of disbursement.
Working capital facility (secured)	2.67	5.92	8.15% per annum (31 March 2018 : 8.15% per annum)	Secured against first charge on inventories and book debts and second charge on immovable and movable assets of the Company (as its factories at Sikandrabad, Uttar Pradesh and Gailpur, Rajasthan).	Repayable on demand

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

18 Provisions

	Non current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits obligation				
(refer note 32)				
- Gratuity	3.05	4.42	2.90	1.78
- Compensated absences	-	-	12.40	10.72
	3.05	**4.42**	**15.30**	**12.50**

19 Other liabilities

	Non current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Advance received from customers	-	-	12.57	12.79
Statutory dues payable	-	-	30.77	32.18
Deferred government grant	2.59	2.61	0.54	0.54
Total	**2.59**	**2.61**	**43.88**	**45.51**

19A Deferred tax liabilities (net)

	As at 31 March 2019	As at 31 March 2018
(a) Deferred tax liability on:		
Difference between book balance and tax balance of property, plant and equipment	108.83	111.33
	108.83	111.33
(b) Deferred tax asset on:		
Provision for compensated absences	4.33	3.75
Others	2.17	3.12
	6.50	6.87
Deferred tax liabilities (net)	**102.33**	**104.46**

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(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

Movements in deferred tax liabilities and deferred tax assets:

	Property, plant and equipment	Compensated absences	Other provisions	Total
As at 1 April 2017	102.41	(3.23)	(0.10)	99.08
Charged/(credited) to the statement of profit or loss	8.92	(0.52)	(2.94)	5.46
Charged/(credited) to other comprehensive income	-	-	(0.08)	(0.08)
As at 31 March 2018	**111.33**	**(3.75)**	**(3.12)**	**104.46**
Charged/(credited) to the statement of profit or loss	(2.50)	(0.58)	0.95	(2.13)
Charged/(credited) to other comprehensive income	-	-	-	-
As at 31 March 2019	**108.83**	**(4.33)**	**(2.17)**	**102.33**

19B Income-tax expense

	Year ended 31 March 2019	Year ended 31 March 2018
(a) Income-tax expense debited to statement of profit and loss		
Current tax		
Current tax on profits for the year	129.34	123.78
	129.34	123.78
Deferred tax		
Deferred tax charge/(credit) for the year	(2.13)	5.45
	(2.13)	5.45
Total tax expense	**127.21**	**129.23**
(b) Income-tax expense charged/(credited) to other comprehensive income		
Current tax		
Deferred tax charge/(credit) for the year	0.07	-
	0.07	-
Deferred tax		
Deferred tax charge/(credit) for the year	-	(0.08)
	-	**(0.08)**

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	Year ended 31 March 2019	Year ended 31 March 2018
Profit before tax	373.11	381.55
Tax at the Indian tax rate of 34.944% (31 March 2018: 34.608%)	130.38	132.05
Adjustments in respect of current income tax of previous years	(0.36)	(0.22)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowed as deduction	2.43	1.38
Deductions not leading to timing differences	(6.25)	(4.24)
Impact of change in effective tax rate in brought forward tax liability	1.01	0.26
Income-tax expense	**127.21**	**129.23**

20 Trade payables

	As at 31 March 2019	As at 31 March 2018
Trade payables (including acceptances {refer note b below})		
- Total outstanding dues of micro enterprises and small enterprises (refer note 38)	12.68	18.44
- Total outstanding dues of creditors other than micro enterprises and small enterprises	216.62	163.29
Total	**229.30**	**181.73**

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 ₹ 55.86 crores (31 March 2018: ₹ 56.39 crores).

c) Disclosure with respect to related party transactions is given in note 36.

21 Other current financial liabilities

	As at 31 March 2019	As at 31 March 2018
Unclaimed dividends*	1.83	1.69
Interest bearing deposits from customers	13.31	10.68
Security deposits	10.78	10.88
Employee payable	42.23	38.96
Creditors for capital goods	-	14.60
Others	2.85	7.89
Total	**71.00**	**84.70**

* Not due for deposit to the Investor Education and Protection Fund.

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(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

22 Current tax liabilities (net)

	As at 31 March 2019	As at 31 March 2018
Current tax liabilities (net)	4.26	6.70
Total	**4.26**	**6.70**

23 Revenue from operations

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products (including excise duty)		
Tiles	2,722.13	2,624.85
Power	1.69	1.39
	2,723.82	2,626.24
Other operating revenues	2.25	2.01
Total	**2,726.07**	**2,628.25**

Note:

1) Sale of goods includes excise duty collected from customers of ₹ Nil crores (31 March 2018: ₹ 47.57 crores).

2) Consequent of introduction of Goods and Service Tax (GST) with effect from 1 July 2017, Central excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 (Ind AS 18) on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of revenue. Accordingly, the figures for the year ended 31 March 2019 are not strictly comparable with previous year.

3) New standards adopted - Ind AS 115- Revenue from Contracts with Customers

Indian Accounting Standard 115 Revenue from Contracts with Customers ('Ind AS 115'), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

(i) Identify the contract(s) with customer;
(ii) Identify separate performance obligations in the contract;
(iii) Determine the transaction price;
(iv) Allocate the transaction price to the performance obligations; and
(v) Recognise revenue when a performance obligation is satisfied.

The Company has adopted the standard on 1 April 2018 using modified retrospective approach with a cumulative catch-up adjustment made in retained earnings at the beginning of the current financial year, ie, 1 April 2018 as if the standard had always been in effect. The standard is applied only to contracts that are not completed as at 1 April 2018. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard did not result in any adjustments to the Company's revenue or net income.

Significant changes in contract assets and liabilities:

There has been no significant changes in contact assets/contract liabilities during the year.

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

Revenue recognised in relation to contract liabilities:

Ind AS 115 also requires disclosure of major changes on account of revenue recognised in the reporting period from the contract liability balance at the beginning of the period and other changes. The Company had no contract liability balance at the beginning if the period and hence no disclosure made.

Disaggregation of revenue:

Revenue arises mainly from the sale of manufactured and traded goods.

	31 March 2019
Revenue from sale of tiles	2,722.13
Revenue from sale of power	1.69
	2,723.83

Assets and liabilities related to contracts with customers is as below:

	As at 31 March 2019	As at 31 March 2018
Contract assets related to sale of goods		
Trade receivables	410.01	406.59
Contract liabilities related to sale of goods		
Advance from customers	12.57	12.79

24 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on:		
Loan to subsidiaries	17.73	13.53
Fixed deposits with banks	10.74	1.63
Other financial assets carried at amortised cost	0.35	0.35
Others	0.74	1.61
Dividend income	0.29	-
Gain on disposal of current investments	0.09	-
Other non-operating income	4.87	6.39
Total	**34.81**	**23.51**

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(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

25 Cost of materials consumed

	Year ended 31 March 2019	Year ended 31 March 2018
Body material	224.98	218.09
Glaze, frits and chemicals	176.92	158.04
Packing material consumed	111.64	107.02
Total	**513.54**	**483.15**

26 Changes in inventories of finished goods, stock in trade and work-in-progress

	Year ended 31 March 2019	Year ended 31 March 2018
Opening balance		
Finished goods	159.35	143.70
Stock-in-trade	6.00	17.04
Work-in-progress	9.53	7.18
Total	**174.88**	**167.92**
Closing balance		
Finished goods	190.20	159.35
Stock-in-trade	8.93	6.00
Work-in-progress	7.21	9.53
Total	**206.34**	**174.88**
	(31.46)	**(6.96)**

27 Employee benefits expense

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	247.45	228.60
Contribution to provident and other funds (refer note 32)	12.17	13.23
Share based payments to employees (refer note 39)	0.86	1.59
Less: Amount recovered towards share based payments to employees of a subsidiary	(0.21)	-
Staff welfare expenses	3.77	4.12
Total	**264.04**	**247.54**

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

28 Finance costs

	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense	3.07	3.81
Other borrowing costs	0.32	0.67
Total	**3.39**	**4.48**

29 Depreciation and amortisation expense

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment (refer note 4)	62.83	61.06
Amortisation of intangible assets (refer note 5)	0.62	0.70
	63.45	**61.76**

30 Other expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Rent	17.04	16.47
Rates and taxes	0.66	0.76
Traveling and conveyance	27.85	27.21
Insurance charges	3.03	2.64
Legal and professional charges	3.75	3.97
Payment to auditors as:		
- auditor	0.40	0.35
- for other services	0.26	0.20
Stores and spares consumed	55.29	51.16
Power and fuel	412.24	335.66
Excise duty variance on opening and closing inventories	-	(26.05)
Repairs and maintenance:		
- Buildings	4.97	4.72
- Plant and equipment	11.66	10.17
- Others	4.09	3.64
Packing, freight and forwarding expenses	31.99	28.56
Advertisement, publicity and sales promotion	75.20	94.96
Sales commission	14.06	13.16
Loss on disposal of property, plant and equipment	5.13	0.95
Provision for expected credit loss	1.08	0.66
Corporate social responsibility expenditure (refer note 46)	4.86	3.98
Net loss on foreign currency transactions and translation	-	0.14
Research and development expenses (refer note 45)	18.22	16.77
Miscellaneous expenses	21.82	19.86
	713.60	**609.94**

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31 Earnings per share

	Year ended 31 March 2019	Year ended 31 March 2018
Profit attributable to equity holders of the Company for basic earnings (₹ in crores) for the year	245.90	252.32
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	158,950,300	158,940,022
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	159,024,945	159,332,722
Earnings per share		
- Basic (₹)	15.47	15.88
- Diluted (₹)	15.46	15.83

Note: Weighted average number of equity shares used as denominator

	No. of shares	
	31 March 2019	**31 March 2018**
Weighted average number of equity shares used as denominator in calculating basic earnings per shares	15,89,50,300	15,89,40,022
Adjustments for calculation of diluted earnings per share:		
- Oustanding employee stock options	74,645	3,92,700
Weighted average number of equity shares and potential equity shares used as denominator in calculating diluted earnings per share	**15,90,24,945**	**15,93,32,722**

32 Employee benefits

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 ₹ 7.77 crores (31 March 2018: ₹ 7.13 crores)

b.) Defined benefit plans - Gratuity (funded)

The Company has defined benefit gratuity plan for its employees where annual contributions are deposited to an insurer to provide gratuity benefits by taking a scheme of insurance, whereby these contributions are transferred to the insurer. Gratuity is computed as 15 days 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.

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:
Changes in the present value of the defined benefit obligation are, as follows:

	As at 31 March 2019	As at 31 March 2018
Defined benefit obligation at the beginning of the year	**31.12**	**26.02**
Current service cost	2.98	2.93
Interest cost	2.41	2.02
Benefits paid	(0.74)	(1.14)
Actuarial loss/(gain) on obligations	(1.76)	0.10
Past service cost	-	1.19
Defined benefit obligation at the end of the year	**34.01**	**31.12**

Changes in the fair value of plan assets are, as follows:

	As at 31 March 2019	As at 31 March 2018
Fair value of plan assets at the beginning of the year	**24.92**	**15.40**
Contribution during the year	3.50	9.60
Benefits paid	(0.74)	(1.14)
Expected return on plan assets	1.93	1.19
Actuarial (loss)/gain on plan asset	(1.55)	(0.13)
Fair value of plan assets at the end of the year	**28.06**	**24.92**

Reconciliation of fair value of plan assets and defined benefit obligation:

	As at 31 March 2019	As at 31 March 2018
Fair value of plan assets	28.06	24.92
Defined benefit obligation	34.01	31.12
Net asset/(liability) recognised in the Balance Sheet (refer note 18)	**(5.95)**	**(6.20)**
Current	2.90	1.78
Non current	3.05	4.42

Amount recognised in Statement of Profit and Loss:

	As at 31 March 2019	As at 31 March 2018
Current service cost	2.98	2.93
Interest cost	2.41	2.02
Expected return on plan asset	(1.93)	(1.19)
Past service cost	-	1.19
Amount recognised in Statement of Profit and Loss	**3.46**	**4.95**

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Breakup of actuarial gain/(loss)

	As at 31 March 2019	As at 31 March 2018
Actuarial gain/(loss) arising from changes in financial assumptions	1.78	1.40
Actuarial gain/(loss) arising from experience adjustments	(1.57)	(1.63)
Amount of gain/(loss) recognised in other comprehensive income	**0.21**	**(0.23)**

The major categories of plan assets are as follows:

Gratuity	As at 31 March 2019	As at 31 March 2018
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:

	31 March 2019	31 March 2018
Discount rate	7.75%	7.75%
Expected rate of return on plan assets	7.75%	7.75%
Future salary increases	8.25%	8.75%
Attrition rate:-		
18-30 years	3.00%	2.00%
30-44 years	3.00%	2.00%
44-58 years	3.00%	1.00%
Retirement age	58 years	58 years
Mortality	IALM 2006-08 Ultimate	

Note:

a.) The discount rate is based upon the market yield available on government bonds at the accounting date relevant to currency of benefits payments for a term that matches the liability.

b.) The estimates for future salary increase rate taxes amount of inflation, seniority, promotion, business plan, human resource policy and other relevant factors on long term basis.

A quantitative sensitivity analysis for significant assumption as at 31 March 2019 and 31 March 2018 is as shown below:

Gratuity Plan	Sensitivity level		Impact on defined benefit obligation	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Assumptions				
Discount rate	+1%	+1%	(2.91)	(3.11)
	-1%	-1%	3.37	3.67
Future salary increases	+1%	+1%	3.30	3.58
	-1%	-1%	(2.91)	(3.10)
Withdrawal rate	+1%	+1%	(0.14)	(0.28)
	-1%	-1%	0.15	0.31

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.

Sensitivities due to mortality are insignificant and hence ignored.

Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

The following payments are expected contributions to the defined benefit plan in future years (in absolute terms i.e. undiscounted):

	31 March 2019	31 March 2018
Within the next 12 months (next annual reporting period)	2.99	1.40
Between 2 and 5 years	8.35	5.26
Beyond 5 years	22.49	21.59
Total expected payments	**33.83**	**28.25**

The average duration of the defined benefit plan obligation at the end of the reporting period is 13 years (31 March 2018: 13 years).

c.) Other long-term employee benefits - Compensated absences (unfunded)

	31 March 2019	31 March 2018
Amounts recognised in the balance sheet	12.40	10.72

33 Operating lease commitments - Company as a lessee

The Company has taken various commercial premises under operating leases. These leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are re-negotiated. Rent amounting to ₹17.04 crores (31 March 2018: ₹ 16.47 crores) has been debited to the Statement of Profit and Loss during the year. The future minimum lease payments are as follows:

	31 March 2019	31 March 2018
Not later than one year	2.17	2.30
Later than one year but not later than five years	3.02	2.55
Later than five years	0.05	-

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34 Commitments, contingencies and litigations

	31 March 2019	31 March 2018
(a) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1.52	6.73
(b) Contingent liabilities		
(i) Corporate guarantees given (including undrawn amount)	152.00	157.08
(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	8.11	6.48
- Others	1.84	1.91

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 and 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.

35 During the current year ended 31 March 2019, the Company had sold off its 51% stake in Soriso Ceramic Private Limited pursuant to which it ceased to be a subsidiary of the Company. The Company had recognised a profit of ₹ 4.78 crores on sale of its investments in Soriso Ceramic Private Limited.

During the previous year ended 31 March 2018, the Company had sold off its 46% stake in Taurus Tiles Private Limited pursuant to which it ceased to be a subsidiary of the Company. The Company had recognised a loss of ₹ 3.61 crores on sale of its investments in Tauras Tiles Private Limited. As on balance sheet date, the Company holds 5% stake in Taurus Tiles Private Limited which has been measured at fair value through other comprehensive income. The Company has till 31 March 2019 recognised loss of ₹ 0.47 crores on balance investment of 5% in Tauras Tiles Private Limited.

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36 Related party disclosures

A. List of related parties

(a) List of entities substantially owned directly or indirectly by the Company:
Direct subsidiaries:

S. No.	Name	Country of incorporation	Ownership interest of Kajaria Ceramics Limited (%)	
			31 March 2019	31 March 2018
1	Soriso Ceramic Private Limited (till 31 July 2018)*	India	N.A.*	51.00%
2	Jaxx Vitrified Private Limited	India	82.37%	82.37%
3	Vennar Ceramics Limited	India	51.00%	51.00%
4	Cosa Ceramics Private Limited	India	51.00%	51.00%
5	Kajaria Floera Ceramics Private Limited	India	100.00%	70.00%
6	Kajaria Bathware Private Limited	India	85.00%	100.00%
7	Kajaria Plywood Private Limited**	India	96.25%	N.A.**

* ceased to be a subsidiary during the year.
** acquired on 05 June 2018.

Indirect subsidiaries:
Subsidiary of 'Kajaria Bathware Private Limited' (where control exists):

S. No.	Name	Country of incorporation	Ownership interest of Kajaria Ceramics Limited (%)	
			31 March 2019	31 March 2018
1	Kajaria Sanitaryware Private Limited	India	69.70%	82.00%

(b) Key management personnel:

S. No.	Name	Designation
1	Mr. Ashok Kajaria	Chairman and Managing Director
2	Mr. Chetan Kajaria	Joint Managing Director
3	Mr. Rishi Kajaria	Joint Managing Director
4	Mr. D.D. Rishi	Non-Executive Director
5	Mr. B.K. Sinha	Whole Time Director
6	Mr. R.K. Bhargava	Independent Director
7	Mr. R. R. Bagri	Independent Director
8	Mr. D. P. Bagchi	Independent Director
9	Mr. H.R. Hegde	Independent Director
10	Mrs. Susmita Singha	Independent Director

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(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

(c) Enterprises owned by Key Management Personnel or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise:-

S. No.	Name
1	Dua Engineering Works Private Limited
2	Malti Devi Kajaria Foundation
3	Kajaria Ceramics Employees Gratuity Trust
4	Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust)
5	Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)
6	Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)
7	A.K. Kajaria (HUF)
8	Chetan Kajaria (HUF)
9	Rishi Kajaria (HUF)

(d) Relatives of key management personnel

S. No.	Name
1	Mrs. Versha Devi Kajaria
2	Mrs. Rasika Kajaria
3	Mrs. Shikha Kajaria
4	Mr. Kartik Kajaria
5	Mr. Raghav Kajaria
6	Mr. Parth Kajaria
7	Mr. Vedant Kajaria

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

B. The following transactions were carried out with related parties in the ordinary course of business:-

Details relating to remuneration of Key Managerial Personnel (KMP)

Name of KMP	31 March 2019		31 March 2018	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ashok Kajaria	4.52	-	4.13	-
Mr. Chetan Kajaria	4.94	-	7.38	-
Mr. Rishi Kajaria	4.94	-	7.38	-
Mr. D.D. Rishi	-	0.02	0.23	0.02
Mr. B.K. Sinha	0.76	-	0.70	-
Mr. R.K. Bhargava	-	0.04	-	0.04
Mr. R. R. Bagri	-	0.04	-	0.04
Mr. D. P. Bagchi	-	0.04	-	0.04
Mr. H.R. Hegde	-	0.02	-	0.03
Mrs. Susmita Singha	-	0.02	-	0.03

Dividend paid	31 March 2019	31 March 2018
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	0.31	0.31
- Mr. Chetan Kajaria	0.40	0.40
- Mr. Rishi Kajaria	0.54	0.54
- Mrs. Versha Devi Kajaria	0.53	0.53
- Mrs. Rasika Kajaria	0.17	0.17
- Mrs. Shikha Kajaria	0.18	0.18
- Mr. Kartik Kajaria	0.14	0.14
- Mr. Raghav Kajaria	0.14	0.14
- Mr. Parth Kajaria	0.14	0.14
- Mr. Vedant Kajaria	0.14	0.14

Guarantees received outstanding at year end

	31 March 2019	31 March 2018
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	90.50	100.50

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(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

B. The following transactions were carried out with related parties in the ordinary course of business:- (Cont'd)

Particulars	31 March 2019		31 March 2018	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Purchase of goods				
Soriso Ceramic Private Limited	11.88	-	50.67	-
Jaxx Vitrified Private Limited	292.98	-	227.52	-
Cosa Ceramics Private Limited	172.31	-	166.33	-
Vennar Ceramics Limited	68.51	-	61.84	-
Taurus Tiles Private Limited	-	-	10.13	-
Total	**545.68**	**-**	**516.49**	**-**
Sale of products				
Cosa Ceramics Private Limited	0.35	-	-	-
Jaxx Vitrified Private Limited	0.20	-	0.31	-
Total	**0.55**	**-**	**0.31**	**-**
Sale of assets				
Jaxx Vitrified Private Limited	0.55	-	-	-
Vennar Ceramics Limited	0.08	-	-	-
Total	**0.63**	**-**	**-**	**-**
Rent paid				
Dua Engineering Works Private Limited	-	1.67	-	1.67
Vennar Ceramics Limited	0.01	-	0.01	-
Total	**0.01**	**1.67**	**0.01**	**1.67**
Recovery of expenses				
Kajaria Bathware Private Limited	0.45	-	0.31	-
Total	**0.45**	**-**	**0.31**	**-**
Donation paid				
Malti Devi Kajaria Foundation	-	0.46	-	0.44
Total	**-**	**0.46**	**-**	**0.44**
Rent received				
Kajaria Bathware Private Limited	0.98	-	0.36	-
Total	**0.98**	**-**	**0.36**	**-**

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Particulars	31 March 2019		31 March 2018	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Interest received				
Soriso Ceramic Private Limited	-	-	0.02	-
Vennar Ceramics Limited	0.98	-	0.97	-
Cosa Ceramics Private Limited	0.32	-	0.39	-
Kajaria Bathware Private Limited	2.28	-	3.93	-
Kajaria Sanitaryware Private Limited	1.81	-	-	-
Jaxx Vitrified Private Limited	9.14	-	7.88	-
Kajaria Floera Ceramics Private Limited	3.16	-	0.34	-
Kajaria Plywood Private Limited	0.04	-	-	-
Total	**17.73**	**-**	**13.53**	**-**
Purchase/subscription of shares of subsidiary company				
Jaxx Vitrified Private Limited	-	-	6.39	-
Vennar Ceramics Limited	-	-	4.59	-
Kajaria Plywood Private Limited	3.85	-	-	-
Kajaria Floera Ceramics Private Limited	-	-	3.61	-
Total	**3.85**	**-**	**14.59**	**-**
Loan given				
Jaxx Vitrified Private Limited	110.50	-	25.89	-
Vennar Ceramics Limited	13.05	-	8.70	-
Kajaria Bathware Private Limited	114.65	-	137.06	-
Kajaria Sanitaryware Private Limited	35.70	-	-	-
Kajaria Floera Ceramics Private Limited	78.42	-	12.31	-
Kajaria Ceramics Employee Gratuity Trust	-	1.16	-	1.27
Cosa Ceramics Private Limited	3.50	-	-	-
Kajaria Plywood Private Limited	3.25	-	-	-
Total	**359.07**	**1.16**	**183.96**	**1.27**
Loan repaid				
Jaxx Vitrified Private Limited	97.50	-	10.89	-
Cosa Ceramics Private Limited	3.50	-	10.00	-

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(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

Particulars	31 March 2019		31 March 2018	
	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 Bathware Private Limited	187.75	-	114.24	-
Kajaria Sanitaryware Private Limited	1.10	-	-	-
Taurus Tiles Private Limited	-	-	5.00	-
Vennar Ceramics Limited	13.67	-	5.07	-
Kajaria Floera Ceramics Private Limited	9.80	-	2.51	-
Soriso Ceramic Private Limited	-	-	7.00	-
Kajaria Ceramics Employee Gratuity Trust	-	1.15	-	1.14
Total	**313.32**	**1.15**	**154.71**	**1.14**
Dividend paid				
Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust)	-	3.88	-	-
Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	-	7.76	-	-
Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)	-	7.76	-	-
A.K. Kajaria (HUF)	-	0.59	-	0.59
Chetan Kajaria (HUF)	-	0.01	-	0.01
Rishi Kajaria (HUF)	-	-*	-	-*
	-	**20.00**	**-**	**0.60**
*Rounded off to Nil				
Balances outstanding at year end:				
Loan given^				
Jaxx Vitrified Private Limited	110.50	-	97.50	-
Vennar Ceramics Limited	11.55	-	12.17	-
Cosa Ceramics Private Limited	3.50	-	3.50	-
Kajaria Sanitaryware Private Limited	34.60	-	-	-
Kajaria Bathware Private Limited	11.90	-	85.00	-
Kajaria Floera Ceramics Private Limited	78.42	-	9.80	-

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

Particulars	31 March 2019		31 March 2018	
	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 Ceramics Employee Gratuity Trust	-	0.21	-	0.20
Kajaria Plywood Private Limited	3.25			
Total	**253.72**	**0.21**	**207.97**	**0.20**
Trade payables/(advances)				
Jaxx Vitrified Private Limited	0.57	-	(0.80)	-
Soriso Ceramic Private Limited	-	-	2.18	-
Vennar Ceramics Limited	3.40	-	1.11	-
Cosa Ceramics Private Limited	14.67	-	9.80	-
Total	**18.64**	**-**	**12.29**	**-**
Security deposit				
Dua Engineering Works Private Limited	-	0.60	-	0.60
Total	**-**	**0.60**	**-**	**0.60**
Guarantees given outstanding at year end^				
Jaxx Vitrified Private Limited	36.63	-	36.63	-
Vennar Ceramics Limited	15.05	-	15.05	-
Cosa Ceramics Private Limited	16.18	-	21.26	-
Kajaria Sanitaryware Private Limited	13.53	-	13.53	-
Kajaria Bathware Private Limited	45.00	-	45.00	-
Total	**126.39**	**-**	**131.47**	**-**

^The aforementioned loans and guarantees have been given for business purposes.

37 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.

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38 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under, to the extent the Company has received intimation from the 'Suppliers' regarding their status under the Act.

Particulars		31 March 2019	31 March 2018
(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	12.68	18.44
	Interest due on above	-	-
(ii)	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

39 Share based payments

Kajaria Ceramics Employee Stock Option Plan, 2015 ('ESOP 2015' or the 'Plan') was approved by the Board of Directors and the shareholders of the Company on 7 September 2015. The plan entitles employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Company is given below:

Particulars	Kajaria Ceramics Employee Stock Option Plan 2015
Exercise Price	₹ 425
Vesting conditions	45,800 options 24 months after the grant date ('First vesting')
	91,600 options 36 months after the grant date ('Second vesting')
	137,400 options 48 months after the grant date ('Third vesting')
	183,200 options 60 months after the grant date ('Fourth vesting')
Exercise period	Stock options can be exercised within a period of 8 years from grant date.
Number of share options granted	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. 20 October 2015.

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

During the year ended 31 March 2017, face value of equity shares of the Company was sub-divided to ₹ 1 per share from ₹ 2 per share. Accordingly, the exercise price also reduced to ₹ 425 per share from ₹ 850 per share and number of stock options increased to 458,000 equity shares from 229,000 equity shares. The number and weighted average exercise price of share options are as follows:

Particulars	Number of options	Weighted average exercise price per option
At 1 April 2017	4,18,000	425.00
Forfeited during the year	(13,000)	425.00
Exercised during the year	(12,300)	425.00
At 31 March 2018	**3,92,700**	**425.00**
Exercisable as at 31 March 2018	**3,92,700**	
Weighted average remaining contractual life (in years)	**5.55**	
At 1 April 2018	3,92,700	425.00
Forfeited during the year	(44,000)	425.00
Exercised during the year	-	425.00
At 31 March 2019	**3,48,700**	**425.00**
Exercisable as at 31 March 2019	**3,48,700**	
Weighted average remaining contractual life (in years)	**4.56**	

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. The following principal assumptions were used in the valuation:

Grant date	**20 October 2015**	**20 October 2015**	**20 October 2015**	**20 October 2015**
Vesting date	**20 October 2017**	**20 October 2018**	**20 October 2019**	**20 October 2020**
Expiry date	**20 October 2023**	**20 October 2023**	**20 October 2023**	**20 October 2023**
Fair value of option at grant date	260.22	310.20	354.01	392.99
Exercise price	425.00	425.00	425.00	425.00
Expected volatility of returns	27.63%	27.63%	27.63%	27.63%
Weighted average contractual life (in years)	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years
Expected dividend yield	0.40%	0.40%	0.40%	0.40%
Risk free interest rate	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%

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40 Category wise classification of financial instruments

	31 March 2019		31 March 2018	
	FVOCI	**Amortised costs**	**FVOCI**	**Amortised costs**
Financial assets				
Non-current				
(i) Investments	0.33	116.55	0.33	115.32
(ii) Loans	-	263.43	-	216.31
Current				
(i) Trade receivables	-	410.01	-	406.59
(ii) Cash and cash equivalents	-	18.99	-	75.62
(iii) Bank balances other than (ii) above	-	228.90	-	1.73
(iv) Loans	-	4.30	-	1.85
(v) Other financial assets	-	0.23	-	0.40
Total financial assets	**0.33**	**1,042.41**	**0.33**	**817.82**
Financial liabilities				
Non-current				
(i) Borrowings	-	7.13	-	6.02
Current				
(i) Borrowings	-	2.67	-	5.92
(ii) Trade payables	-	229.30	-	181.73
(iii) Other financial liabilities	-	71.00	-	84.70
Total financial liabilities	**-**	**310.10**	**-**	**278.37**

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 then investments in mutual funds) is at amortised cost, using effective interest rate method.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the Company's interest bearings borrowings are determined using discount rate that reflects the entity's discount rate at the end of the reporting period. The own non-performance risk as at the reporting period is assessed to be insignificant.

- The fair value of unquoted instruments and other financial assets and liabilities is estimated by discounting future cash flows using rates using rates currently applicable for debt on similar terms, credit risk and remaining maturities.

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

41 Fair value hierarchy

The following tables present financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There are no financial liabilities measured at fair value as at 31 March 2019 and 31 March 2018.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31 March 2019 and 31 March 2018 as follows:

As at 31 March 2019

	Level 1	Level 2	Level 3	Total
Investments (Non-current)	-	-	0.33	0.33
Total	**-**	**-**	**0.33**	**0.33**

As at 31 March 2018

	Level 1	Level 2	Level 3	Total
Investments (Non-current)	-	-	0.33	0.33
Total	**-**	**-**	**0.33**	**0.33**

Valuation technique used to determine fair value:

Investments: Discounted Cash flow method using risk adjusted discount rate.

42 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:

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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 34.

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.

	31 March 2019		31 March 2018	
	Increase/ decrease in basis points	Effect on profit before tax	Increase/ decrease in basis points	Effect on profit before tax
INR	+50	(0.03)	+50	(0.08)
INR	-50	0.03	-50	0.08

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.

	31 March 2019		31 March 2018	
	% change in rate	Effect on profit before tax	% change in rate	Effect on profit before tax
USD	+5%	(0.23)	+5%	(0.25)
	-5%	0.23	-5%	0.25
Euro	+5%	(0.13)	+5%	(0.11)
	-5%	0.13	-5%	0.11

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.

II. Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, other balances with banks, loans and other receivables. The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

The Company provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population. For such financial assets, the Company 's policy is to provides for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at reporting date.

A. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At the year end the Company does not have any significant concentrations of bad debt risk other than that disclosed in note 11.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 40. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

B. Financial instruments and cash deposits

The management considers the credit quality of current accounts and deposits with banks to be good and reviews the banking relationships on an on–going basis.

The Company does not require any security in respect of the above financial assets. There are no impairment provisions as at each statement of financial position date against these financial assets, except as disclosed in respect of trade receivables above. The management considers that all the above financial assets that are not impaired or past due for each of the statement of financial position dates under review are of good credit quality.

III. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Notes on the standalone financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 March 2019					
Borrowings*	2.67	-	3.36	3.77	9.80
Trade payables	227.44	1.86	-	-	229.30
Other financial liabilities	71.00	-	-	-	71.00
	301.11	**1.86**	**3.36**	**3.77**	**310.10**
Year ended 31 March 2018					
Borrowings*	5.92	-	-	6.02	11.94
Trade payables	181.73	-	-	-	181.73
Other financial liabilities	49.75	34.95	-	-	84.70
	237.40	**34.95**	**-**	**6.02**	**278.37**

* In absolute terms i.e. discounted and including current maturity portion

43 Capital Management

The Company's capital management objectives are:

a) to ensure the Company's ability to continue as going concern; and
b) to provide an adequate return to stakeholders

As at 31 March 2019, 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.

44 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 -

	31 March 2019		31 March 2018	
	Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Foreign trade payables				
USD (in crores)	0.07	4.57	0.08	5.02
EUR (in crores)	0.03	2.63	0.21	17.01
Foreign trade receivables				
USD (in crores)	0.06	4.48	0.12	7.43
AUD (in crores)	0.01	0.50	0.01	0.72

45 Research and development expenditure

Research and development expenditure incurred during the year ended 31 March 2019 and 31 March 2018 is as follows:

Particulars	31 March 2019	31 March 2018
Capital expenditure	0.26	0.80
Revenue expenditure	18.22	16.77

46 Corporate social responsibility ('CSR')

As per Section 135 of the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company was required to spend ₹ 7.69 crores (31 March 2018: ₹ 6.70 crores) for Corporate Social Responsibility activities. The Company has incurred CSR expenditure of ₹ 4.86 crores during the current financial year (31 March 2018: ₹ 3.98 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	31 March 2019	31 March 2018
(i) Construction/acquisition of any asset		
Paid in cash	1.70	0.79
Other than cash	0.11	0.30
(ii) On purposes other than (i) above		
Paid in cash	3.05	2.89
	4.86	3.98

47 Post reporting date events

No adjusting or significant non-adjusting event has occurred between 31 March 2019 and the date of authorisation of Company's standalone financial statements. However, the Board of Directors of the Company have recommended a final dividend of ₹ 3 per share (31 March 2018: ₹ 3 per share) on equity shares of ₹ 1 each for the year ended 31 March 2019, subject to the approval of shareholders at the ensuing annual general meeting.

48 Scheme of Arrangement

The Hon'ble National Company Law Tribunal, vide its order dated 22 February 2018, approved a Scheme of Arrangement (the 'Scheme') between the Company and Kajaria Securities Private Limited ('KSPL'). Pursuant to the Scheme, all the properties, assets, rights, claims and obligations of the erstwhile KSPL had been transferred and vested in the Company on a going concern basis. Pursuant to the Scheme, existing equity shares of the Company held by KSPL 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 and authorised share capital of KSPL had been transferred to the authorised share capital of the Company. Accordingly, authorised share capital of the Company had increased to ₹ 129.10 crores which consist of 520,000,000 equity shares of ₹ 1 each and 7,710,000 preference shares of ₹ 100 each.

Since there was no specific guidance for accounting of such arrangements under Indian Accounting Standards, accounting had been done as per the accounting treatment stated in the Scheme. Accordingly, the difference

Notes on the standalone financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

between the net assets acquired and reserves of KSPL that vested with the Company had been debited to capital reserves. The Company had acquired net assets amounting to ₹ 0.29 crore and reserves amounting to ₹ 66.49 crore and ₹ 66.20 crore had been debited to capital reserves. Further during the year ended 31 March 2017, dividend was distributed to KSPL amounting to ₹ 19.31 crore which had been adjusted against retained earnings.

49 The standalone financial statements for the year ended 31 March 2019 were approved by the Board of Directors on 10 May 2019.

50 Previous year figures have been re-grouped/reclassified wherever necessary, to conform to current year's classification.

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Neeraj Sharma
Partner
Membership No. 502103

Place: New Delhi
Date: 10 May 2019

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'), which comprise the Consolidated Balance Sheet as at 31 March 2019, 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 and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the 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 (consolidated financial position) of the Group, as at 31 March 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its 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 paragraph 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 consolidated 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.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Revenue recognition</td><td></td></tr>
<tr><td>We refer to the Group's significant accounting policies in note 3(E)(b) and the revenue related disclosures in note 24 of the consolidated financial statements.

The Holding 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, adopted by the Group from the current year, 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, in line with the requirements of the Standards on Auditing, revenue is determined to be an area involving significant risk and hence requiring significant auditor attention.</td><td>Our audit procedures, related to revenue recognition by the Holding Company, included, but were not limited, to the following:

a) Assessed the design and operating effectiveness of Holding Company's controls (including the automated controls) around revenue recognition (including rebates / discounts);

b) Assessed the appropriateness of Holding 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 (including transactions during the year) to a sample of customers and reviewed the reconciling items, if any; and

h) Tested the related disclosures made in notes to the consolidated financial statements in respect of the revenue from operations.</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matters
Impairment of property, plant and equipment	
Considering the continued losses recorded over the years by one of the subsidiary company, the management has identified that indicators exist that requires the management to test the carrying value of related property, plant and equipment and intangible assets aggregating to ₹ 137.65 crores for possible impairment. Management's assessment of the recoverable amount of property, plant and equipment and intangible assets 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 subsidiaries 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. 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 selected as a key audit matter for the current year audit.	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 38 '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 property, plant and equipment and intangible assets relating to such subsidiary company; c) Involved our valuation specialists 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; 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 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 valuations performed; g) Tested the arithmetical accuracy of the valuation workings performed by the management expert; h) Tested the disclosures made in note 4 and 5 for appropriateness in accordance with the requirements of the accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

6. The Holding 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 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 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 state of affairs (consolidated financial position), consolidated profit or loss (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 intends 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 group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and

maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group have adequate internal financial controls system 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 consolidated 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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 eight subsidiaries (including one subsidiary sold during the year), whose financial statements reflect total assets of ₹ 713.28 crores and net assets of ₹ 187.74 crores as at 31 March 2019, total revenues of ₹ 781.16 crores and net cash outflows amounting to ₹ 1.01 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, is based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

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 15, on separate financial statements of the subsidiaries, we report that the Holding Company and five 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 (including one subsidiary sold during the year) covered under the Act have not paid or provided for any managerial remuneration during the year.

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; and

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, covered under the Act, none of the directors of the Group companies, covered under the Act, are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies, covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';

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 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 36(b)(ii) to the consolidated financial statements;

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group during the year ended 31 March 2019; and

iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

Neeraj Sharma
Partner
Membership No.: 502103

Place: New Delhi
Date: 10 May 2019

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 31 MARCH 2019

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Kajaria Ceramics Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies 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

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter(s) paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, 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').

Other Matters

9. We did not audit the IFCoFR in so far as it relates to eight subsidiary companies (including one subsidiary sold during the year), which are companies covered under the Act, whose financial statements reflect total assets of ₹ 713.28 crores and net assets of ₹ 187.74 crores as at 31 March 2019, total revenues of ₹ 781.16 crores and net cash outflows amounting to ₹ 1.01 crores for the year ended on that date, as considered in the consolidated financial statements. The IFCoFR in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary companies 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

Place: New Delhi
Date: 10 May 2019

Consolidated Balance Sheet as at 31 March 2019

(AMOUNTS IN ₹ CRORES, UNLESS OTHERWISE STATED)

	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	1,067.11	1,131.07
(b) Capital work-in-progress	4	93.39	17.60
(c) Goodwill		8.45	11.48
(d) Other intangible assets	5	2.27	2.56
(e) Financial assets			
(i) Investments	6	0.34	0.34
(ii) Loans	7	11.78	10.52
(iii) Other financial assets	14	4.79	4.01
(f) Non-current tax assets (net)	8	3.54	3.29
(g) Deferred tax assets (net)	23A	1.35	-
(h) Other non-current assets	9	8.98	8.03
		1,202.00	**1,188.90**
Current assets			
(a) Inventories	10	405.80	378.47
(b) Financial assets			
(i) Trade receivables	11	475.05	450.67
(ii) Cash and cash equivalents	12	22.12	79.76
(iii) Bank balances other than (ii) above	13	230.26	2.71
(iv) Loans	7	4.97	6.58
(v) Other financial assets	14	4.21	4.72
(c) Other current assets	9	28.82	28.48
		1,171.23	**951.39**
TOTAL ASSETS		**2,373.23**	**2,140.29**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	15.90	15.90
(b) Other equity	16	1,559.00	1,335.12
Equity attributable to the shareholders of the Company		**1,574.90**	**1,351.02**
(a) Non- controlling interests		65.91	66.09
Total equity		**1,640.81**	**1,417.11**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	31.45	59.42
(b) Provisions	18	4.53	5.24
(c) Deferred tax liabilities (net)	23A	107.28	109.85
(d) Other non-current liabilities	19	2.59	2.61
		145.85	**177.12**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	63.49	75.67
(ii) Trade payables	20		
- Total outstanding dues of micro enterprises and small enterprises		22.94	18.79
- Total outstanding dues of creditors other than micro enterprises and small enterprises		286.13	238.96
(iii) Other financial liabilities	21	137.83	137.69
(b) Other current liabilities	19	56.07	55.42
(c) Provisions	18	15.50	12.68
(d) Current tax liabilities (net)	22	4.61	6.85
		586.57	**546.06**
TOTAL LIABILITIES		**732.42**	**723.18**
TOTAL LIABILITIES AND EQUITY		**2,373.23**	**2,140.29**

See accompanying notes forming part of these consolidated financial statements. 1-52

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Neeraj Sharma
Partner
Membership No. 502103

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 10 May 2019

Consolidated Statement of Profit & loss for the year ended 31 March 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
INCOME			
Revenue from operations	24	2,956.20	2,782.55
Other income	25	18.03	10.84
TOTAL INCOME (I)		**2,974.23**	**2,793.39**
EXPENSES			
Cost of materials consumed	26	791.80	729.99
Purchases of stock-in-trade		391.07	343.21
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(36.51)	(12.87)
Excise duty		-	71.95
Employee benefits expense	28	345.45	317.65
Finance costs	29	15.59	24.10
Depreciation and amortisation expense	30	89.06	88.53
Other expenses	31	1,014.90	876.26
TOTAL EXPENSES (II)		**2,611.36**	**2,438.82**
Profit before exceptional items and tax (I-II)		**362.87**	**354.57**
Exceptional items (income)/loss	39	4.84	(0.75)
Profit before tax		**358.03**	**355.32**
Tax expense:	23B		
Current tax		130.43	125.94
Deferred tax		(1.15)	0.78
Profit for the year		**228.75**	**228.60**
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of profit and loss			
- Remeasurement of defined benefit plans		0.29	(0.20)
- Fair valuation of investment in equity instruments through OCI		-	(0.47)
Income-tax relating to items that will not be reclassified to statement of profit and loss		(0.07)	0.08
Total other comprehensive income for the year, net of tax		**0.22**	**(0.59)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**228.97**	**228.01**
Profit for the year attributable to:			
(a) Owners of the Company		226.57	234.96
(b) Non-controlling interest		2.18	(6.36)
Other comprehensive income for the year attributable to:			
(a) Owners of the Company		0.17	(0.54)
(b) Non-controlling interest		0.05	(0.05)
Total comprehensive income for the year attributable to:			
(a) Owners of the Company		226.74	234.42
(b) Non-controlling interest		2.23	(6.41)
Earnings per equity share (face value of ₹ 1 each)	32		
- Basic (in ₹)		14.25	14.78
- Diluted (in ₹)		14.25	14.75

See accompanying notes forming part of these consolidated financial statements. 1-52

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Neeraj Sharma
Partner
Membership No. 502103

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 10 May 2019

Consolidated Statement of Cash Flows for the year ended 31 March 2019

(AMOUNTS IN ₹ CRORES, UNLESS OTHERWISE STATED)

	Year ended 31 March 2019	Year ended 31 March 2018
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	358.03	355.32
Adjustments for :		
Depreciation and amortisation expense	89.06	88.53
Interest income	(12.93)	(3.87)
Interest expense	15.59	24.10
Gain on disposal of current investment	(0.09)	-
Dividend income	(0.29)	-
Share based payments to employees	0.86	1.59
Bad debts written off	0.10	-
Provision for expected credit loss	1.08	0.66
Loss on sale/discard of property, plant and equipment	5.50	1.02
Exceptional items	4.84	(0.75)
Operating profit before working capital changes	**461.75**	**466.60**
Changes in operating assets and liabilities, net of effects from purchase of controlled entities and sale of subsidiary		
Movement in inventories	(37.31)	(17.60)
Movement in trade and other receivables	(31.59)	(113.09)
Movement in other assets	0.33	17.00
Movement in trade and other payables	54.49	15.21
Movements in provisions	2.41	(2.44)
Cash generated from operations	**450.08**	**365.68**
Income taxes paid	(132.72)	(127.51)
Net cash inflow from operating activities (A)	**317.36**	**238.17**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital advances, capital work-in-progress, intangible assets and capital creditors)	(123.54)	(152.70)
Disposal of property, plant and equipment	9.62	14.50
Transactions with non-controlling interest	61.50	(5.33)
Proceeds from sale of subsidiary	10.40	3.50
Acquisition of subsidiary	(3.85)	-
Purchase of current investments	(25.00)	-
Proceeds from disposal of current investments	25.09	-
Interest received	12.89	3.83
Dividend received	0.29	-
Movement in other bank balances (net)	(228.26)	(0.59)
Net cash outflow form investing activities (B)	**(260.86)**	**(136.79)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(15.59)	(24.10)
Proceeds from issue of share capital	-	0.67
Repayment of long-term borrowings (net)	(38.05)	(22.51)
Proceeds/ (repayment) of short-term borrowings (net)	(2.37)	30.63
Dividend paid to company's shareholders	(47.69)	(47.46)
Dividend distribution tax (subsidiary portion)	(9.80)	(9.71)
Share application money	(0.64)	0.64
Net cash outflow from financing activities (C)	**(114.14)**	**(71.84)**
Net increase in cash and cash equivalents (A+B+C)	**(57.64)**	**29.54**

Consolidated Statement of Cash Flows for the year ended 31 March 2019

(AMOUNTS IN ₹ CRORES, UNLESS OTHERWISE STATED)

	Year ended 31 March 2019	Year ended 31 March 2018
Cash and cash equivalents at the beginning of the financial year	79.76	49.92
Add: Cash and cash equivalents vested in the Company pursuant to Scheme	-	0.30
Cash and cash equivalents at the end of the financial year	**22.12**	**79.76**
Components of cash and cash equivalents at the end of the year		
Cash on hand (including gold coins)	0.85	0.86
Balances with banks		
- Current accounts	0.10	15.90
- Deposits with original maturity of less than three months	21.17	63.00
	22.12	**79.76**

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 March 2019	As at 31 March 2018
Current borrowings	63.49	75.67
Non-current borrowings	56.84	94.66
Net debt	**120.33**	**170.33**

	Current borrowings	Non-current borrowings
Net debt as at 1 April 2017	**55.08**	**158.08**
Cash flows	30.63	(22.51)
Non-cash adjustments - Fair value adjustments	-	(3.15)
On disposal of subsidiary (refer note 39)	(10.04)	(37.76)
Net debt as at 31 March 2018	**75.67**	**94.66**
Cash flows	(2.37)	(38.05)
Non-cash adjustments - Fair value adjustments	-	0.23
On disposal of subsidiary (refer note 39)	(9.81)	-
Net debt as at 31 March 2019	**63.49**	**56.84**

See accompanying notes forming part of these consolidated financial statements. 1-52

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Neeraj Sharma
Partner
Membership No. 502103

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 10 May 2019

Consolidated statement of changes in equity for the year ended 31 March 2019

(AMOUNTS IN ₹ CRORES, UNLESS OTHERWISE STATED)

A. Equity share capital

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the reporting year	15.90	15.89
Add: Change in equity share capital during the year (refer note 15)	-	0.01
Balance at the end of the reporting year	**15.90**	**15.90**

B. Other equity (refer note 16)

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 application money pending allotment	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI			
Balance at 1 April 2017	**320.38**	**163.06**	**5.00**	**-**	**2.70**	**-**	**668.09**	**-**	**1,159.23**	**76.02**	**1,235.25**
Profit for the year	-	-	-	-	-	-	234.96	-	234.96	(6.36)	228.60
Items of OCI for the year, net of tax											
Remeasurement of defined benefit plans	-	-	-	-	-	-	(0.07)	-	(0.07)	(0.05)	(0.12)
Fair valuation of investment in equity instruments through OCI	-	-	-	-	-	-	-	(0.47)	(0.47)	-	(0.47)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**234.89**	**(0.47)**	**234.42**	**(6.41)**	**228.01**
Reserves vested in the Company pursuant to the Scheme (refer note 50)	-	-	-	-	-	38.82	27.67	-	66.49	-	66.49
Adjustment pursuant to the Scheme (refer note 50)	-	-	-	-	-	(66.20)	(19.31)	-	(85.51)	-	(85.51)
Shares issued during the year (refer note 15)	-	0.68	-	-	-	-	-	-	0.68	-	0.68
Employee stock option scheme	-	-	-	-	1.59	-	-	-	1.59	-	1.59
Share application money received	-	-	-	0.64	-	-	-	-	0.64	-	0.64
Dividend distributed	-	-	-	-	-	-	(28.37)	-	(28.37)	-	(28.37)
Income-tax on dividend distribution	-	-	-	-	-	-	(9.71)	-	(9.71)	-	(9.71)

Consolidated statement of changes in equity for the year ended 31 March 2019

(AMOUNTS IN ₹ CRORES, UNLESS OTHERWISE STATED)

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 application money pending allotment	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI			
Transactions with holders of NCI	-	-	-	-	-	-	(4.34)	-	(4.34)	(3.52)	(7.86)
Balance at 31 March 2018	**320.38**	**163.74**	**5.00**	**0.64**	**4.29**	**(27.38)**	**868.92**	**(0.47)**	**1,335.12**	**66.09**	**1,401.21**
Profit for the year	-	-	-	-	-	-	226.57	-	226.57	2.18	228.75
Items of OCI for the year, net of tax											
Remeasurement of defined benefit plans	-	-	-	-	-	-	0.17	-	0.17	0.05	0.22
Fair valuation of investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**226.74**	**-**	**226.74**	**2.23**	**228.97**
Employee stock option scheme	-	-	-	-	0.86	-	-	-	0.86	-	0.86
Share application money refunded	-	-	-	(0.64)	-	-	-	-	(0.64)	-	(0.64)
Dividend distributed	-	-	-	-	-	-	(47.69)	-	(47.69)	-	(47.69)
Income-tax on dividend distribution	-	-	-	-	-	-	(9.80)	-	(9.80)	-	(9.80)
Transactions with holders of NCI	-	-	-	-	-	48.83	5.58	-	54.41	(2.41)	52.00
Balance at 31 March 2019	**320.38**	**163.74**	**5.00**	**-**	**5.15**	**21.45**	**1,043.75**	**(0.47)**	**1,559.00**	**65.91**	**1,624.91**

See accompanying notes forming part of these consolidated financial statements. 1-52

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

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Partner
Membership No. 502103

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 10 May 2019

1. Corporate information

KAJARIA CERAMICS LIMITED (“KCL” or the “Holding Company” or the “Company”) is a limited company domiciled in India and was incorporated on 20 December 1985. Equity shares of the Company are listed in India on the Bombay stock exchange and the National stock exchange. The registered office of the Company is located at SF-11, Second Floor, JMD Regent Plaza Mehrauli Gurgaon Road, Village Sikanderpur Ghosi Gurgaon Haryana - 122001, India.

2. Application of new and revised Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the consolidated financial statements are authorized have been considered in preparing these consolidated financial statements.

Standards issued but not yet effective

- **Ind AS 116 Leases:** On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 116-Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The standard permits two possible methods of transition:

  (i) Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

  (ii) Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application.

  Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

  (i) Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee’s incremental borrowing rate at the date of initial application or

  (ii) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

  The effective date for adoption of Ind AS 116 is period beginning on or after 1 April 2019. The Group is in the process of making an assessment of the impact of Ind AS 116 upon initial application.

- **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:** On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely

Notes on the consolidated financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition:

(i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

(ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is period beginning on or after 1 April 2019. The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

- **Amendment to Ind AS 12 – Income taxes:** On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The effective date for application of this amendment is period beginning on or after 1 April 2019. The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

- **Amendment to Ind AS 19 – plan amendment, curtailment or settlement:** On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity: • to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and • to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The effective date for application of this amendment is period beginning on or after 1 April 2019. The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

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 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent company, i.e., year ended on 31 March 2019.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group

Notes on the consolidated financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

(profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

E. Significant accounting policies

a. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset/liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b. Revenue Recognition

Revenue is 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, including excise duty, received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods and service tax are excluded from revenue.

Interest income and dividend:

Interest income is recognised using effective interest method.

Dividend income is recognised when the right to receive payment is established.

c. Inventories

Raw materials, work-in-progress, finished goods, packing materials, stores and spares, stock-in-trade, trading and other products are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

In determining the cost of raw materials, packing materials, stock-in-trade, stores and spares, trading and other products, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

d. Property, plant and equipment

Measurement and recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Group identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are 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.

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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 & 18 years
Fit-out and other assets at sales outlets	5 years

Freehold land is not depreciated. Leasehold land and 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.

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.

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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 favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

j. Taxes on income

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax

Current tax is measured at the amount expected to be paid/ recovered to/from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items 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 determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the transaction. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards

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incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term however, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

n. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief 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,

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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.

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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.

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4 Property, plant and equipment

Particulars	Free-hold land	Lease-hold land	Buil-dings	Plant and equip-ment	Furni-ture and fixtures	Vehicles	Office equipments	Computers	Display assets	Total
Gross carrying amount										
As at April 1, 2017	**28.38**	**9.71**	**338.61**	**1,179.44**	**10.14**	**30.25**	**14.45**	**6.67**	**24.65**	**1,642.30**
Additions	11.24	3.00	11.85	77.72	1.60	9.78	2.17	0.55	7.82	125.73
Disposals/adjustments	0.33	0.01	12.59	63.43	0.42	4.24	3.32	2.02	6.57	92.93
As at 31 March 2018	**39.29**	**12.70**	**337.87**	**1,193.73**	**11.32**	**35.79**	**13.30**	**5.20**	**25.90**	**1,675.10**
Additions	0.99	0.04	9.41	33.05	0.65	8.90	1.05	0.46	2.77	57.32
Disposals/adjustments	5.54	-	8.30	52.55	0.23	5.95	0.08	0.43	0.49	73.57
As at 31 March 2019	**34.74**	**12.74**	**338.98**	**1,174.23**	**11.74**	**38.74**	**14.27**	**5.23**	**28.18**	**1,658.85**
Accumulated depreciation										
As at April 1, 2017	**-**	**0.85**	**71.35**	**368.73**	**5.04**	**9.37**	**6.24**	**4.74**	**13.30**	**479.62**
Depreciation charge for the year	-	0.04	9.74	67.52	0.82	3.96	1.51	0.72	3.45	87.76
Disposals/adjustments	-	-	1.04	10.09	0.25	2.49	1.00	1.98	6.50	23.35
As at 31 March 2018	**-**	**0.89**	**80.0**	**426.16**	**5.61**	**10.84**	**6.75**	**3.48**	**10.25**	**544.03**
Depreciation charge for the year	-	0.07	9.42	67.19	0.83	4.43	1.35	0.63	4.44	88.36
Disposals/adjustments	-	-	2.85	32.19	0.51	3.38	0.40	0.39	0.93	40.65
As at 31 March 2019	**-**	**0.96**	**86.62**	**461.16**	**5.93**	**11.89**	**7.70**	**3.72**	**13.76**	**591.74**
Net carrying amount :										
As at 31 March 2019	**34.74**	**11.78**	**252.36**	**713.07**	**5.81**	**26.85**	**6.57**	**1.51**	**14.42**	**1,067.11**
As at 31 March 2018	**39.29**	**11.81**	**257.82**	**767.57**	**5.71**	**24.95**	**6.55**	**1.72**	**15.65**	**1,131.07**

Notes:

1. Property, plant and equipment pledged as security - Refer to note 17 for information on property, plant and equipment pledged as security by the Group.
2. Contractual obligations - refer to note 36(a) 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. Disposals/adjustments includes adjustments on account of disposal of subsidiary.

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

5 Other intangible assets

	Software	Total
Gross carrying amount		
As at 1 April 2017	**8.05**	**8.05**
Additions	0.25	0.25
Disposals/adjustments	0.07	0.07
As at 31 March 2018	**8.23**	**8.23**
Additions	0.41	0.41
Disposals/adjustments	0.08	0.08
As at 31 March 2019	**8.56**	**8.56**
Accumulated amortisation		
As at 1 April 2017	**4.92**	**4.92**
Amortisation charge for the year	0.77	0.77
Disposals/adjustments	0.02	0.02
As at 31 March 2018	**5.67**	**5.67**
Amortisation charge for the year	0.70	0.70
Disposals/adjustments	0.08	0.08
As at 31 March 2019	**6.29**	**6.29**
Net carrying amount :		
As at 31 March 2019	**2.27**	**2.27**
As at 31 March 2018	**2.56**	**2.56**

Notes:

1. Disposals/adjustments includes adjustments on account of disposal of subsidiary.

6 Non-current financial assets - Investments

	As at 31 March 2019	As at 31 March 2018
Investments in unquoted equity instruments in others (measured at FVOCI)		
Bhadreshwar Vidyut Private Limited (Formerly known as OPGS Power Gujarat Private Limited)	0.01	0.01
651,000 (31 March 2018: 651,000) equity shares of ₹ 10 each fully paid up		
Tauras Tiles Private Limited	0.33	0.33
800,000 (31 March 2018: 800,000) equity shares of ₹ 10 each fully paid up		
Total	**0.34**	**0.34**
Aggregate value of unquoted investments	**0.34**	**0.34**

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FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

7 Loans#

	Non current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Considered good - unsecured				
Security deposits	11.78	10.52	-	-
Loans to other companies	-	-	1.97	-
Loans to related parties*	-	-	0.21	0.20
Other loans	-	-	2.79	6.38
Total	**11.78**	**10.52**	**4.97**	**6.58**

Note:

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.

* Does not include any loans due from directors or other officers of the Group either severally or jointly with any other person.

8 Non-current tax assets (net)

	As at 31 March 2019	As at 31 March 2018
Non-current tax assets (net)	3.54	3.29
	3.54	3.29

9 Other assets

	Non current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Considered good - unsecured				
Capital advances	7.05	2.43	-	-
Advance to suppliers	-	-	5.09	8.31
Prepaid expenses	0.10	0.12	7.43	6.55
Deferred lease expense	1.83	3.08	0.45	-
Export benefit receivables	-	-	0.42	1.93
Balance with statutory authorities	-	2.40	15.43	11.69
Total	**8.98**	**8.03**	**28.82**	**28.48**

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FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

10 Inventories (valued at lower of cost or net realisable value)

	As at 31 March 2019	As at 31 March 2018
Raw materials	48.50	50.93
Work-in-progress	22.19	24.86
Finished goods	249.03	226.52
Stock-in-trade	25.51	17.16
Stores and spares	43.97	44.31
Packing material	16.60	14.69
Total	**405.80**	**378.47**

11 Trade receivables

	As at 31 March 2019	As at 31 March 2018
Considered good-unsecured	475.05	450.67
Credit impaired	3.28	2.20
Less: Allowance for expected credit losses	(3.28)	(2.20)
Total	**475.05**	**450.67**

Note:

a) No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person or amounts dues from firms or private companies in which any director is a partner, director or a member.

b) All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

12 Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- Current accounts	0.10	15.90
- Deposits with original maturity of less than three months	21.17	63.00
Cash on hand (including gold coins)	0.85	0.86
Total	**22.12**	**79.76**

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 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

13 Bank balances other than cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Earmarked balances with banks in current accounts - unpaid dividends*	1.83	1.73
Deposits with original maturity of greater than three months**	227.07	-
Margin Money deposit (pledged with banks against non fund based facilities)	1.36	0.98
Total	**230.26**	**2.71**

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 ₹ 61.73 crores (31 March 2018: ₹ Nil) have been pledged by Holding Company against facilities taken by subsidiaries 'Kajaria Sanitaryware Private Limited' and 'Kajaria Floera Ceramics Private Limited'.

14 Other financial assets

	Non current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Considered good - unsecured				
Interest accrued on deposits and loans				
- Term deposits	-	-	1.35	1.31
Deposits with remaining maturity of more than twelve months*	4.79	4.01	-	-
Others	-	-	2.86	3.41
Total	**4.79**	**4.01**	**4.21**	**4.72**

* Held as margin money against guarantee.

15 Equity share capital

	As at 31 March 2019	As at 31 March 2018
Authorised:		
520,000,000 equity shares of ₹ 1 each (31 March 2018: 520,000,000 of ₹ 1 each)	52.00	52.00
7,710,000 preference shares of ₹ 100 each (31 March 2018: 7,710,000 of ₹ 100 each)	77.10	77.10
	129.10	**129.10**
Issued and subscribed:		
158,950,300 equity shares of ₹ 1 each (31 March 2018: 158,950,300 equity shares of ₹ 1 each)	15.90	15.90
Total	**15.90**	**15.90**

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

A. Reconciliation of authorised share capital at the beginning and at the end of the reporting year

i.) Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	520,000,000	52.00	250,000,000	25.00
Add: Increase during the year (refer note 50)	-	-	270,000,000	27.00
Outstanding at the end of the year	**520,000,000**	**52.00**	**520,000,000**	**52.00**

ii.) Preference share capital

	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	7,710,000	77.10	1,000,000	10.00
Add: Increase during the year (refer note 50)	-	-	6,710,000	67.10
Outstanding at the end of the year	**7,710,000**	**77.10**	**7,710,000**	**77.10**

B. Reconciliation of the issued and subscribed shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	158,950,300	15.90	158,938,000	15.89
Add: Shares issued on exercise of employee share option	-	-	12,300	0.01
Outstanding at the end of the year	**158,950,300**	**15.90**	**158,950,300**	**15.90**

C. Terms/Rights attached to equity shares

The Company has only one class of equity share having face value of ₹ 1 per share. The holder of the equity shares is entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual general meeting. The holder of share is entitled to voting rights proportionate to their share holding.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

D. Shares reserved for issue under options

Information relating to Kajaria Ceramics Employee Stock Option Plan, 2015, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 40.

Notes on the consolidated financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

E. Following shareholders hold equity shares more than 5% of the total equity shares of the Company*:

Name of shareholder	As at 31 March 2019		As at 31 March 2018	
	Number of shares held having face value of ₹ 1 each	% of holding in class	Number of shares held having face value of ₹ 1 each	% of holding in class
Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Trust)	12,933,973	8.14%	12,933,973	8.14%
Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	25,867,947	16.28%	25,867,947	16.28%
Versha Kajaria jointly with Chetan Kajaria (In their capacity as joint trustees of Rishi Kajaria Family Private Trust)	25,867,947	16.28%	25,867,947	16.28%

* *As per the records of the Company, including its register of members*

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 as mentioned in note 50, the Company has not issued any shares pursuant to a contract without payment being received in cash nor has there been any buy-back of shares and any bonus shares which has been issued in the current year and preceding five years.

16 Other equity

	As at 31 March 2019	As at 31 March 2018
a) Share application money pending allotment		
Balance at the beginning of the year	**0.64**	**-**
Share application money received/(refunded)	(0.64)	0.64
Balance at the end of the year	**-**	**0.64**
b) General reserves		
Balance at the beginning of the year	**320.38**	**320.38**
Transferred from retained earnings	-	-
Balance at the end of the year	**320.38**	**320.38**
c) Securities premium reserve		
Balance at the beginning of the year	**163.74**	**163.06**
Shares issued during the year (refer note 15)	-	0.68
Balance at the end of the year	**163.74**	**163.74**
d) Capital redemption reserve		
Balance at the beginning of the year	**5.00**	**5.00**
Changes during the year	-	-
Balance at the end of the year	**5.00**	**5.00**

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

	As at 31 March 2019	As at 31 March 2018
e) Share options outstanding account		
Balance at the beginning of the year	**4.29**	**2.70**
Employee stock option scheme	0.86	1.59
Balance at the end of the year	**5.15**	**4.29**
f) Capital reserve		
Balance at the beginning of the year	**(27.38)**	**-**
Transactions with holders of NCI	48.83	-
Reserves vested in the Company pursuant to the Scheme (refer note 50)	-	38.82
Adjustment pursuant to the Scheme (refer note 50)	-	(66.20)
Balance at the end of the year	**21.45**	**(27.38)**
g) Retained earnings		
Balance at the beginning of the year	**868.92**	**668.09**
Profit for the year	226.57	234.96
Items of OCI for the year, net of tax	0.17	(0.07)
Reserves vested in the Company pursuant to the Scheme (refer note 50)	-	27.67
Adjustment pursuant to the Scheme (refer note 50)	-	(19.31)
Dividend distributed	(47.69)	(28.37)
Income-tax on dividend distribution	(9.80)	(9.71)
Transactions with holders of NCI	5.58	(4.34)
Balance at the end of the year	**1,043.75**	**868.92**
h) Other comprehensive income		
Equity instruments designated as fair value through other comprehensive income		
Balance at the beginning of the year	**(0.47)**	**-**
Fair valuation of investment in equity instruments through OCI (net of tax)	-	(0.47)
Balance at the end of the year	**(0.47)**	**(0.47)**
Equity attributable to the shareholders of the Company	**1,559.00**	**1,335.12**

Nature and purpose of reserves

a) General reserve
General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

b) Securities premium reserve
This reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

c) Capital redemption reserve
This reserve was created on redemption of preference shares in the financial year 2001-02. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

d) Share options outstanding account
The reserve is used to recognise the grant date fair value of the options issued to employees under Kajaria Ceramics Employee Stock Option Plan, 2015.

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(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

e) Capital reserve

The reserve was created on Scheme of Arrangement (the Scheme) between the Company and Kajaria Securities Private Limited ('KSPL') (refer note 50).

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 Company has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

17 Borrowings

	Non current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Term loan - Secured				
(i) From banks	36.37	71.59	-	-
Less: current maturities of long-term debt (refer note 21)	(25.39)	(35.24)	-	-
	10.98	**36.35**		
(ii) Deferred payment liabilities: Interest free loan from Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh)	7.13	6.02	-	-
Term loan - Unsecured				
From others	13.34	17.05	-	-
Working capital facility - Secured				
From banks	-	-	63.49	75.67
Total	**31.45**	**59.42**	**63.49**	**75.67**

Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	31 March 2019	31 March 2018			
Term loan - from banks (secured)	13.57	25.13	Rate of interest is variable and linked to marginal cost of funds based lending rate ('MCLR').	Term loan is secured against the property, plant and equipment ('PPE') of 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 instalments commencing from June 2014

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	31 March 2019	31 March 2018			
Term loan - from banks (secured)	9.64	17.09	Rate of interest is variable and linked to MCLR.	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 51% by the Holding Company.	Repayable in 84 and 61 monthly instalments commencing from May 2016 and June 2012
Term loan - from banks (secured)	10.00	16.00	Rate of interest is variable and linked to MCLR.	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 instalments of ₹ 150 lakhs each and 2 quarterly instalments of ₹ 200 lakhs each commencing from December 2016.
Term loan - from banks (secured)	0.84	7.17	Rate of interest is variable and linked to MCLR.	Secured against first charge on immovable and movable assets (present and future) of Vennar Ceramics Limited at Vishnupuram, Perikigudem, Andhra Pradesh and further guaranteed by the Holding Company and Anjani Vishnu Holdings Limited in the ratio of 51:49.	Two term loans, repayable in quarterly instalments of ₹ 137.50 lakhs and ₹ 21 lakhs, remaining instalments 4 and 8 respectively.
Term loan - from banks (secured)	2.32	6.20	Rate of interest is variable and linked to MCLR.	Hypothecation of entire machineries, electrical installations, furniture and fixtures, office equipments and other movable fixed assets, present and future, situated at the factory of Kajaria Sanitaryware Private Limited. 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.	Loan is repayable in 53 monthly instalments of ₹ 32.40 lakhs each and 54th instalment of ₹ 32.80 lakhs commencing from July 2015.
Deferred payment liabilities Interest free loan from Financial Institution	7.13	6.02	N. A.	Secured against first charge on factory land and building of the Holding Company at Sikandrabad, Uttar Pradesh.	Repayable in one instalment after 7 years from date of disbursement.
Loan from others - Unsecured	13.34	17.05	9% per annum	-	Payable after one year from the date of demand
Working capital facility (secured)	17.49	17.92	Rate of interest is variable and linked to MCLR.	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of Jaxx Vitrified Private Limited (at its factories at Morbi, Gujarat).	On demand

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(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	31 March 2019	31 March 2018			
Working capital facility (secured)	11.51	11.83	Rate of interest is variable and linked to MCLR.	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of Cosa Ceramics Private Limited (at its factories at Morbi, Gujarat).	On demand
Working capital facility (secured)	16.28	14.01	Rate of interest is variable and linked to MCLR.	Secured by first charge on inventories and book debts and second charge of movable and immovable assets, both present and future of Vennar Ceramics Limited and further guaranteed by the Holding Company and Anjani Vishnu Holdings Limited in the ratio of 51:49.	On demand
Working capital facility (secured)	-	9.40	Rate of interest is variable and linked to MCLR.	Working capital facility includes cash credit limit from SBI banks is secured against stock and book debts of the Soriso Ceramic Private Limited.	On demand
Working capital facility (secured)	-	8.17	Rate of interest is variable and linked to LIBOR.	Secured against hypothecation of entire raw materials, stock in process, stores and spares, packing materials, finished goods and book debts of 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)	2.67	5.92	9% to 9.25%	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of the Holding Company (at its factories at Sikandrabad, Uttar Pradesh and Gailpur, Rajasthan).	On demand
Working capital facility (secured)	11.62	5.24	Rate of interest is variable and linked to MCLR.	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)	3.92	3.18	Rate of interest is variable and linked to MCLR.	Secured against hypothecation of entire raw materials, stock in process, stores and spares, packing materials, finished goods and book debts of 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

18 Provisions

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits obligation (refer note 34)				
- Gratuity	3.77	4.72	2.90	1.78
- Compensated absences	0.76	0.52	12.60	10.90
Total	**4.53**	**5.24**	**15.50**	**12.68**

19 Other liabilities

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Advance received from customers	-	-	14.41	13.82
Statutory dues payable	-	-	41.12	41.06
Deferred government grant	2.59	2.61	0.54	0.54
Total	**2.59**	**2.61**	**56.07**	**55.42**

20 Trade payables

	As at 31 March 2019	As at 31 March 2018
Trade payables (including acceptances {refer note b below})		
- Total outstanding dues of micro enterprises and small enterprises	22.94	18.79
- Total outstanding dues of creditors other than micro enterprises and small enterprises	286.13	238.96
Total	**309.07**	**257.75**

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 ₹ 55.86 crores (31 March 2018: ₹ 56.39 crores).

c) The above trade payables include the amount due to micro and small enterprises (refer note 38).

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(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

21 Other current financial liabilities

	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term debt (refer note 17)	25.39	35.24
Unclaimed dividends*	1.83	1.73
Interest bearing deposits from customers	13.31	10.77
Security deposits	14.90	14.08
Employee payable	48.69	46.56
Creditors for capital goods	29.65	15.02
Others	4.06	14.29
Total	**137.83**	**137.69**

* Not due for deposit to Investors Education and Protection Fund.

22 Current tax liabilities (net)

	As at 31 March 2019	As at 31 March 2018
Current tax liabilities (net)	4.61	6.85
Total	**4.61**	**6.85**

23A Deferred tax assets/liabilities (net)

	As at 31 March 2019	As at 31 March 2018
(a) Deferred tax liability on	:	
Difference between book balance and tax balance of property, plant and equipment	118.59	116.72
	118.59	116.72
(b) Deferred tax asset on		
Provision for employee benefit obligations	4.38	3.75
Others (including MAT input credit)	8.28	3.12
	12.66	6.87
	105.93	**109.85**
Amount recognised in the consolidated balance sheet		
Deferred tax assets (net)	**1.35**	**-**
Deferred tax liabilities (net)	**107.28**	**109.85**

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

Movements in deferred tax liabilities and deferred tax assets:

	Property, plant and equipment	Compensated absences	Other provisions	Total
As at 1 April 2017	**112.48**	**(3.23)**	**(0.10)**	**109.15**
Charged/(credited) to the statement of profit or loss	4.24	(0.52)	(2.94)	0.78
Charged/(credited) to other comprehensive income	-	-	(0.08)	(0.08)
As at 31 March 2018	**116.72**	**(3.75)**	**(3.12)**	**109.85**
Charged/(credited) to the statement of profit or loss	2.58	(0.63)	(5.16)	(3.21)
Charged/(credited) to other comprehensive income	-	-	-	-
Adjustment on account of loss of control over subsidiary	(0.71)	-	-	(0.71)
As at 31 March 2019	**118.59**	**(4.38)**	**(8.28)**	**105.93**

23B Income-tax expense

	Year ended 31 March 2019	Year ended 31 March 2018
(a) Income-tax expense debited to statement of profit and loss		
Current tax		
Current tax on profits for the year	130.43	125.94
	130.43	125.94
Deferred tax		
Deferred tax charge/(credit) for the year	(1.15)	0.78
	(1.15)	0.78
Total tax expense	**129.28**	**126.72**
(b) Income-tax expense debited/(credited) to other comprehensive income		
Current tax		
Current tax charge/(credit) for the year	0.07	-
Deferred tax		
Deferred tax charge/(credit) for the year	-	(0.08)
	0.07	**(0.08)**

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(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	Year ended 31 March 2019	Year ended 31 March 2018
Profit before tax	358.03	355.32
Tax at the Indian tax rate of 34.944% (31 March 2018: 34.608%)	125.11	122.96
Adjustments in respect of current income-tax of previous years	(0.36)	(0.23)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowed as deduction	2.44	1.38
Deductions not leading to timing differences	(6.25)	(4.24)
Losses in subsidiary company not recognised as deferred tax asset	7.27	6.59
Impact of change in effective tax rate in brought forward tax liability	1.07	0.26
Income-tax expense	**129.28**	**126.72**

24 Revenue from operations

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products (including excise duty)		
Tiles	2,749.81	2,638.11
Others	201.02	140.56
	2,950.83	2,778.67
Other operating revenues	5.37	3.88
Total	**2,956.20**	**2,782.55**

Note:

1) Sale of goods includes excise duty collected from customers of ₹ Nil (31 March 2018: ₹ 71.95 crores).

2) Consequent of introduction of Goods and Service Tax (GST) with effect from 1 July 2017, Central excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 (Ind AS 18) on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of revenue. Accordingly, the figures for the year ended 31 March 2019 are not strictly comparable with previous year.

3) **New standards adopted - Ind AS 115 - Revenue from Contracts with Customers**

Indian Accounting Standard 115 Revenue from Contracts with Customers ('Ind AS 115'), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

(i) Identify the contract(s) with customer;
(ii) Identify separate performance obligations in the contract;
(iii) Determine the transaction price;
(iv) Allocate the transaction price to the performance obligations; and
(v) Recognise revenue when a performance obligation is satisfied.

The Group has adopted the standard on 1 April 2018 using modified retrospective approach with a cumulative catch-up adjustment made in retained earnings at the beginning of the current financial year, ie, 1 April 2018 as if the standard had always been in effect. The standard is applied only to contracts that are not completed as at

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

1 April 2018. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard did not result in any adjustments to the Group's revenue or net income.

Significant changes in contract assets and liabilities:
There has been no significant changes in contact assets/contract liabilities during the year.

Revenue recognised in relation to contract liabilities:
Ind AS 115 also requires disclosure of major changes on account of revenue recognised in the reporting period from the contract liability balance at the beginning of the period and other changes. The Group had no contract liability balance at the beginning if the period and hence no disclosure made.

Disaggregation of revenue:

	31 March 2019
Revenue from sale of tiles	2,749.81
Revenue from sale of others	201.02
	2,950.83

Assets and liabilities related to contracts with customers is as below:

	As at 31 March 2019	As at 31 March 2018
Contract assets related to sale of goods		
Trade receivables	475.05	450.67
Contract liabilities related to sale of goods		
Advance from customers	14.41	13.82

25 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on:		
Fixed deposits with bank	12.58	3.49
Other financial assets carried at amortised cost	0.35	0.38
Gain on disposal of current investments	0.09	-
Net gain on foreign currency transactions and translation	0.47	0.13
Dividend income	0.29	-
Other non-operating income	4.25	6.84
Total	**18.03**	**10.84**

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(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

26 Cost of materials consumed

	Year ended 31 March 2019	Year ended 31 March 2018
Body material	441.74	393.77
Glaze, frits and chemicals	211.46	199.07
Packing material	138.60	137.15
	791.80	**729.99**

27 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year ended 31 March 2019	Year ended 31 March 2018
Opening balance		
Finished goods	226.52	215.96
Stock-in-trade	17.16	23.49
Work-in-progress	24.86	24.57
Total	**268.54**	**264.02**
Closing balance		
Finished goods	249.03	226.52
Stock-in-trade	25.51	17.16
Work-in-progress	22.19	24.86
Total	**296.73**	**268.54**
Add: Adjustment on account of loss of control over subsidiary	(8.32)	(8.35)
	(36.51)	**(12.87)**

28 Employee benefits expense

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	325.99	296.03
Contribution to provident fund and other funds (refer note 34)	13.70	14.67
Share based payments to employees (refer note 40)	0.86	1.59
Staff welfare expenses	4.90	5.36
Total	**345.45**	**317.65**

29 Finance costs

	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense	14.81	22.93
Other borrowing costs	0.78	1.17
Total	**15.59**	**24.10**

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FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

30 Depreciation and amortisation expense

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment (refer note 4)	88.36	87.76
Amortisation of intangible assets (refer note 5)	0.70	0.77
	89.06	**88.53**

31 Other expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Power and fuel	616.16	519.44
Advertisement, publicity and sales promotion	90.30	105.26
Stores and spares consumed	92.23	88.45
Packing, freight and forwarding expenses	47.03	50.77
Traveling and conveyance	35.56	32.97
Rent	18.82	17.40
Repairs and maintenance		
- Building	5.57	5.10
- Plant and equipment	17.06	14.36
- Others	4.86	4.29
Excise duty variance on opening and closing inventories	-	(38.19)
Research and development expenses (refer note 47)	18.22	16.79
Sales commission	14.58	13.41
Rates and taxes	2.03	1.06
Insurance charges	3.74	3.31
Legal and professional charges	8.60	10.09
Payment to auditor as :		
- auditor	0.61	0.61
- for other services	0.38	0.23
Loss on disposal of property, plant and equipment	5.50	1.02
Bad debts written off	0.10	-
Provision for expected credit loss	1.08	0.66
Corporate social responsibility expenditure (refer note 46)	4.86	3.98
Net loss on foreign currency transactions and translation	-	0.14
Miscellaneous expenses	27.61	25.11
	1,014.90	**876.26**

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32 Earnings per share

	Year ended 31 March 2019	Year ended 31 March 2018
Profit attributable to equity holders of the Holding company for basic earnings (₹ in crores) for the year	226.57	234.96
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	158,950,300	158,940,022
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	159,024,945	159,332,722
Earnings per share		
- Basic (in ₹)	14.25	14.78
- Diluted (in ₹)	14.25	14.75
Note: Weighted average number of equity shares used as denominator		

	No. of shares	
	31 March 2019	31 March 2018
Weighted average number of equity shares used as denominator in calculating basic earnings per shares	158,950,300	158,940,022
Adjustments for calculation of diluted earnings per share:		
- Outstanding employee stock options	74,645	3,92,700
Weighted average number of equity shares and potential equity shares used as denominator in calculating diluted earnings per share	**159,024,945**	**159,332,722**

33 Related party transactions

A. List of related parties

(a) List of entities substantially owned and controlled directly or indirectly by the Company:

i. Direct subsidiaries

Name of the subsidiary	Country of incorporation	% holding as at 31 March 2019	% holding as at 31 March 2018
Soriso Ceramic Private Limited (till 31 July 2018)	India	N.A.*	51.00%
Jaxx Vitrified Private Limited	India	82.37%	82.37%
Vennar Ceramics Limited	India	51.00%	51.00%
Cosa Ceramics Private Limited	India	51.00%	51.00%
Kajaria Floera Ceramics Private Limited	India	100.00%	70.00%
Kajaria Bathware Private Limited	India	85.00%	100.00%
Tauras Tiles Private Limited (till 29 June 2017)	India	N.A	N.A**
Kajaria Plywood Private Limited (w.e.f. 05 June 2018)	India	96.25%	N.A***

*ceased to be a subsidiary during the year.
**ceased to be a subsidiary in previous year.
***acquired on 05 June 2018.

ii. Indirect subsidiaries:

Subsidiaries of 'Kajaria Bathware Private Limited' (where control exists):

Name of the subsidiary	Country of incorporation	% holding as at 31 March 2019	% holding as at 31 March 2018
Kajaria Sanitaryware Private Limited	India	69.70%	82.00%

(b) Key management personnel:

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. D.D. Rishi	Non Executive Director
Mr. B.K. Sinha	Whole Time Director
Mr. R.K.Bhargava	Independent director
Mr. R. R. Bagri	Independent director
Mr. D. P. Bagchi	Independent director
Mr. H.R. Hegde	Independent director
Mrs. Susmita Singha	Independent director

(c) Enterprises owned by Key Management Personnel or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise:-

Name of the Entity
Dua Engineering Works Private Limited
Malti Devi Kajaria Foundation
Kajaria Ceramics Employees Gratuity Trust
Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust)
Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)
Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)
A.K. Kajaria (HUF)
Chetan Kajaria (HUF)
Rishi Kajaria (HUF)

(d) 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

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33 Related party transactions (cont'd)

B. The following transactions were carried out with related parties in the ordinary course of business

Details relating to remuneration to KMP:

Name of KMP	31 March 2019		31 March 2018	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
KMP of holding company:				
Mr. Ashok Kajaria	4.52	-	4.13	-
Mr. Chetan Kajaria	4.94	-	7.38	-
Mr. Rishi Kajaria	4.94	-	7.38	-
Mr. D.D. Rishi	-	0.02	0.23	0.02
Mr. B.K. Sinha	0.76	-	0.70	-
Mr. R.K. Bhargava	-	0.04	-	0.04
Mr. R. R. Bagri	-	0.04	-	0.04
Mr. D. P. Bagchi	-	0.04	-	0.04
Mr. H.R. Hegde	-	0.02	-	0.03
Mrs. Susmita Singha	-	0.02	-	0.03

Dividend paid	31 March 2019	31 March 2018
Key management personnel and relatives of KMP		
Mr. Ashok Kajaria	0.31	0.31
Mr. Chetan Kajaria	0.40	0.40
Mr. Rishi Kajaria	0.54	0.54
Mrs. Versha Devi Kajaria	0.53	0.53
Mrs. Rasika Kajaria	0.17	0.17
Mrs. Shikha Kajaria	0.18	0.18
Mr. Kartik Kajaria	0.14	0.14
Mr. Raghav Kajaria	0.14	0.14
Mr. Parth Kajaria	0.14	0.14
Mr. Vedant Kajaria	0.14	0.14

Guarantee received outstanding at year end	31 March 2019	31 March 2018
Key management personnel and relatives of KMP		
Mr. Askok Kajaria (for loan taken by the Holding Company)	90.50	100.50

Details of transactions with enterprises over which KMP or their relatives are able to exercise significant influence:

Particulars	31 March 2019	31 March 2018
A. Transactions with related parties		
Rent paid		
Dua Engineering Works Private Limited	1.79	1.67
Donation paid		
Malti Devi Kajaria Foundation	0.46	0.44
Loan given		
Kajaria Ceramics Employee Gratuity Trust	1.16	1.27
Loans repaid		
Kajaria Ceramics Employee Gratuity Trust	1.15	1.14
Dividend paid		
Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust)	3.88	-
Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	7.76	-
Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)	7.76	-
A.K. Kajaria (HUF)	0.59	0.59
Chetan Kajaria (HUF)	0.01	0.01
Rishi Kajaria (HUF)	-*	-*
*Rounded off to Nil		
B. Outstanding balances:		
Loan given		
Kajaria Ceramics Employee Gratuity Trust	0.21	0.20
Security deposit		
Dua Engineering Works Private Limited	0.60	0.60

34 Employee benefit plans

The Group has following post-employment benefit plans:

a.) Defined contribution plan

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Group has no obligation, other than the contribution payable to the provident fund. The Group's contribution to the provident fund is ₹ 8.92 crores (31 March 2018: ₹ 8.22 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.

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The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

Changes in the present value of the defined benefit obligation are as follows:

	As at 31 March 2019	As at 31 March 2018
Defined benefit obligation at the beginning of the year	**31.81**	**26.73**
Current service cost	3.49	2.94
Interest cost	2.46	2.05
Benefits paid	(0.75)	(1.27)
Actuarial loss/(gain) on obligations	(1.86)	0.17
Past service cost	-	1.19
Defined benefit obligation at the end of the year	**35.15**	**31.81**

Changes in the fair value of plan assets are as follows:

	As at 31 March 2019	As at 31 March 2018
Fair value of plan assets at the beginning of the year	**25.31**	**15.76**
Contribution during the year	3.50	9.60
Benefits paid	(0.75)	(1.27)
Expected interest income on plan assets	1.99	1.25
Actuarial gain/(loss) on plan asset	(1.57)	(0.03)
Fair value of plan assets at the end of the year	**28.48**	**25.31**

Reconciliation of fair value of plan assets and defined benefit obligation:

	As at 31 March 2019	As at 31 March 2018
Fair value of plan assets	28.48	25.31
Defined benefit obligation	35.15	31.81
Net asset/(liability) recognised in the Consolidated Balance Sheet (refer note 18)	**(6.67)**	**(6.50)**
Current	2.90	1.78
Non current	3.77	4.72

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

Amount recognised in Consolidated Statement of Profit and Loss:

	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	3.49	2.94
Interest expense	2.46	2.05
Expected return on plan asset	(1.99)	(1.25)
Past service cost	-	1.19
Amount recognised in Consolidated Statement of Profit and Loss:	**3.96**	**4.93**

Breakup of acturial gain/(loss)

	Year ended 31 March 2019	Year ended 31 March 2018
Actuarial gain/(loss) arising from changes in financial assumptions	1.86	1.40
Actuarial gain/(loss) arising from experience adjustments	(1.57)	(1.60)
Amount of gain/(loss) recognised in other comprehensive income	**0.29**	**(0.20)**

The major categories of plan assets are as follows:

Gratuity	As at 31 March 2019	As at 31 March 2018
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:

	31 March 2019	31 March 2018
Discount rate	7.75%	7.50% to 8.00%
Expected rate of return on Plan assets	7.75%	7.75%
Future salary increases	5% to 8.25%	5% to 8.25%
Attrition Rate :		
18-30 years	3.00%	2.00%
30-44 years	3.00%	2.00%
44-58 years	3.00%	1.00%
Retirement age	58 years	58 years
Mortality	IALM 2006-08 Ultimate	

Note:

a.) The discount rate is based upon the market yield available on government bonds at the accounting date relevant to currency of benefits payments for a term that matches the liability.

b.) The estimates for future salary increase rate taxes amount of inflation, seniority, promotion, business plan, human resource policy and other relevant factors on long term basis.

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A quantitative sensitivity analysis for significant assumption as at 31 March 2019 and 31 March 2018 is as shown below:

Gratuity Plan	Sensitivity level		Impact on defined benefit obligation	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Assumptions				
Discount rate	+1%	+1%	(2.97)	(3.15)
	-1%	-1%	3.44	3.72
Future salary increases	+1%	+1%	3.37	3.63
	-1%	-1%	(2.98)	(3.12)
Withdrawal rate	+1%	+1%	(0.15)	(0.29)
	-1%	-1%	0.16	0.32

Note:

1 The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

2. Sensitivities due to mortality and withdrawals are insignificant and hence ignored.

3. Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

The following payments are expected contributions to the defined benefit plan in future years (in absolute terms i.e. undiscounted)

	31 March 2019	31 March 2018
Within the next 12 months (next annual reporting period)	3.06	1.43
Between 2 and 5 years	9.28	5.76
Beyond 5 years	23.00	22.00
Total expected payments	**35.34**	**29.19**

The average duration of the defined benefit plan obligation at the end of the reporting period is 13 years (31 March 2018: 16 years).

c.) Other long-term employee benefits - Compensated absences (unfunded)

	31 March 2019	31 March 2018
Amounts recognised in the consolidated balance sheet		
Current	12.60	10.90
Non current	0.76	0.52

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35 Operating lease commitments - Company as lessee

The Holding Company and the subsidiaries have taken various commercial premises under operating leases. These lease have varying terms, escalation clauses and renewal rights. On renewal the terms of leases are re-negotiated. Rent amounting to ₹ 18.82 crores (31 March 2018: ₹ 17.40 crores) has been debited to the consolidated statement of profit and loss during the year. The future minimum lease payments are as follows:

	31 March 2019	31 March 2018
Not later than one year	2.58	2.87
Later than one year but not later than five years	3.17	3.21
Later than five years	0.05	-

36 Commitments, contingencies and litigations

	31 March 2019	31 March 2018
(a) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	17.34	8.68
(b) Contingent liabilities		
(i) Guarantees provided by Holding Company	25.61	25.61
(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	9.43	22.79
- In respect of consumer cases	1.84	1.91

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.

37 Segment reporting

Basis of segment reporting

The Group has following business segments, which are its reportable segments. These segments offer different products and services, and are managed separately because they require different technology and production processes:

Reportable segment	Operations
Tiles	Manufacturing and trading of ceramic and vitrified wall and floor tiles
Others including bathware, 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.

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Particulars	31 March 2019			31 March 2018		
	Tiles	Others	Total	Tiles	Others	Total
A. Segment revenue	**2,754.54**	**201.66**	**2,956.20**	**2,641.35**	**141.20**	**2,782.55**
B. Segment results	**363.86**	**(3.43)**	**360.43**	**370.23**	**(2.40)**	**367.83**
C. Reconciliation of segment result with profit after tax						
Segment results	363.86	(3.43)	360.43	370.23	(2.40)	367.83
Add/(Less):						
Other income	-	-	18.03	-	-	10.84
Finance costs	-	-	(15.59)	-	-	(24.10)
Exceptional item income/(expenses)	-	-	(4.84)	-	-	0.75
Income taxes	-	-	(129.28)	-	-	(126.72)
Profit after tax as per Statement of Profit and Loss	**-**	**-**	**228.75**	**-**	**-**	**228.60**
D. Other information						
Segment assets	1,943.80	170.44	2,114.24	1,896.75	156.03	2,052.78
Un-allocable assets	-	-	258.99	-	-	87.51
Total assets	**-**	**-**	**2,373.23**	**-**	**-**	**2,140.29**
Segment liabilities	460.48	34.76	495.24	401.22	29.97	431.19
Un-allocable liabilities	-	-	237.18	-	-	291.99
Total liabilities	**-**	**-**	**732.42**	**-**	**-**	**723.18**
Capital expenditure	**126.00**	**7.52**	**133.52**	**122.08**	**13.23**	**135.31**

38 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under, to the extent the Company has received intimation from the 'Suppliers' regarding their status under the Act.

Particulars	As at 31 March 2019	As at 31 March 2018
(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	22.94	18.79
Interest due on above	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

39 During the year ended 31 March 2019, the Group has sold off its investments in Soriso Ceramic Private Limited pursuant to which it ceased to be its subsidiary. The exceptional item of ₹ 3.41 crores represents loss on sale of shares of Soriso Ceramic Private Limited.

Further, exceptional items includes ₹ 1.43 crores on account of loss on disposal of a land by a subsidiary viz. Kajaria Bathware Private Limited.

During the previous year ended 31 March 2018, the Holding company had sold off 46% stake in Taurus Tiles Private Limited ('Taurus') which had resulted in a balance stake of only 5% in Taurus. Therefore, Taurus ceases to be a subsidiary of Kajaria Ceramics Limited. The exceptional item of ₹ 0.75 crores represents gain on sale of shares of Taurus after adjusting for the pro rata accumulated losses of Taurus as on the date of sale.

The balance 5% stake in Taurus has been measured at Fair Value through Other Comprehensive Income which had resulted in recognition of a loss of ₹ 0.47 crores by the Group.

40 Share based payments

Kajaria Ceramics Employee Stock Option Plan, 2015 ('ESOP 2015' or the 'Plan') was approved by the Board of Directors and the shareholders of the Company on 7 September 2015. The plan entitles employees of the group to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Company is given below:

Particulars	Kajaria Ceramics Employee Stock Option Plan 2015
Exercise Price	₹ 425
Vesting conditions	45,800 options 24 months after the grant date ('First vesting')
	91,600 options 36 months after the grant date ('Second vesting')
	137,400 options 48 months after the grant date ('Third vesting')
	183,200 options 60 months after the grant date ('Fourth vesting')
Exercise period	Stock options can be exercised within a period of 8 years from grant date.
Number of share options granted	458,000

Stock options will be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 850 per option which is 7.42 % below the stock price i.e. ₹ 918.10 per share on the date of grant, i.e. 20 October 2015.

Notes on the consolidated financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

During the year ended 31 March 2017, face value of equity shares of the Company was sub-divided to ₹ 1 per share from ₹ 2 per share. Accordingly, the exercise price also reduced to ₹ 425 per share from ₹ 850 per share and number of stock options increased to 458,000 equity shares from 229,000 equity shares. The number and weighted average exercise price of share options are as follows:

	Number of options	Weighted average exercise price per option
At 1 April 2017	4,18,000	425.00
Forfeited during the year	(13,000)	425.00
Exercised during the year	(12,300)	425.00
At 31 March 2018	**392,700**	**425.00**
Exercisable as at 31 March 2018	**392,700**	
Weighted average remaining contractual life (in years)	**5.55**	
At 1 April 2018	392,700	425.00
Forfeited during the year	(44,000)	425.00
Exercised during the year	-	425.00
At 31 March 2019	**348,700**	**425.00**
Exercisable as at 31 March 2019	**348,700**	
Weighted average remaining contractual life (in years)	**4.56**	

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. The following principal assumptions were used in the valuation:

Grant date	**20 October 2015**	**20 October 2015**	**20 October 2015**	**20 October 2015**
Vesting date	**20 October 2017**	**20 October 2018**	**20 October 2019**	**20 October 2020**
Expiry date	**20 October 2023**	**20 October 2023**	**20 October 2023**	**20 October 2023**
Fair value of option at grant date	260.22	310.20	354.01	392.99
Exercise price	425.00	425.00	425.00	425.00
Expected volatility of returns	27.63%	27.63%	27.63%	27.63%
Weighted average contractual life (in years)	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years
Expected dividend yield	0.40%	0.40%	0.40%	0.40%
Risk free interest rate	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%

Notes on the consolidated financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

41 Category wise classification of financial instruments

	31 March 2019		31 March 2018	
	FVOCI	**Amortised costs**	**FVOCI**	**Amortised costs**
Financial assets				
Non-current				
Investments	0.34	-	0.34	-
Loans	-	11.78	-	10.52
Other financial assets	-	4.79	-	4.01
Current				
Trade receivables	-	475.05	-	450.67
Cash and cash equivalents	-	22.12	-	79.76
Other bank balances	-	230.26	-	2.71
Loans	-	4.97	-	6.58
Other financial assets	-	4.21	-	4.72
Total financial assets	**0.34**	**753.18**	**0.34**	**558.97**
Financial liabilities				
Non-current				
Long term borrowings	-	31.45	-	59.42
Current			,.	
Short term borrowings	-	63.49	-	75.67
Current maturities of long term debt	-	25.39	-	35.24
Trade payables	-	309.07	-	257.75
Security deposits received	-	14.90	-	14.08
Interest bearing deposits from customers	-	13.31	-	10.77
Creditors for capital goods	-	29.65	-	15.02
Employee payable	-	48.69	-	46.56
Others	-	4.06	-	14.29
Unclaimed dividends	-	1.83	-	1.73
Total financial liabilities	**-**	**541.84**	**-**	**530.53**

The management assessed that fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group determines fair values of financial assets or liabilities by discounting the contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. The fair value of investments in mutual funds is determined using quoted net assets value of the funds. Further, the subsequent measurements of all assets and liabilities (other then investments in mutual funds) is at amortised cost, using effective interest rate method.

Notes on the consolidated financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT 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.

42 Fair value hierarchy

The following tables present financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There are no financial liabilities measured at fair value as at 31 March 2019 and 31 March 2018.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31 March 2019 and 31 March 2018 as follows:

As at 31 March 2019

	Level 1	Level 2	Level 3	Total
Investments	-	-	0.34	0.34
Total	**-**	**-**	**0.34**	**0.34**
As at 31 March 2018				
	Level 1	**Level 2**	**Level 3**	**Total**
Investments	-	-	0.34	0.34
Total	**-**	**-**	**0.34**	**0.34**

Valuation technique used to determine fair value for level 3 :
Investments: Discounted Cash flow method using risk adjusted discount rate.

43 Financial risk management objectives and policies

The Group's activities expose it to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Group's senior management is supported by a Risk Management Compliance Board that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below.

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, trade payables, interest bearing deposits, loans and derivative financial instruments.

The sensitivity analyses of the above mentioned risk in the following sections exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in note 36.

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.

	31 March 2019		31 March 2018	
	Increase/ decrease in basis points	Effect on profit before tax	Increase/ decrease in basis points	Effect on profit before tax
INR	+50	(0.91)	+50	(1.39)
INR	-50	0.91	-50	1.39

B. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

	% change in rate	Effect on profit before tax	
		31 March 2019	31 March 2018
USD	+5%	(0.23)	(0.63)
	-5%	0.23	0.63
EURO	+5%	(0.15)	(0.19)
	-5%	0.15	0.19

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.

Notes on the consolidated financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

43 Financial risk management objectives and policies (cont'd)

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 11.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 41. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

B. Financial instruments and cash deposits

The management considers the credit quality of current accounts and deposits with banks to be good and reviews the banking relationships on an on–going basis.

The Group does not require any security in respect of the above financial assets. There are no impairment provisions as at each statement of financial position date against these financial assets, except as disclosed in respect of trade receivables above. The management considers that all the above financial assets that are not impaired or past due for each of the statement of financial position dates under review are of good credit quality.

III. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2019					
Borrowings*	70.63	18.25	27.68	3.77	120.33
Trade payables	307.21	1.86	-	-	309.07
Other financial liabilities	85.82	26.62	-	-	112.44
	463.66	**46.73**	**27.68**	**3.77**	**541.84**
As at 31 March 2018					
Borrowings*	81.61	29.30	53.40	6.02	170.33
Trade payables	257.75	-	-	-	257.75
Other financial liabilities	67.49	34.96	-	-	102.45
	406.85	**64.26**	**53.40**	**6.02**	**530.53**

* In absolute terms i.e. discounted and including current maturity portion

44 Derivative instruments and unhedged foreign currency exposure

The Group has no outstanding derivative instrument at the year end. The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under:

	31 March 2019		31 March 2018	
	Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Foreign trade payables/other payable				
USD in crores	0.21	14.54	0.08	5.14
EURO in crores	0.24	18.58	0.22	18.14
Foreign trade receivables				
USD in crores	0.06	4.48	0.12	7.46
AUD in crores	0.01	0.50	0.01	0.72
Short term borrowings				
USD in crores	-	-	0.12	7.56
EUR in crores	-	-	0.01	0.61

45 Capital management

The Group's capital management objectives are:
a) to ensure the Group's ability to continue as going concern; and
b) to provide an adequate return to stakeholders

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Holding Company. The Group manages its capital structure and makes adjustments in light of changes in economic condition and the requirements of the financial covenants.

Notes on the consolidated financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

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.

	31 March 2019	31 March 2018
Total borrowings	120.33	170.33
Less: Cash and cash equivalents	(22.12)	(79.68)
Total debts	**98.21**	**90.65**
Capital employed	1,574.90	1,351.02
Total capital employed	**1,574.90**	**1,351.02**
Gearing ratio (%)	**6.24%**	**6.71%**

46 Corporate social responsibility ('CSR')

As per Section 135 of the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Holding Company was required to spend ₹ 7.69 crores (31 March 2018: ₹ 6.70 crores) for Corporate Social Responsibility activities. The Holding Company has incurred CSR expenditure of ₹ 4.86 crores during the current financial year (31 March 2018: ₹ 3.98 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.

	For the year 31 March 2019	For the year 31 March 2018
(i) Construction/acquisition of any asset		
Paid in cash	1.70	0.79
Other than cash	0.11	0.30
(ii) On purposes other than (i) above		
Paid in cash	3.05	2.89
	4.86	**3.98**

47 Research and development expenditure

Research and development expenditure incurred during the year ended 31 March 2019 and 31 March 2018 is as follows:

	For the year 31 March 2019	For the year 31 March 2018
Capital expenditure	0.26	0.80
Revenue expenditure	18.22	16.79
	18.48	**17.59**

48 Post reporting date events

No adjusting or significant non-adjusting event has occurred between 31 March 2019 and the date of authorisation of Company's standalone financial statements. However, the Board of Directors of the Company have recommended a final dividend of ₹ 3 per share (31 March 2018: ₹ 3 per share) on equity shares of ₹ 1 each for the year ended 31 March 2019, subject to the approval of shareholders at the ensuing annual general meeting.

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

49 Disclosure of additional information pertaining to the Holding Company and Subsidiaries as per Schedule III of Companies Act, 2013

	Net assets as at 31 March 2019		Share in profit or loss for the year 2018-19		Share in other comprehensive income (OCI) for the year 2018-19		Share in total comprehensive income for the year 2018-19	
	As % of consoli-dated net assets	Net assets (Total assets minus total liabilities)	As % of consoli-dated profit or loss	Profit/ (Loss)	As % of consoli-dated profit or loss	OCI	As % of consoli-dated profit or loss	Total compre-hensive income
A. Holding Company								
Kajaria Ceramics Limited	95.44%	1,565.98	107.50%	245.90	62.53%	0.14	107.46%	246.04
B. Subsidiaries (Indian)								
Soriso Ceramic Private Limited*	0.00%	-	-0.40%	(0.91)	0.00%	-	-0.40%	(0.91)
Jaxx Vitrified Private Limited	0.67%	10.96	-0.04%	(0.10)	0.00%	-	-0.04%	(0.10)
Vennar Ceramics Limited	2.15%	35.21	1.07%	2.44	49.13%	0.11	1.11%	2.55
Floera Ceramics Private Limited	0.58%	9.52	0.00%	-	0.00%	-	0.00%	-
Cosa Ceramics Private Limited	4.39%	71.99	1.60%	3.67	0.00%	-	1.60%	3.67
Kajaria Bathware Private Limited (including Kajaria Sanitaryware Private Limited)	3.80%	62.41	-2.48%	(5.68)	-13.40%	(0.03)	-2.49%	(5.71)
Kajaria Plywood Private Limited	-0.14%	(2.35)	-2.44%	(5.58)	0.00%	-	-2.44%	(5.58)
Non-controlling interests in all subsidiaries	4.02%	65.91	0.95%	2.18	24.07%	0.05	0.98%	2.23
Elimination on account of consolidation	-10.91%	(178.82)	-5.76%	(13.17)	-22.33%	(0.05)	-5.78%	(13.22)
	100.00%	**1,640.81**	**100.00%**	**228.76**	**100.00%**	**0.22**	**100.00%**	**228.97**

* *ceased to be subsidiary as at 31 March 2019*

Notes on the consolidated financial statement

FOR THE YEAR ENDED 31 MARCH 2019

(AMOUNT IN ₹ CRORES, UNLESS OTHERWISE STATED)

	Net assets as at 31 March 2018		Share in profit or loss for the year 2017-18		Share in other comprehensive income (OCI) for the year 2017-18		Share in total comprehensive income for the year 2017-18	
	As % of consoli-dated net assets	**Net assets (Total assets minus total liabilities)**	**As % of consoli-dated profit or loss**	**Profit/ (Loss)**	**As % of consoli-dated profit or loss**	**OCI**	**As % of consoli-dated profit or loss**	**Total compre-hensive income**
A. Holding Company								
Kajaria Ceramics Limited	97.14%	1,376.57	110.38%	252.32	105.08%	(0.62)	110.39%	251.70
B. Subsidiaries (Indian)								
Soriso Ceramic Private Limited	1.45%	20.57	0.74%	1.69	0.00%	-	0.74%	1.69
Jaxx Vitrified Private Limited	0.78%	11.05	-8.09%	(18.49)	0.00%	-	-8.11%	(18.49)
Vennar Ceramics Limited	2.30%	32.66	-2.91%	(6.66)	-18.64%	0.11	-2.87%	(6.55)
Tauras Tiles Private Limited*	0.00%	-	1.36%	3.11	0.00%	-	1.36%	3.11
Floera Ceramics Private Limited	0.72%	10.15	0.00%	-	0.00%	-	0.00%	-
Cosa Ceramics Private Limited	4.82%	68.32	2.61%	5.96	0.00%	-	2.61%	5.96
Kajaria Bathware Private Limited (including Kajaria Sanitaryware Private Limited)	0.26%	3.62	-4.39%	(10.03)	13.56%	(0.08)	-4.43%	(10.11)
Non-controlling interests in all subsidiaries	4.66%	66.09	-2.83%	(6.46)	-8.47%	0.05	-2.81%	(6.41)
Elimination on account of consolidation	-12.13%	(171.92)	3.13%	7.16	8.47%	(0.05)	3.12%	7.11
	100.00%	**1,417.11**	**100.00%**	**228.60**	**100.00%**	**(0.59)**	**100.00%**	**228.01**

* *ceased to be subsidiary as at 31 March 2018*

50 Scheme of Arrangement

The Hon'ble National Company Law Tribunal, vide its order dated 22 February 2018, approved a Scheme of Arrangement (the 'Scheme') between the Holding Company and Kajaria Securities Private Limited ('KSPL'). Pursuant to the Scheme, all the properties, assets, rights, claims and obligations of the erstwhile KSPL had been transferred and vested in the Holding Company on a going concern basis. Pursuant to the Scheme, existing equity shares of the Holding Company held by KSPL stood cancelled and the Holding Company had issued 64,669,867 equity shares of ₹ 1 each to shareholders of erstwhile KSPL in proportion of their shareholding in KSPL and authorised share capital of KSPL has been transferred to the authorised share capital of the Holding Company. Accordingly, authorised share capital of the Holding Company had been increased.

Since there was no specific guidance for accounting of such arrangements under Indian Accounting Standards, accounting had been done as per the accounting treatment stated in the Scheme. Accordingly, the difference between the net assets acquired and reserves of KSPL that vested with the Holding Company had been debited to capital reserves. The Holding Company had acquired net assets amounting to ₹ 0.29 crore and reserves amounting to ₹ 66.49 crore and ₹ 66.20 crore had been debited to capital reserves.

51 The consolidated financial statements for the year ended 31 March 2019 were approved by the Board of Directors on 10 May 2019.

52 Previous year figures have been re-grouped/reclassified wherever necessary, to conform to current year's classification.

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Neeraj Sharma
Partner
Membership No. 502103

Place: New Delhi
Date: 10 May 2019

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

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

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

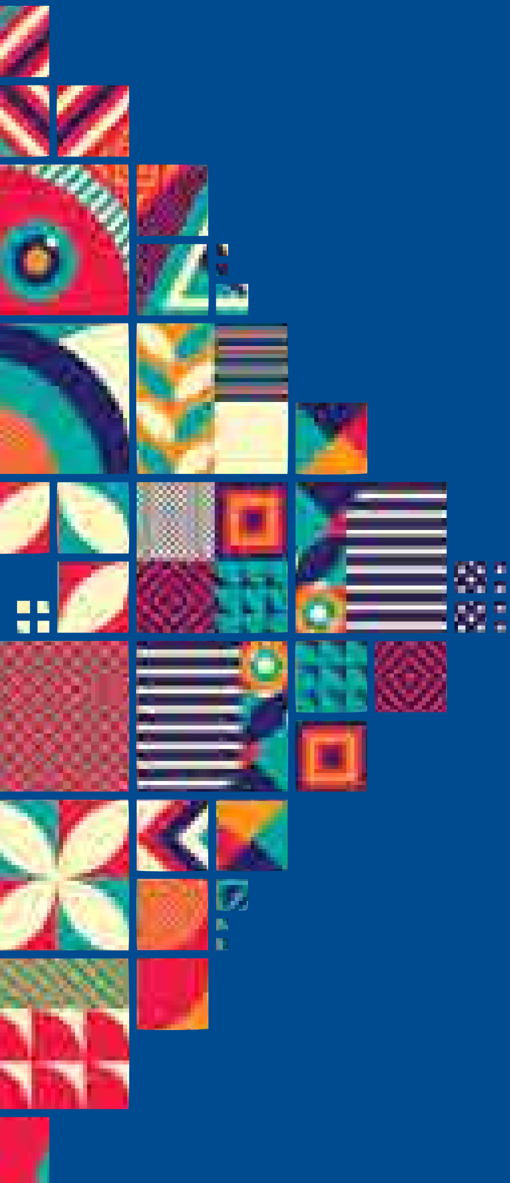
Sanjeev Agarwal
Chief Financial Officer

Notes

Notes

CAUTIONARY STATEMENT

STATEMENTS IN THIS DOCUMENT THAT ARE NOT HISTORICAL FACTS ARE FORWARD LOOKING STATEMENTS. THESE 'FORWARD-LOOKING' STATEMENTS MAY INCLUDE THE COMPANY'S OBJECTIVES, STRATEGIES, INTENTIONS, PROJECTIONS, EXPECTATIONS AND ASSUMPTIONS REGARDING THE BUSINESS AND THE MARKETS IN WHICH THE COMPANY OPERATES. THE STATEMENTS ARE BASED ON INFORMATION WHICH IS CURRENTLY AVAILABLE TO US, AND THE COMPANY ASSUMES NO OBLIGATION TO UPDATE THESE STATEMENTS AS CIRCUMSTANCES CHANGE. THERE MAY BE A MATERIAL DIFFERENCE BETWEEN ACTUAL RESULTS AND THOSE EXPRESSED HEREIN. THE RISKS, UNCERTAINTIES AND IMPORTANT FACTORS THAT COULD INFLUENCE THE COMPANY'S OPERATIONS AND BUSINESS ARE THE GLOBAL AND DOMESTIC ECONOMIC CONDITIONS. THE MARKET DEMAND AND SUPPLY FOR PRODUCTS, PRICE FLUCTUATIONS, CURRENCY AND MARKET FLUCTUATIONS, CHANGES IN THE GOVERNMENT'S REGULATIONS, STATUTES AND TAX REGIMES, AND OTHER FACTORS NOT SPECIFICALLY MENTIONED HEREIN BUT THOSE THAT ARE COMMON TO THE INDUSTRY.



Kajaria

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