






# *tiles* the story of

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## An organisation is as strong as the ties that bind it.

These ties have...

... Carried us through challenging times.

... Propelled us to meet tight deadlines.

... Made us push our limits.

... Encouraged us to beat the odds.

... Positioned us as able partners to our  
stakeholders.

... Facilitated India's bid for growth; from the  
front.

We, at Kajaria, have realised these ties are just  
like any other.

One where we must be willing to give, share  
and support, not just take or receive.

**This then, is the story of the Kajaria family.**



ties



This annual report is dedicated to all  
Kajaria Ceramics ambassadors.

**DEALERS.  
ASSOCIATE  
DEALERS.  
SUB  
DEALERS.**





All those who invested in larger stores when all their friends were whispering 'Lost his mind!' All those who widened their product range when neighbours were asking 'Who will buy all this?' All those who carried our products deeper into *tehsils* when observers were asking '*Tehseeeeeeeel?*'



Interesting things happened.

Commodity markets down. Real estate markets flat.  
Cement offtake weak.

# KAJARIA CERAMICS' OFFTAKE UP.





Kajaria Ceramics sold 10% more tiles by volume and registered a topline growth of 12% in 2015-16, surprising all those who said that the Law of Averages would catch up. This annual report showcases some of the reasons for this heartening performance.





*“Kajaria ka koi  
substitute*




FROM A SINGLE  
SHOWROOM  
(2,000 SQ. FT.)  
IN 2009 WE  
EXPANDED  
TO EIGHT  
SHOWROOMS  
(22,000 SQ. FT.)



*No*





When I went into business, selling marble flooring was my mainstay; tiles were just an add-on.

Nine years later, the reverse is true: I only sell tiles. I only sell Kajaria.

I started stocking some tiles because I believed that a marble buyer would also need tiles. When I realised I was wrong my showroom was the first in Faridabad to make the transition.

Within a year, my multi-brand outlet turned into a single-brand store. And from a single showroom (2,000 sq. ft.) in 2009 we expanded to eight showrooms (22,000 sq. ft.).

Yes, eight.

People ask me, 'What makes Kajaria different?'

I say, 'Saab... everyone makes tiles, but Kajaria treats its dealers like partners.'

Prompt decision-making. Direct access to decision-makers. Faster product delivery. Lucrative schemes. These are some of the attributes that make Kajaria unbeatable. For instance, in 2016, Kajaria took 600+ dealers to Pattaya for an all-expenses paid trip. *Kamaal hai saab.*

The tile market in Faridabad will continue to grow over the next decade even as Gurgaon is saturated. Faridabad has vast land tracts yet to be developed – MNCs, BPOs and other IT/ITeS companies are setting up shop here – that will catalyse residential development. With the government pushing for affordable housing, a number of residential projects are expected to emerge.

I am at the right place at the right time - with the right partner. *Koi tension nahi.*

**Neeraj Agarwal**, Yash Tiles & Sanitary House, Faridabad

*ah!..”*





***“Kajaria honours our  
commitment; we honour  
its growth agenda.”***

***Simp***



We operate from a small town - Bhiwani, Haryana. We don't have a KFC or a McDonald's in Bhiwani... But we have a Kajaria!

We started with marble and granite items and then moved to tiles. We were aware that Kajaria enjoyed top-of-the-mind recall in the geographies of our presence. What clinched the deal for us was its eye-catching product catalogue. The result: we were the first to introduce Kajaria to Bhiwani in 2004.

Managing the portfolio was never a challenge; managing the growth was. In Bhiwani, our showroom space more than quadrupled – from 1,200-sq. ft. to 5,500-sq. ft. in 2016.

The unique Kajaria feature is its standby-iteness. We had committed to supply a consignment of 20x20 cm tile that Kajaria had discontinued manufacturing. Our inventory fell short by about 2,000 boxes.

Kajaria rolled a batch specially for us.

We looked at doing what we did in Bhiwani elsewhere. We opened a 3800 sq. ft. showroom in Charkhi Dadri. And an even bigger 10,000 sq. ft. outlet in Panipat.

The largest store.

My agenda is clear. Wherever I see income and lifestyle growth, I will entrench the Kajaria flag there!

**Surendra Sangwan**, Rajasthan Marble and Granite Industries, Bhiwani

le.”



WE OPENED  
A 3800 SQ. FT.  
SHOWROOM IN  
CHARKHI DADRI.  
AND AN EVEN  
BIGGER 10,000  
SQ. FT. OUTLET IN  
PANIPAT





*Sirjee*, earlier, the customer would be accompanied by the *mistri* at our *dukaan*. We would show four designs. They would select one.

Today, tile purchase is a family affair. Separate rooms, separate tiles. Everybody comes to the shop. They look at *bees-o* variants (multiple varieties).

We need to work with a tile company that produces innumerable designs.

Kajaria, who else?

From ₹25 per square ft to ₹150+ per square ft. Besides, we never had to propose a compromise 'Saab, this tile is not available, why don't you see this one. It is equally good.'

Things came to a point where we could not showcase all the designs. So we moved from a 600 sq. ft. store to 6,000 sq. ft. in 2014.

A Galaxy store dedicated to Kajaria in Dhanbad. Yes sir, Dhanbad.

Because Dhanbad is not the same it was a decade ago. Because people here have money. Because everyone wants a beautiful home.

*Jahaan dekho tiles. Mosaic maano khatam.*

So we are opening one more 5,000 sq. ft. showroom in 2016.

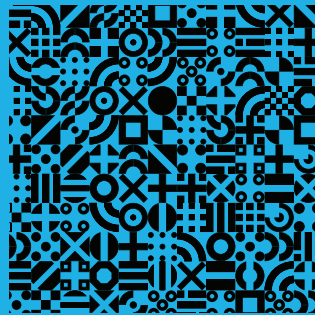
*Jo dikhta hai, wo bikta hai!"*

**Naresh Gupta**, New Tile Centre, Dhanbad. Kajaria dealer for more than two decades



*“Jo dikhta hai, wo  
bikta*





*a havi!*”



A 9,500 sq. ft. tile showroom in Chirawa. *Jee haan*, Chirawa, Rajasthan.

I launched my first multi-brand tile outlet across 600 sq. ft. in 2002.

Interestingly, Kajaria tiles moved fast. From 400 boxes per month (2004) to 2,000 boxes per month (2010) to 12,000 boxes per month (2015).

- Because of an extensive range (sizes, designs, price points).
- Because Kajaria never over-populated the district with dealers.
- Because whatever was there in the catalogues was always there in the warehouses.
- Because Kajaria never dumped material.

In February 2016, I opened a 9,500 sq. ft. showroom. Dedicated to Kajaria products (including sanitaryware). Ninety days in, I stocked material worth ₹1.50 crore. I marketed the entire consignment in less than 60 days.

I plan to open another 3,000 sq. ft. showroom soon. Not bad for a dot on the map with no more than 50,000 residents.

**Sandeep Sharma**, Sharma Tile Emporium, Chirawa

FROM 400  
BOXES PER  
MONTH  
(2004) TO  
12,000  
BOXES PER  
MONTH  
(2015).

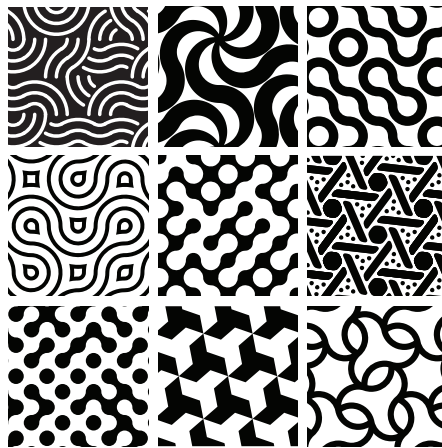
*“Kajaria  
opened my eyes to a  
new w*





*world.*”





WE OPENED  
25,000 SQ. FT.  
SHOWROOM  
IN 2009 WITH  
5,000 SQ. FT.  
DEDICATED  
TO KAJARIA

*“We don’t sell Kajaria tiles.  
People*



Kajaria is a destiny transformer.

The company taught people how to thrive when other brands said 'Just survive'.

Since 2000, we marketed flooring solutions (granite and marble).

Tiles were for time-pass. Covering about 700 sq. ft. in our 4,000 sq. ft. showroom.

Surprisingly, we noticed something. Kajaria outsold every other brand.

Because of a wide range. Because quality was first rate.

Because we got a number of architects, engineers and masons recommending purchase.

We soon ran short of place. We opened a 25,000 sq. ft. showroom in 2009. With 5,000 sq. ft. dedicated to Kajaria products (more than the size of our entire previous property).

And in 2011, we launched another 13,000 sq. ft. showroom in the heart of Ernakulum (Kajaria products occupying a third of the area).

The result is that there is at least one truck or container-load of Kajaria products in our godown every single day.

You know why?

Because, we don't have to create awareness. Kajaria does it.

Because, we don't have to promote the brand. Decision influencers do it.

Because, we don't have to sell Kajaria tiles. People buy them!

**Eldho Varghese**, Rajasthan Marbles, Ernakulam

*buy them.”*



The big story with us is not that we grew from a single store in Coimbatore to nine showrooms across Tamil Nadu.

The big story is that we have grown in some locations people have scarcely heard of: Karaikur (2), Karur, Tirupur, Madurai (2) and Coimbatore (2).

Interestingly, this journey commenced with an emphatic 'No!'.

Our Kajaria dealership application was rejected in 2001. The official reason: "Your location and shop do not inspire confidence."

After persistence, I was enlisted as a dealer.

The reject of yesterday became Kajaria's No. 1 dealer for three years in a row.

We grew for two reasons: Kajaria focused on value-added tiles when competition rolled out commodity; we never needed to turn a customer away for want of stock.

This explains why even though we stock tiles of various brands, Kajaria outsells each brand in every store, accounting for more than 40% of our turnover.

We intend to delve deeper - into Hosur, Vellore and Karunvelli in 18-24 months.

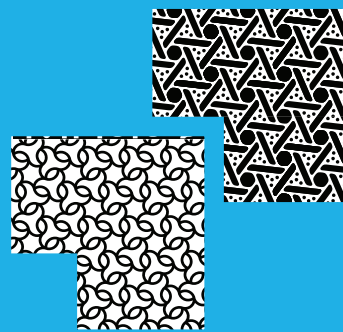
'Status quo' is not an option when you have Kajaria as a partner.

**S. Muthuraman**, Lakshmi Ceramics, Coimbatore

KAJARIA  
OUTSELLS  
EACH BRAND,  
ACCOUNTING  
FOR MORE  
THAN 40%  
OF OUR  
TURNOVER.

***"Small towns. Where  
growth***





*resides.”*



₹15 lac in 2009. ₹12 crore in 2016.

That is how we have grown our revenues.

One reason: The Kajaria brand pull.

Customers who come to our showroom do not merely ask 'Please show me good tiles.' They say 'Kajaria ka latest *dikhaaiyyega*.'

As footfalls increased, so did our display area: from 500 sq. ft. (2009) to 7000 sq. ft. (2016).

And this is the story with most Kajaria dealers.

Kajaria listens to dealers. Kajaria respects dealers. Kajaria cares for dealers. Kajaria extends beyond the written contract for dealers.

Let me give you my instance.

Just a few months into dealership, I was invited to the Kajaria dealers' meet and awards function in Bangkok despite not reaching the threshold performance.

That experience sparked a desire: some day I too would get an award.

Today I am among the five leading Kajaria dealers in India in the polished vitrified tile segment; the leading Kajaria dealer in Chhattisgarh.

**Neeraj Vasant**, Durga Décor, Raipur

*“Kajaria  
naam*





*na ke  
se hi*

*to log showroom pe aate hain!”*



KAJARIA  
LISTENS.  
KAJARIA  
RESPECTS.  
KAJARIA  
CARES.





**KAJARIA CERAMICS LIMITED.**

**INDIA'S  
LARGEST  
TILE**

**CO**  **MPANY.**

**INDIA'S MOST  
VALUABLE TILE  
BRAND.**



Headquartered in New Delhi, Kajaria Ceramics has eight manufacturing facilities invested with cutting-edge technology and industry-leading automation, rolling out 68.60 million square metres of world-class tiles per annum.

More than 1,800 varieties of ceramic and vitrified tiles make Kajaria a tile company with the largest portfolio.

Kajaria's widespread distribution network ensures that no customer has to return empty-handed.

Led by the visionary entrepreneur, Mr. Ashok Kajaria, the Company's strong management team has facilitated Kajaria's staying ahead of the industry curve.

47.18

Promoters' holding,  
March 31, 2016 (%)

30.17

Institutional holding,  
March 31, 2016 (%)

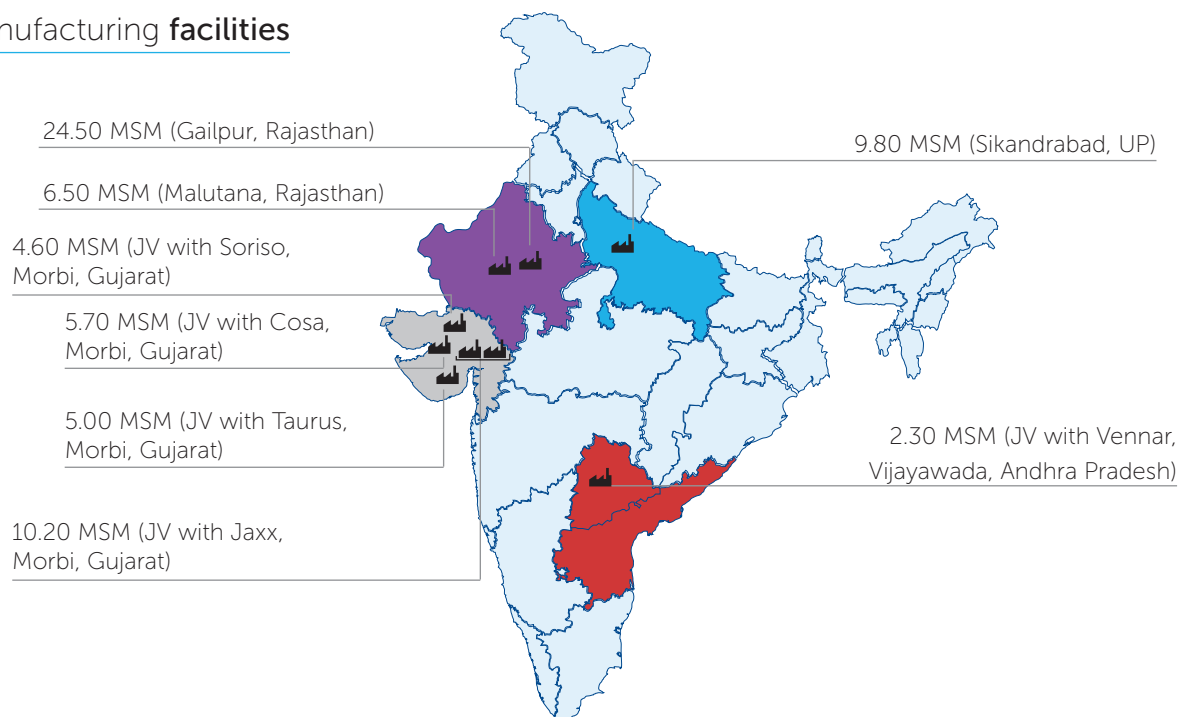
7,600

Enterprise value,  
March 31, 2016  
(₹crore)

7,573

Market capitalisation,  
March 31, 2016  
(₹crore)

### Tile Manufacturing facilities



### Our numbers for 2015-16

2,409

Net sales (in ₹crore)

10.62% growth over the previous year  
20.39% growth over five years (CAGR)

463

EBITDA (in ₹crore)

30.85% growth over the previous year  
25.53% growth over five years (CAGR)

229

Annual profit (in ₹crore)

30.53% growth over the previous year  
30.47% growth over five years (CAGR)

31.41

Return on employed capital (%)

92 bps increase over the previous year  
932 bps increase over five years

27.56

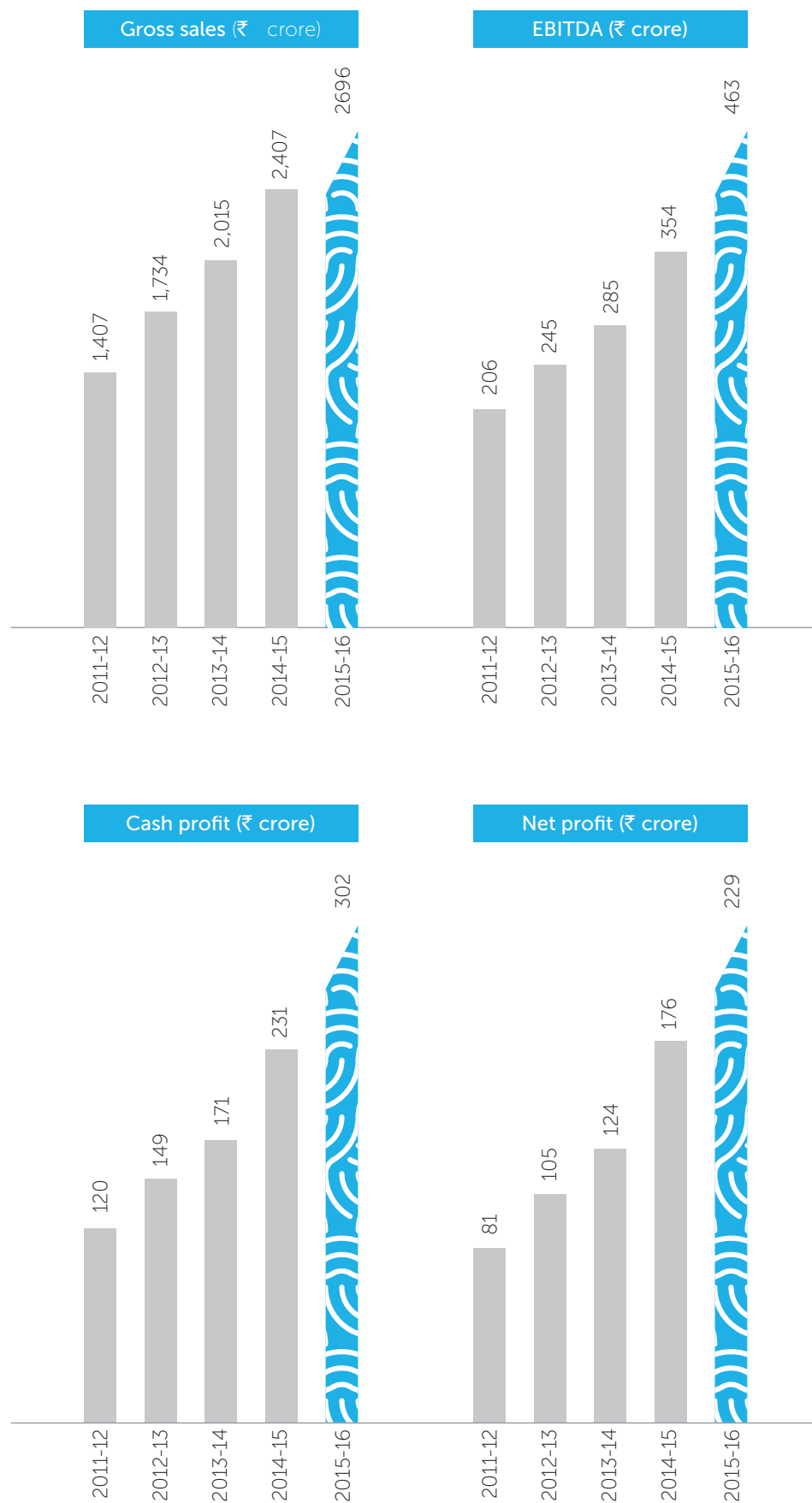
Return on net worth (%)

9 bps decrease over the previous year  
188 bps decrease over five years



## Breaking new ground

Kajaria's faucet unit, which commenced operations in July 2015, transformed the Company from a tile manufacturer into a holistic bathroom solutions provider.







## Additional capacity

A 6.50-million square metre greenfield tile facility at Malutana (Rajasthan) commenced operations in January 2016.





# ***“We are betting big on india!”***

Dear friends,

By convention, we are expected to state our numerical growth at the outset. Instead, we decided to explain where our optimism is coming from.

There is one word for it. India.

A country. A market. A theme. It would have been one thing to bet big on India when it was small and the country's needs were significantly large. It is quite another to be the largest and fastest growing, yet continuing to bet primarily on India.





Mr. Ashok Kajaria, *Chairman & Mg. Director*



## Betting on India

Why then are we betting bigger on India when we have grown eight-fold in the last ten years already? Why are we betting bigger on India when the country is already the world's seventh largest economy?

### For important reasons.

**One,** India has announced path-breaking investment programmes namely the Housing for All, Swachh Bharat Abhiyaan, Smart City, Atal Mission for Rejuvenation and Urban Transformation and Pradhan Mantri Awas Yojana that promise growth opportunities over the long-term.

**Two,** India is one of the few countries with a third-quartile median age of 27 years, which represents a younger, ambitious and forward-looking population. As the internet penetration deepens, we expect to see consumption increase. The proportion of people employed in the country's workforce will continue to rise. By 2030, India is expected to constitute 28% of the world's workforce with the worker-to-dependent ratio expected to be 2.1 (1.4 in 1990). Besides, steady

urbanisation will graduate labour markets from low-paying agricultural jobs to better-paying manufacturing and service engagements.

**Three,** we have seen that consumption patterns begin to evolve a little ahead of income growth when the earners are optimistic of better times. Consumption growth more than doubled from 4% (1990-2002) to 11% (2003-2014); non-food consumption increased from 53% of overall consumption in 1990 to 69% in 2014 (Source: Euromonitor).

**Four,** tiles, more importantly the premium variants, have become increasingly affordable. The double-charged vitrified tile that was available for around ₹140 per sq. ft. in 2008-2009 is now available for around ₹50-60 per sq. ft. The price of glazed vitrified tiles declined from about ₹150-400 per sq. ft. to about ₹60-150 per sq. ft. This has been corresponded by a sharp increase in manufacturing capacities in India: polished vitrified tile capacity increased multi-fold in just eight years. The result is a complete product democratisation across India – enough for all.



Mr. Chetan Kajaria  
Joint Managing Director

The proposed Goods and Services Tax will make tiles more affordable and shift the demand towards branded tiles.





Mr. Rishi Kajaria  
Joint Managing Director

Much of the country's purchases are not necessarily being drawn from high-end districts; they are coming from places you won't be able to find easily on the map.

This explains how our Dhanbad-based dealer decided to grow from 600 sq. ft. to a 6,000 sq. ft. showroom in 2014. Or how a Bhiwani-based dealer has grown from a 400 sq. ft. outlet to three showrooms in three towns across about 20,000 sq. ft.

There is something that these canny traders know that most people have missed. That much of the country's tile purchase is not coming from its metropolitan cities; it is coming from Tier 2 and 3 towns. That much of the country's purchases are not necessarily being drawn from high-end districts; they are coming from places you won't be able to find easily on the map.

#### **The beginning**

And this is just the beginning.

India's 'Housing for All' programme proposes to build six crore houses by 2022 – four crore of them in rural and two crore in urban India.

The 'Swachh Bharat Abhiyaan' intends to build six crore toilets in 4,041 statutory towns by 2019.

The 'Smart City' initiative will be implemented, the first phase of development in 20 cities.

The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) has undertaken the development of 500 cities.

The Pradhan Mantri Awas Yojana (PMAY): Most States have signed MoUs to implement six mandatory reforms, with a spillover into the construction sector.

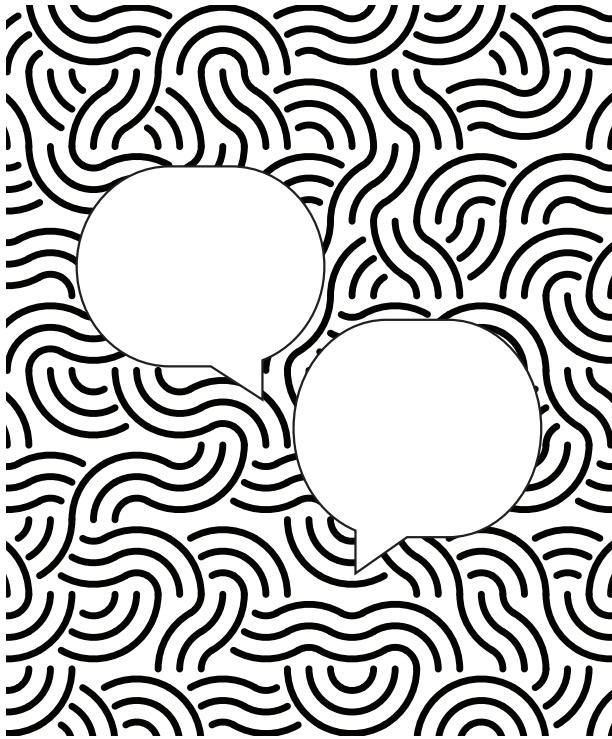
#### **Looking ahead**

At Kajaria Ceramics, we intend to do what we have always been doing – add capacity at different locations, widen our product range with aspirational designs and novel sizes to widen applications, deepen our presence across Tier I, II and III towns, rejuvenate product display at dealers' showrooms and strengthen our recall by increasing our brand spend.

For all those seeking growth in our prospects, the bottomline then is that we are betting big on India.

#### *The management*





## Management discussion and analysis

### Economy

When the new government assumed control two years ago, the Indian economy was showing tentative signs of stability. While a possible external sector crisis, triggered by the 'taper tantrum', was averted by RBI, the economy needed a series of structural changes to restore macroeconomic balance and enhance long-term growth potential.

Two years hence, amid a dim global backdrop, Indian economy has emerged as a 'relative' outperformer, offering global investors a healthy mix of growth as well as macroeconomic and political stability.

The Central Government, over the last two years, has covered a lot of ground with respect to various national initiatives: the ease of doing business, FDI liberalization, financial inclusion, reviving infrastructure investments in roads and renewable energy, co-operative and competitive federalism as well as subsidy reforms accompanied by some landmark measures like Insolvency and Bankruptcy Code and UDAY

Scheme for restructuring state discoms.

In a global environment mired in volatility, we believe that India's growth in 2016 predominantly hinges on domestic drivers. While a multi-party federal democracy inherently slows decision making, the intent, vision and desired path of growth has been clearly laid out. We believe that all reforms – large and incremental – are beginning to come together to pave the way for growth outcomes to become more tangible in the coming quarters.

### A closer look

Powered by a sharp rise in manufacturing and gains from benign crude oil prices, the Indian economy is expected to grow 7.6% in 2015-16 against 7.2% in 2014-15, despite the global turbulence and volatility. Manufacturing growth for 2015-16 is likely to be at 9.5%, much higher than the 5.5% growth in 2014-15.

Inflation measured by the Consumer Price Index (CPI), which was likely to



The Economic Survey 2015-16 mentions that oil prices (Indian crude basket) might average US\$35 per barrel in the next fiscal year compared with US\$45 per barrel in 2015-16.

average 6.5% in 2014-15, could decline to 5.0-5.5% in 2015-16, clearing the path for further monetary policy easing.

Assuming a further moderation in the average annual price of crude petroleum and other commodities, the current account deficit is estimated at about 1.3% of GDP for 2014-15 and less than 1% of GDP in 2015-16.

**Outlook:** Given the macro economic scenario and

assuming normal 2016 monsoons, it would not be unreasonable to believe that the Indian economy is set to register growth in excess of 7% for the third year in succession. Against an unsupportive global economic landscape and weak back-to-back monsoons, a 7.6% GDP growth in 2015-16 (as estimated by the Central Statistics Organisation) appears possible.

## The global tile industry

### Production

12,409<sup>MSM</sup>  
Tile production in 2014

3.6%

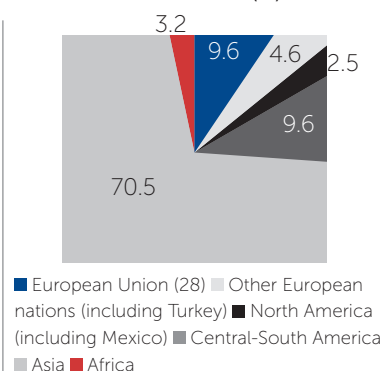
Growth in tile production over 2014

## Region-wise tile production in CY 2014

### Volume (million square metres)

European Union (28)	1,192
Other European nations (including Turkey)	570
North America (including Mexico)	308
Central-South America	1,191
Asia	8,747
Africa	396
Oceania	5
<b>Total</b>	<b>12,409</b>

### Volume share (%)



## The global tile industry

### Consumption

12,095<sup>MSM</sup>  
Tile consumption in 2014

4.2%

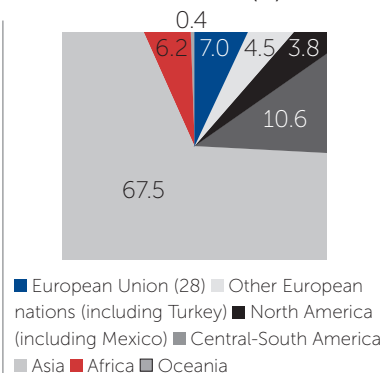
Growth in tile consumption over 2014

## Region-wise tile consumption in CY 2014

### Volume (million square metres)

European Union (28)	848
Other European nations (including Turkey)	543
North America (including Mexico)	462
Central-South America	1,282
Asia	8,166
Africa	746
Oceania	48
<b>Total</b>	<b>12,095</b>

### Volume share (%)





# *India* *a global tile manufacturing player*

3rd

Largest producer and consumer of tiles in the world

756<sup>MSM</sup>

Tile consumption in 2014

10%

Growth in tile production over 2014

5.3%

Growth in tile consumption over 2014

825<sup>MSM</sup>

Tile production in 2014

## The Indian tile industry

Tiles are integral to home and interiors improvement and have emerged as an aesthetically superior flooring and cladding solution, rather than just being hygiene products.

While the Indian tile industry was historically dominated by ceramic floor tiles, there is now an increasing shift towards vitrified flooring solutions due to their strength and low water absorption.

A majority of the Indian tile manufacturers hail from Morbi (Gujarat) and account for ~60% of the total production. Morbi is possibly the second largest tile cluster in the world.

The growth of disposable incomes has enhanced a preference for branded products. Unorganised players lack marketing expertise; they do not possess the resources required to create large brands. As a result, quality conscious players prefer to partner leading national tile brands. In 2015-16, the tile industry performance largely mirrored the country's economic growth.

### Indian tile industry snapshot

(in MSM)

	2010	2011	2012	2013	2014	Share
Production	550	617	691	750	825	6.6(%)
Consumption	557	625	681	718	756	6.3(%)
Exports	28	30	33	51	92	3.4(%)









## Growth drivers

Going forward, the Indian tile industry is expected to register robust growth; this optimism is based on important realities and investment-inducing Government policies that promise to increase business opportunities, especially for the Indian tiles sector, over the medium - term.

### Urban housing shortage:

According to the White Paper - Indian Housing Industry – by research and consultancy firm RNCOS, the shortage of urban housing across the country could increase to an estimated 3.41 crore units by 2022, mainly on the back of a demand-supply gap and rising levels of income among the working class seeking to purchase houses. Besides, migration of the working-class from rural to urban areas is also generating a demand for affordable housing.

**Housing for All:** The programme proposes to build around six crore homes by 2022 – four crore in rural India and

two crore in urban India.

**Smart Cities:** The Central Government has selected 20 cities to launch its large-scale urban makeover plan. It proposes to invest ₹50,802 crore in these cities in the first phase of an ambitious plan to set up 100 'Smart Cities'. The Union government recently announced an additional 13 cities that will be developed under the Centre's 'Smart City Mission', taking the total tally to 33.

### Real Estate (Regulation & Development) Act, 2016:

The recently-passed Real Estate Regulator Act is expected to facilitate a timely completion of real estate projects.







## Budgetary provisions

The realty sector is expected to enjoy considerable benefits from some of the proposals of the Union Budget.

- To catalyse housing activity under the 'Pradhan Mantri Awas Yojna', the Budget has proposed to 100% deduction for profits to an undertaking from a housing project for apartments up to 30 square metres in four metro cities and 60 square metres in other cities, approved between June 2016 and March 2019, and completed within three years of approval.

- First-time home buyers will be provided a deduction for additional interest of ₹50,000 per annum for loans up to ₹35 lac, sanctioned during the next financial year, provided the value of the house does not exceed ₹50 lac.

- Any distribution made out of the income of special purpose vehicle to the REITs and InvITs (Infrastructure Investment Trusts) having specified shareholding will not be subjected to a Dividend Distribution Tax.

### Swachh Bharat Abhiyaan:

This ambitious enterprise intends to build six crore toilets covering 4,041 statutory towns by 2019. The periodic maintenance of this infrastructure could catalyse demand for tiles.

### Seventh Pay Commission:

The 7th Pay Panel has recommended the minimum salary at ₹18,000 and maximum salary at ₹2,50,000. The commission also recommended 14.27% increase in basic pay, 23.55% overall increase in salary, allowances and pension, which is expected

to increase disposable incomes in the hands of the average Indian.

### Increased spending:

Aggregate consumer expenditure is likely to increase from ₹45 trillion in 2010 to nearly ₹150 trillion by 2020 — a more than three-fold increase in 10 years. This will be accompanied by an increase in affluent and aspirer households from 48 million to more than 100 million during the same time period.



## Ceramic Wall and Floor tiles

### Capability matrix

Kajaria possesses the largest ceramic wall and floor tile range in India, comprising tiles in diverse sizes, designs and finishes to cater to all customer segments. The Company's wall tiles are produced in Gailpur and Vijaywada (Vennar); floor tiles are produced in Gailpur and Morbi (Soriso); in addition, the Company also procures ceramic wall and floor tiles from quality-conscious manufacturers in Morbi.

The Company's products are marketed through a robust distribution network of dealers and sub-dealers; Kajaria Prima showrooms are present in every major Indian town.

### Competitive advantage

- India's leading brand in pricing and

brand premium in the ceramic tile space

- The Gailpur unit manufactures and stocks all sizes under one roof, a significant convenience in dealer procurement
- Unmatched shelf space with dedicated teams for managing product display, branding and promotions at every dealer and sub-dealer showroom

### Performance report, 2015-16

- Added 3.00 million square metres of ceramic tile capacity
- Increased production of digitally-printed tiles
- Added 231 designs and two sizes to the product offering

Challenges faced	Counter measures undertaken	Benefits
The expanded capacity in Gailpur remained partly unutilised during the initial part of the year	Transferred tile outsourcing from Morbi to production in Gailpur facility.  Introduced two new sizes (25x75 cm and 40x80 cm) in ceramic body in the wall tile segment.	Operated plants at more than 100% efficiency and optimised overheads.
Increased competition from vitrified tiles as the preferred flooring tile solution	Introduced two new floor tile sizes (60x60 cm and 80x80 cm) in polished ceramic body for the first time in the country.	Raised awareness in the dealer community regarding the product.
Increased competition from the unorganised sector especially from Morbi	Increased branding and promotional activities aggressively.	Profitability improved despite an otherwise sluggish business environment.





## Divisional Snapshot

3  
Facilities

28.9  
Capacity  
(MSM)

11  
Sizes

1270  
Designs

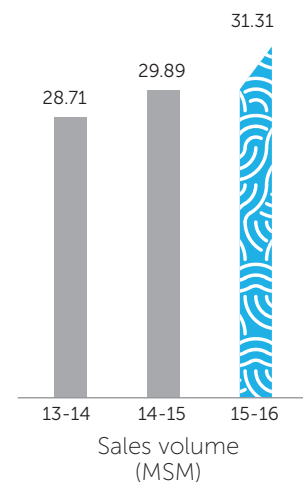
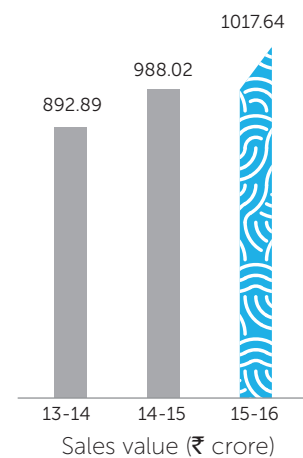
225-650  
Price range  
(₹ per SQM)

1018  
Gross sales,  
2015-16  
(₹ crore)

38  
Contribution to  
consolidated  
topline  
(%)

## Blueprint

- Focus on launching and marketing value-added tiles to increase their proportion in the sales mix
- Strengthen the Kajaria visibility with a deeper penetration of the dealer network into Tier-II and III locations



## Going, going, gone!

Kajaria launched for the first time in the industry, Ceramic Digital Polished Floor tiles in the size 80x80 cm in May 2016 in its Annual Dealer meet in Pattaya, Thailand for which it received an overwhelming response.



PRODUCT SEGMENT - 2

## Polished vitrified tiles

### Capability matrix

Growing at a rapid pace year-on-year for the last five years, Kajaria has emerged as a formidable player in this product segment, with manufacturing facilities at Malutana (Rajasthan) and Morbi (Gujarat).

### Competitive advantage

- Largest product basket comprising more than 100+ SKUs ensuring that Kajaria has a product for every customer need and price point
- Largest distribution network in the polished tile segment

### Performance report, 2015-16

- Added 6.50 million square metres of polished vitrified tile capacity with the commissioning of the Malutana facility in Rajasthan in January, 2016
- Increased the production of value-added (including double-charged) tiles

### Divisional Snapshot

5  
Facilities

27.4  
Capacity  
(MSM)

3  
Sizes

400-1000  
Price range  
(₹ per SQM)

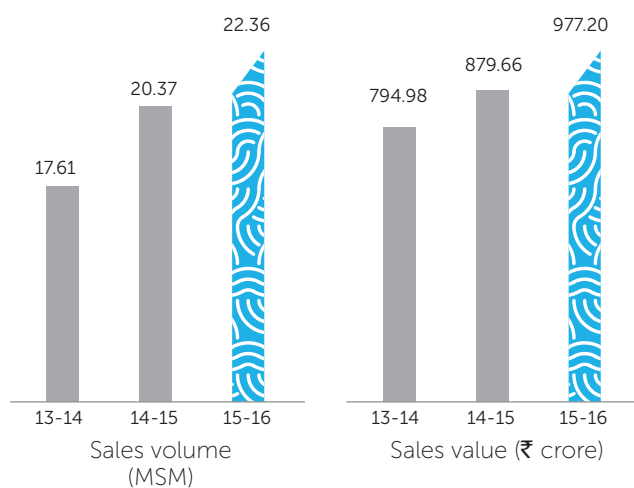
90  
Designs

977  
Gross sales,  
2015-16  
(₹ crore)

36  
Contribution to  
consolidated  
topline  
(%)



Kajaria has increased its polished vitrified tile capacity 10-fold in the last five years.



### Blueprint

- Commissioning 5.70 MSM capacity in Southern India
- Strengthen marketing presence in non-metro locations

Challenges	Counter measures	Benefits
Large imports of double-charge polished vitrified tiles from China, impacted sales volumes in port markets	Government has imposed provisional anti-dumping duty on imports of such products from China.	Move volumes offtake for the domestic industry
Decline in realisations especially in high-value products	Introduced attractive dealer schemes for incentivising sales	Realisations remained stable during the year







PRODUCT SEGMENT - 3

## Glazed vitrified tiles

**ETERNITY**  
tiles forever

### Capability matrix

Kajaria's glazed vitrified tiles are manufactured at Gailpur (Rajasthan) and Sikandrabad (UP) and primarily marketed in metros and urban cities through its entrenched network, comprising Kajaria World, Kajaria Galaxy, Kajaria Studio and other multi-brand dealers.

### Competitive advantage

- It is a dominant leader in the glazed vitrified tiles segment
- Possesses the largest range, in terms of designs and sizes, in glazed vitrified tiles

- One of the widest distribution networks with more than 500 dealer and sub-dealer showrooms

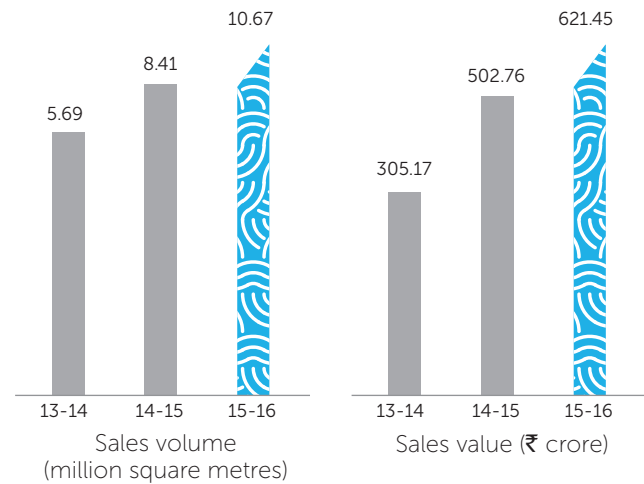
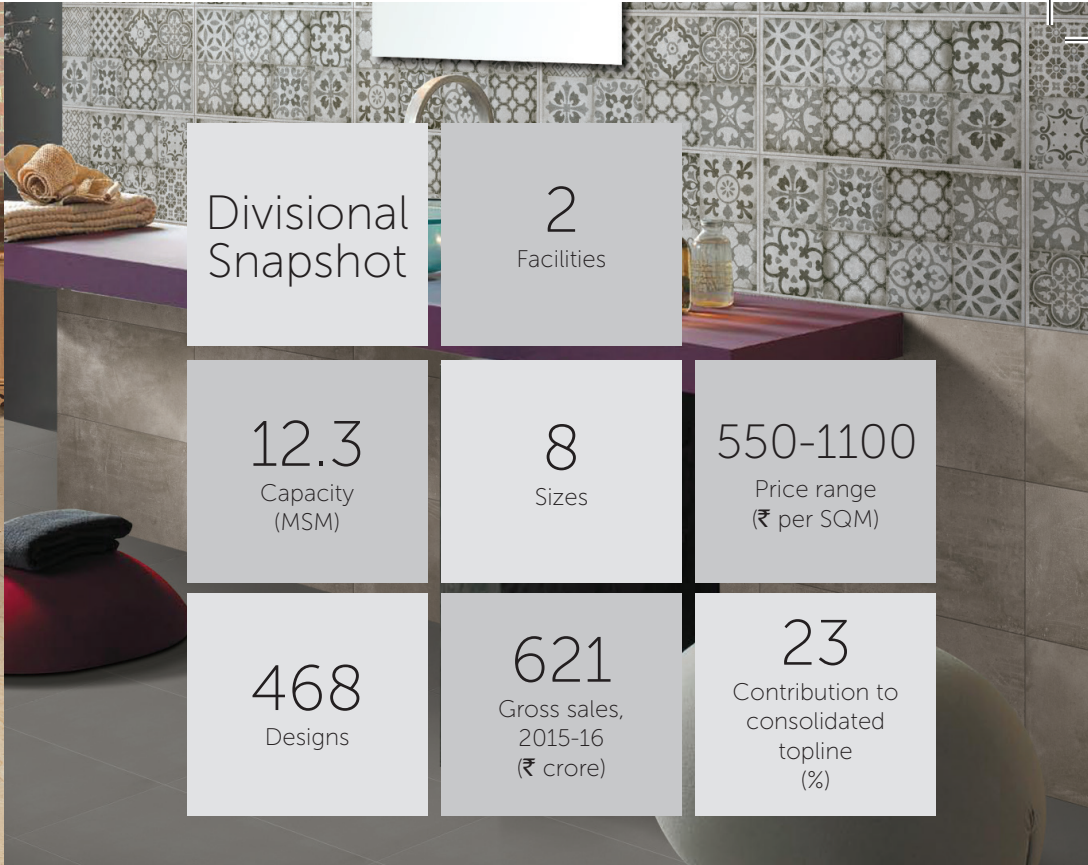
### Performance report, 2015-16

- Added 3 million square metres of glazed vitrified tile capacity by converting one manufacturing line from polished vitrified tiles to glazed vitrified tiles
- Increased the production of value-added (including digital prints) tiles
- Added 108 designs and one size to its large product offering

### Blueprint

- Convert the ceramic tile manufacturing facility into a glazed tile manufacturing line in Sikandrabad, (Uttar Pradesh) - adding about 2.30 MSM by December 2016.
- Focus on innovation by rolling out new sizes and superior designs
- Strengthen marketing presence in non-metro locations
- The Company is promoting its Glazed Vitrified tiles, a premium product from the Kajaria Group under the 'Eternity' brand – its stands for excellence and elegance.





### Leagues ahead

Kajaria's glazed vitrified tiles sales volumes are more than 2x of its closest competitor

Challenges	Counter measures	Benefits
Depressed market resulting in a subdued offtake and pricing pressure	Introduced new tile sizes - 30x120 cm with 8 mm thickness in wall tiles and 13x80 cm in floor tile segment (a first in the Indian market)	Created dealer excitement and improved offtake
Increased competition as more than 20 new factories commenced operations	Increased capacity has led to faster deliveries to dealer  Part of the cost reduction achieved during the year was passed on to customers	Increased product offtake







## Sanitaryware and faucets

# Kerovit

### Capability matrix

Kajaria expanded its horizons from tiles into sanitaryware and faucets to complete the entire basket of bathroom products. The Company launched its sanitaryware and faucets verticals through its subsidiary Kajaria Bathware Pvt Ltd.

The Company commissioned a 7 lac piece per annum facility at Morbi, in August 2014; its 1 million pieces faucet facility at Gailpur (Rajasthan) commenced commercial production in July 2015.

### Competitive advantage

- Kajaria Group product respected for its product quality and innovation
- Established dealer network for tiles; close to 60% of the sanitaryware dealers comprise existing tile dealers

### Performance report

#### Highlights, 2015-16

- Revenue from the sanitaryware business increased significantly
- Increased the dealer base
- Increased SKUs from 11 in 2014-15 to 200 in 2015-16
- Received business from small projects in metros
- Promoted sanitaryware products through participation in exhibitions and branding exercises

### Blueprint

The Company will work on growing this vertical by expanding its reach (increasing the dealer network) and growing consumer awareness (through branding and advertisement initiatives).



## Analysis of financial statements

(Based on consolidated financial statements)

At Kajaria, profitable business growth, it happens for an important reason – the Company does not focus on selling tiles, but addresses customer aspirations. . 2015-16 was no different – business and profits registered a double-digit growth, – the latter being higher than the former.

### Statement of Profit and Loss

The 11% increase in revenue from operations (net of excise) from ₹2177.64 crore in 2014-15 to ₹2408.81 crore in 2015-16 was largely volume-led consequent to the commissioning of tile manufacturing capacities.

EBITDA (operating profit) grew by 31% from ₹354.13 crore in 2014-15 to ₹463.36 crore in 2015-16. EBITDA margin grew from 16.26% in 2014-15 to 19.24% in 2015-16, a jump of close to 300 bps for the following reasons:

- Power and fuel cost for the Company remained

at the previous year's level despite a 17% increase in production volume, owing to a fall in imported R-LNG price during the year.

- Proportion of sales from in-house production increased to 88% in 2015-16 against 81% in 2014-15 enhancing margins.

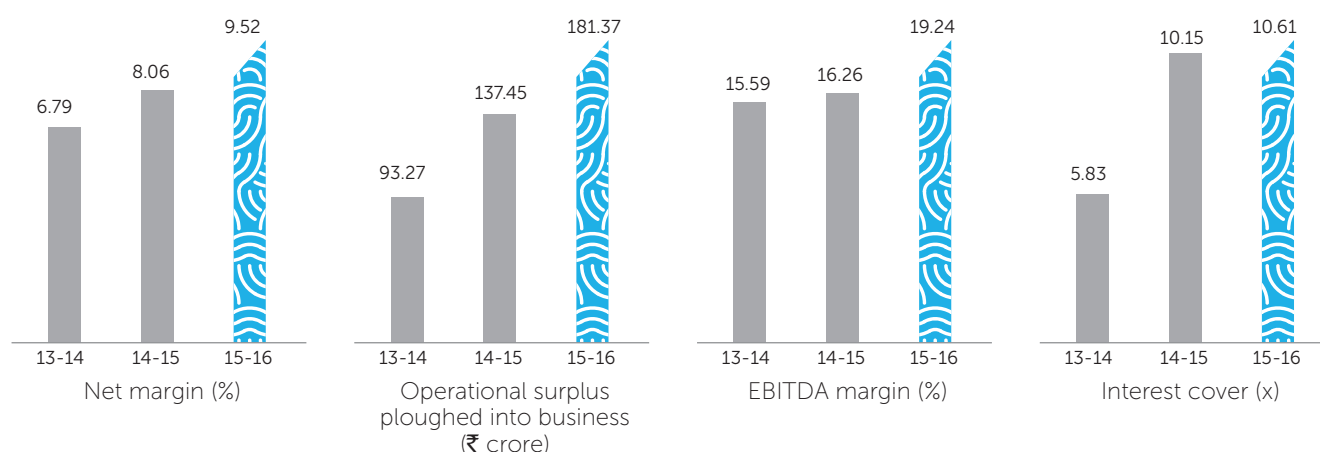
There was a 22% increase in employee costs – from ₹207.32 crore in 2014-15 to ₹252.66 crore in 2015-16 due to increase in the team strength to manage the expanding business.

Finance costs increased from ₹29.39 crore in

2014-15 to ₹36.82 crore in 2015-16 due to a marginal increase in debts and loss in foreign currency transactions. Kajaria's interest cover stood at 10.61x in 2015-16 against 10.15x in 2014-15.

Provision for depreciation increased from ₹55.88 crore in 2014-15 to ₹72.62 crore in 2015-16 due to greenfield and brownfield capacity addition.

Profit after tax for the year grew by 31% from ₹175.60 crore in 2014-15 to ₹229.20 crore in 2015-16. Net margin increased from 8.06% in 2014-15 to 9.52% in 2015-16.





## Balance Sheet

Kajaria's strength is resident in its Balance Sheet. The Company's prudent policy of reinvesting operational surplus in asset building and de-leveraging its financial statement has created a virtuous cycle of growing liquidity and strengthening reserves. This has helped the Company in reporting industry-beating results – a low debt-equity ratio with a healthy return on assets.

Capital employed in the business increased by 23% from ₹1125.95 crore as on March 31, 2015 to ₹1386.35 crore as on March 31, 2016 owing to capacity addition and an increase in working capital. The return on capital employed stood at 31.41% in 2015-16 against 30.49% in 2014-15.

Shareholders' funds increased

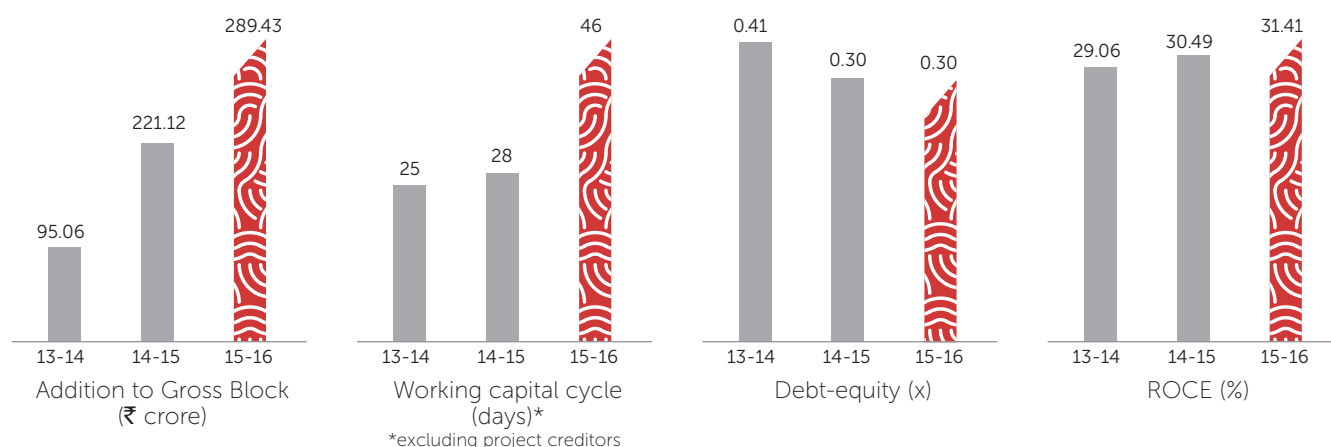
by 24% from ₹740.94 crore as on March 31, 2015 to ₹922.32 crore as on March 31, 2016. This growth was owing to an increase in the reserves and surplus balance consequent to a reinvestment of profits earned during the year. Equity capital remained unchanged at ₹15.89 crore.

The Company's debt portfolio increased from ₹243.43 crore as on March 31, 2015 to ₹296.29 crore as on March 31, 2015. The Company's debt-equity ratio stood at 0.30x as on March 31, 2016, similar to the previous year.

The Company's Gross Block increased by 24% from ₹1244.67 crore as on March 31, 2015 to ₹1541.37 crore as on March 31, 2016. This increase was due to the addition of tangible assets consequent to the Company's tile manufacturing

capacity addition and commissioning of its faucets facility. The balance under capital work-in-progress declined to ₹7.83 crore as on March 31, 2016 against ₹77.76 crore as on March 31, 2015 consequent to the commissioning of planned projects.

The working capital cycle increased from 28 days as on 31st March 2015 to 46 days as on 31st March 2016 primarily due to increase in inventories and receivables due to challenging market conditions, increased cash and bank balance and reduction in import creditors.







Risk management

## Apprehensions allayed

During a corporate's journey from a fledgling to an industry leader, its risk profile changes – from one of surviving the day-to-day travails to one of sustaining its position. The same holds true at Kajaria Ceramics, India's leading tile manufacturer.

Risk management at Kajaria is an integral part of the business model, focusing to mitigate the adverse impact of risks on objectives. The Company leveraged its three-decade rich experience to allay shareholder apprehension about prospects.



### Will the industry demand recover?

**Relevance:** The Indian tile industry has grown at a strong 12-13% over the last decade, but its growth was subdued in the last couple of years.

**Optimism:** Demand for tiles is expected to improve over the medium-term. This optimism is based on the Central Government's thrust on housing and creation of new infrastructure.

- The 'Housing for All', 'Swachh Bharat Abhiyaan' and the 'Smart City' programmes are expected to strengthen the demand

for tiles over the medium-term

- The new aspirational middle-class in India is expected to touch 267 million over the next five years; the demographic dividend is expected to catalyse an increase in India's per capita tile consumption
- Implementation of GST is expected to tilt growth opportunities towards the organised sector players in addition to making tiles more affordable to the end consumer



## 02 Can Kajaria continue to outperform the industry in terms of growth and profitability?

**Relevance:** As the base has become large, maintaining growth has become challenging.

**Optimism:** External factors and relevant business strategies suggest that Kajaria's outperformance will continue over the medium-term. The reasons for this are:

- Focus on capacity addition, increasing the proportion of large tiles in the revenue mix and widening and deepening its distribution network are factors expected to strengthen business growth.
- From an innovation perspective, Kajaria has been at the forefront of introducing new sizes, designs and finishes, which enable the Kajaria brand to earn a premium despite stiff competition.
- From a profitability perspective, its joint venture route for capacity addition, growing diversity of its manufacturing presence and reduced gas prices are expected to make a meaningful contribution to profitability.

## 03 Can Kajaria sell growing volumes even as competition intensifies?

**Relevance:** New tile manufacturing capacities, especially in the unorganised segment are getting added each year.

**Optimism:** There are a number of credible factors that reflect on Kajaria's strength in marketing growing volumes seamlessly.

- Even as Kajaria's manufacturing capacities have increased in each year for the last decade, the Company outsources some products from quality-conscious tile manufacturers to meet product demand.
- The Company's dealers are increasing

their showroom sizes exponentially pan-India – showcasing the growing demand for the Company's products

- The Company's diversified manufacturing presence allows it to effectively cater to a pan-India demand while optimising logistics costs
- Despite being the largest tile company in India, its market share is only 10%, which suggests significant headroom for the Company over the long-term

## 04 Could the dumping of tiles by China impact tile industry profitability?

**Relevance:** Offtake from tile markets that are in port hinterlands could be impacted.

**Optimism:** Even as there was no anti-dumping duty in the last two years, Kajaria not only grew its topline reasonably well

but also its bottom line.

Besides, the Government has provisionally imposed an anti-dumping duty on tile import from China. This is expected to strengthen the growth of the Indian tile industry over the medium term.



## 5 YEAR FINANCIALS (based on consolidated financial statement)

(Rs. Crores)

	2011-12	2012-13	2013-14	2014-15	2015-16
Share Capital	14.72	14.72	15.12	15.89	15.89
Reserves	267.35	346.16	514.04	725.05	906.43
Loan funds	278.19	320.17	236.43	243.43	296.29
Gross Block	782.66	919.45	1023.50	1244.67	1541.37
Net Block (Fixed Assets)	520.92	619.97	691.59	860.08	1120.51
Capital work-in-progress	2.36	7.81	40.53	77.76	7.83
Investments	0.08	0.08	0.08	0.08	0.08
Current assets	367.59	419.69	443.42	621.32	790.06
Current Liabilities	259.10	273.36	297.48	433.29	529.38
Net Current Assets	108.49	146.33	145.94	188.03	260.68
Deferred tax liabilities	64.37	65.63	71.32	79.09	91.61
<b>Revenue (Net Sales)</b>	<b>1311.53</b>	<b>1582.17</b>	<b>1829.45</b>	<b>2177.64</b>	<b>2408.81</b>
Material costs	650.83	719.78	783.98	833.39	846.35
Power costs	210.68	306.60	371.70	485.35	480.48
Employee Cost	107.19	136.40	171.25	207.32	252.66
Other manufacturing expenses	48.03	68.25	77.47	107.84	140.58
Admn & selling exps	90.11	107.60	146.79	198.86	235.07
<b>EBIDTA (Operating Profit)</b>	<b>206.20</b>	<b>244.64</b>	<b>285.12</b>	<b>354.13</b>	<b>463.36</b>
Interest	48.51	45.35	40.82	29.39	36.82
EBDT	157.69	199.29	244.30	324.74	426.54
Depreciation	39.26	44.62	47.00	55.88	72.62
PBT	119.90	157.71	199.17	270.33	357.71
Tax	38.06	49.88	67.82	85.43	123.73
<b>PAT (Before minority interest)</b>	<b>81.85</b>	<b>107.84</b>	<b>131.35</b>	<b>184.90</b>	<b>233.98</b>
Minority Interest	0.97	3.33	7.13	9.30	4.78
<b>PAT (After minority interest)</b>	<b>80.88</b>	<b>104.51</b>	<b>124.22</b>	<b>175.60</b>	<b>229.20</b>
Networth	282.07	360.88	529.16	740.94	922.32
Capital Employed	631.85	774.19	877.77	1125.95	1386.35
EPS (Basic) (Rs.)*	1.10	1.42	16.71	22.74	28.84
Book value (Rs)*	38.33	49.04	69.99	93.26	116.09
Dividend (Rs.)*	2.50	3.00	3.50	4.00	5.00
<b>Debt Equity</b>	<b>0.96</b>	<b>0.82</b>	<b>0.41</b>	<b>0.30</b>	<b>0.30</b>
<b>RONW / ROE (A) %</b>	<b>32.06</b>	<b>32.51</b>	<b>27.91</b>	<b>27.65</b>	<b>27.56</b>
<b>ROCE (A) %</b>	<b>27.96</b>	<b>28.89</b>	<b>29.06</b>	<b>30.49</b>	<b>31.41</b>

\*Face Value of Rs. 2/- per share.

**Note:** Current Assets, Current Liabilities, Loan Funds and Capital Employed have been reclassified in the Audited Balance Sheet as per new Schedule VI of Companies Act 1956. The same have been adjusted in line with old format for ease of comparison.



## Value Added Statement

(Rs. Crores)

	2011-12	2012-13	2013-14	2014-15	2015-16
Sales (gross)	1407.21	1733.58	2015	2407.13	2695.94
Other income	2.97	4.15	8.73	16.47	13.48
Stock Adjustments	21.80	20.60	-33.73	91.86	65.72
	<b>1431.98</b>	<b>1758.32</b>	<b>1990.00</b>	<b>2515.46</b>	<b>2775.14</b>
Less					
Raw Material consumed	310.58	371.74	419.83	564.15	668.35
Trading goods	362.05	368.64	330.42	361.00	243.72
Manufacturing expenses	258.71	374.85	449.17	598.94	621.06
Other expenses	90.11	107.60	146.79	198.86	235.07
	<b>1021.45</b>	<b>1222.83</b>	<b>1346.21</b>	<b>1723.05</b>	<b>1768.20</b>
<b>TOTAL VALUE ADDITION</b>	<b>410.54</b>	<b>535.49</b>	<b>643.79</b>	<b>792.41</b>	<b>1006.94</b>

## Distribution of Value-Added

(Rs. Crores)

	2011-12	2012-13	2013-14	2014-15	2015-16
To the Government					
Excise duty	95.68	151.41	185.55	229.49	287.13
Current tax	34.01	48.62	62.13	77.32	111.22
Dividend tax	2.98	3.58	4.50	6.36	8.09
	<b>132.67</b>	<b>203.61</b>	<b>252.18</b>	<b>313.17</b>	<b>406.44</b>
To the employees	107.19	136.40	171.25	207.32	252.66
To providers of finance	48.51	45.35	40.82	29.39	36.82
To shareholders	18.40	22.08	26.45	31.79	39.74
Depreciation	39.26	44.62	47.00	55.88	72.62
Deferred tax	4.05	1.26	5.69	8.11	12.51
Minority Interest	0.97	3.33	7.13	9.30	4.78
Profit ploughed back	59.50	78.85	93.27	137.45	181.37
<b>Retained in business</b>	<b>103.77</b>	<b>128.05</b>	<b>153.09</b>	<b>210.74</b>	<b>271.28</b>
<b>TOTAL VALUE ADDED DISTRIBUTED</b>	<b>410.54</b>	<b>535.49</b>	<b>643.79</b>	<b>792.41</b>	<b>1006.94</b>



# DIRECTORS' REPORT

*Dear shareholders,*

Your Directors are pleased to present the 30th Annual Report together with the audited financial statements of your Company for the financial year ended 31st March 2016.

## FINANCIAL RESULTS

The Company's Financial performance for the year ended on 31st March 2016 is summarised below:

(Rs. Crores)

Particulars	Standalone		Consolidated	
	Year ended 31st March 2016	Year ended 31st March 2015	Year ended 31st March 2016	Year ended 31st March 2015
Revenue (Net Sales)	2441	2227	2409	2178
Profit Before Depreciation, Interest and taxes	392	286	463	354
Profit before Tax	351	243	358	270
Tax Expense	117	75	124	85
Profit After Tax (before Minority interest)	235	168	234	185
Minority Interest	-	-	5	9
Profit After Tax (after Minority interest)	235	168	229	176
Balance of Profit & Loss brought forward from previous year	353	263	372	274
Profit available for appropriation	588	431	601	450
<b>APPROPRIATIONS</b>				
Proposed Dividend	40	32	40	32
Dividend Distribution Tax	8	6	8	6
Transferred to General Reserve	60	40	60	40
Surplus Credited to Balance Sheet	480	353	493	372

## Financial highlights & State of Affairs of the Company

(The financial discussion is based on Standalone Financial Statements)

Even as the performance of the housing sector remained subdued, your Company continued to tread the historic growth path. Your Company reported a 10% growth in net sales from Rs 2227 crore in 2014-15 to Rs 2441 crore in 2015-16 – consequent to the successful implementation of volume-driven

and value-led strategies.

A decline in gas prices and continued focus on streamlining shop-floor efficiencies strengthened business profitability. EBITDA grew by 37% from Rs 286 crore in 2014-15 to Rs 392 crore in 2015-16; the EBITDA margin improved from 12.84% to 16.05% over the same period. The profit after tax grew by 40% from Rs 168 crore in 2014-15 to Rs 235 crore in 2015-16.

Consequently, the earnings per share (basic) increased from Rs 21.80 in 2014-15 to Rs 29.56 in 2015-16.



No material change has been incurred after close of the year till the date of this report, which have effect the financial position of the Company. The State of affairs of the Company is disclosed in the "Management Discussion & Analysis" section which forms part of this report.

## Outlook

While soaring aspirations has been an important ingredient for increasing offtake, the primary trigger has been the significantly enhanced tile availability. This has worked towards making the product more affordable.

Hence, what was once considered a rich man's foot-step luxury has now transcended into an Indian's regular wall and flooring solution. While this change remained concentrated in metros and urban India in earlier years, this transformation is currently sweeping Tier II and Tier III towns in India.

## Growth drivers

The Indian tile industry is poised to experience significant growth over the coming year. This optimism stems from the important realities that are expected to catalyse tile demand pan-India.

The housing sector is expected to report reasonably good growth over the medium term primarily catalysed by the Government's policies namely 'Housing for All', "Swachh Bharat Abhiyan", the Real Estate Regulator Bill, the 'Smart City' initiative and the Shyama Prasad Mukherji urban Mission. In addition, the softening of the interest rates by the RBI is expected to stimulate housing sector growth.

Further, recommendations in the Union Budget 2016-17 and the announcements by the 7th Pay Commission are expected to increase the disposable income in the hands of the average Indian which is expected to provide considerable impetus to tile offtake across India.

For a detailed review on the growth drivers of the Indian tile industry, we request you to go to "Management Discussion & Analysis" section.

## Consolidated Financial Statements

The Consolidated Financial Statements of the Company prepared in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI (LODR) Regulations, 2015) and applicable Accounting Standards issued

by the Institute of Chartered Accountants of India, forms part of this Annual Report.

## Holding, Subsidiaries, Associate Companies and their performance

During the year under review, M/s Floera Ceramics Private Limited has become the subsidiary of the Company. During the year under review, there is no Company who ceases to be the subsidiary of the Company.

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

## Dividend

Your Directors have recommended a dividend of Rs. 5.00 (i.e 250%) on equity shares (previous year Rs. 4.00 per equity share) of face value of Rs. 2 each fully paid-up for the financial year ended on 31st March 2016. The total payout will be Rs. 47.83 Crores (including dividend distribution tax of Rs. 8.09 Crores).

The dividend payout for the year under review has been formulated in accordance with the Company's Policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

## Share Capital

The Authorised Share Capital of the Company is Rs. 35 Crores comprising of 12.50 Crores of equity shares of Rs. 2 each and 10 Lakh preference shares of Rs. 100 each. The paid up equity share capital of the Company as on 31st March 2016 was Rs. 15.89 Crores divided into 7,94,69,000 equity shares of Rs. 2 each.

During the year under review, the Company has not issued shares with differential voting rights. As on March 31, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

## Employee Stock Option Scheme (ESOP)

The members of the Company had approved the Employees Stock Options Scheme 2015 (ESOS 2015) on 7th September 2015 for issue and allotment of options exercisable into not more than 531000 (Five lakhs thirty one thousand) equity shares of face value of Rs. 2 each to eligible employees of the Company and its subsidiaries. Each option when exercised would be



converted into one fully paid up equity share of Rs. 2 each. ESOS 2015 is administered by Nomination and Remuneration Committee of the Board of Directors of the Company. During the year under review, on 20th October 2015 the Nomination and Remuneration Committee of the Company has granted 2,29,000 (Two lakhs twenty nine thousand) stock options to the employees of the Company. There is no material change in the scheme and the scheme is in compliance with the SEBI (SBEB) Regulations 2014. Further the details required under SEBI (SBEB) Regulations 2014 are disclosed on the website of the Company and the same can be accessed at <http://www.kajariaceramics.com>

### Transfer to Reserves

A sum of Rs. 60 Crores has been transferred to the Company's General Reserve account and the balance has been carried to surplus in statement of profit and loss.

### 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, 2016, the applicable accounting standards had been followed and that 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 2016 and the profit and cash flow of the Company for the period 31st March 2016.
- 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 laid down by the directors of the Company and such internal financial controls are adequate and are operating effectively and

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

### Corporate Governance

The Company has complied with the Corporate Governance requirements as stipulated under the SEBI (LODR) Regulations 2015. A separate section on corporate governance, along with a certificate from the Company Secretary in practice 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 SEBI (LODR) Regulations, 2015 is given as a separate section in the Annual Report.

### Related Party Transactions

For all related party transactions prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature and such approval is in the interest of the Company. The transactions entered into, pursuant to the omnibus approval so granted, are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval. All related parties transactions are disclosed in note number 35 to the financial statements. Material related party transactions with subsidiaries which are at arm's length price are disclosed in form AOC-2 annexed as Annexure- 2.

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

### Corporate Social Responsibility Initiatives

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

The CSR policy may be accessed on the Company's website i.e. [http://www.kajariaceramics.com/pdf/CSR\\_Policy.pdf](http://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 areas. Your Company has implemented various CSR programmes / projects which made positive impacts mainly in the areas of sanitation and promoting education. The CSR programmes initiated by the Company includes taking steps for preventive health care, constructing sanitation facilities in the schools near the manufacturing facilities, contributing to the education and social economic development of under privileged children and for slum area / rural area development. These CSR initiatives are implemented directly and through various trusts/ societies / NGOs.

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

The Annual report on CSR activities as required under the Company's Corporate Social Responsibility Policy Rules, 2014 is set out as Annexure-3 forming part of this Report. The Company has incurred CSR expenditure of Rs 3.60 crore during the current financial year. The Company has spent about 94% of the proposed CSR Budget. The small shortfall of 6% in the required expenditure on CSR was due to non-identification of appropriate projects / activities in line with the CSR policy of the Company.

## Risk Management

A risk management policy in terms of provisions of Section 134(3)(n) of the Companies Act, 2013 is already in place and is uploaded on the website of the Company i.e [www.kajariaceramics.com](http://www.kajariaceramics.com)

The policy outlines the parameters of identification, assessment, monitoring and mitigation of various risks which are key to the business objectives. This is an ongoing process and the Audit Committee periodically reviews all the risks and suggest the necessary steps to mitigate the risk if any, which may threaten the existence of the Company

There is no such risks which in the opinion of the Board may threaten the existence of the Company

## Internal Financial Control and its Adequacy

The Company has policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of

reliable financial information.

The Internal auditors, monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures, and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit, process owners undertake corrective actions in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Further adequacy of internal financial control system has also been tested independently by the Statutory Auditors during the financial year 2015-16 as mandated under the provisions of Companies Act 2013.

In the opinion of the Board, the Company has an Internal Financial Control System, commensurate with the size, scale and complexity of its operations.

## Directors and Key Managerial Personnel

- i. Mr. Ashok Kajaria (DIN 00273877) was re-appointed as Chairman & Managing Director of the Company by the Board of directors in its meeting held on 27th January 2016 on the recommendation of Nomination and Remuneration Committee and subject to the approval of the members.
- ii. Mr. Basant Kumar Sinha (DIN 03099241) was re-appointed as Director-Technical of the Company by the Board of directors in its meeting held on 27th January 2016 on the recommendation of Nomination and Remuneration Committee and subject to the approval of the members. He is also liable to retire by rotation and being eligible offered himself for re-appointment at the ensuing Annual General Meeting.

The Board recommends for their re-appointment in the forthcoming Annual General Meeting.

All Independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act 2013 and SEBI (LODR) Regulations 2015.

No director has resigned during the year under review.

## Board Evaluation

The Board has carried out an annual performance evaluation



of its own performance, its Committees and the Directors including Chairman.

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

### Remuneration Policy

On the recommendation of the Nomination & Remuneration Committee, the Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. Nomination and remuneration policy including criteria for determining qualification, positive attributes & independence is also placed on the website of the Company i.e [http://www.kajariaceramics.com/pdf/Nomination\\_Remuneration\\_Policy.pdf](http://www.kajariaceramics.com/pdf/Nomination_Remuneration_Policy.pdf)

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

### Statutory Audit

M/s O. P. Bagla & Co. (Firm Reg. No. 000018N), Chartered Accountants, the Statutory Auditors of the Company would retire at the ensuing Annual General Meeting. They have confirmed their eligibility under section 139 & 141 of the Companies Act 2013 and willingness for re-appointment as statutory auditors of the Company.

The Board of Directors recommends the re-appointment of M/s O. P. Bagla & Co. (Firm Reg. No. 000018N), as Statutory Auditors from the Conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting.

The report given by the Statutory Auditors on the financial statements of the Company is a part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their report. There were no frauds reported by the auditors under sub section 12 of section 143 of the Companies Act 2013.

### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Chandrasekaran Associates, a firm of Company Secretaries in Practice, has been

appointed, to undertake the Secretarial Audit of the Company for the year ended on 31st March 2016. The Report of the Secretarial Audit Report is annexed herewith as "Annexure 5".

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

Disclosures under the Companies Act 2013 and rules thereunder:

### Extract of Annual Return

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

### Meetings of the Board

The Board of Directors met 4 (four) times during the year 2015-16. Details of the number of Meetings of Board held during the financial year 15-16 forms part of the Corporate Governance Report.

### Particulars of Loans, Guarantee and Investments

Particulars of Loans, Guarantees and Investments, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes 13, 14, 18 & 27 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 Act are provided in Annexure -7 to this report.

### Audit Committee

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

### Vigil Mechanism

The Company has established a Vigil Mechanism for directors and employees by adopting the Whistle Blower Policy to report genuine concerns or grievances. The Whistle Blower Policy may be accessed on the website of the Company i.e [http://www.kajariaceramics.com/pdf/Whistle\\_Blowing\\_Policy.pdf](http://www.kajariaceramics.com/pdf/Whistle_Blowing_Policy.pdf)

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

The Company has in place a Prevention of sexual harassment



policy 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. [http://www.kajariaceramics.com/pdf/Prevention\\_of\\_sexual\\_harassment\\_at\\_workplace.pdf](http://www.kajariaceramics.com/pdf/Prevention_of_sexual_harassment_at_workplace.pdf)

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, Contractual, temporary, trainees) are covered under this policy. We have not received any sexual harassment complaints during the year 2015-16.

### Particulars of Employees

The information required pursuant to Section 197 read with Rule 5 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.

### Fixed deposits

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

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

There is no significant and material order passed by the regulators or courts.

### 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 other associated with the Company.

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

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

For and on behalf of the Board

**Ashok Kajaria**

*Chairman & Mg. Director*

DIN: 00273877

Place: New Delhi

Date: 27th May 2016



# Annexure - 1

## AOC-1 (ANNUAL PERFORMANCE OF SUBSIDIARIES)

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

(Rs. in Crores)

Name of the Subsidiary Company	Soriso Ceramics Pvt. Ltd (CIN U26930GJ 2006PTC048010)	Jaxx Vitrified Pvt. Ltd(CIN U26933GJ 2010PTC062933)	Vennar Ceramics Ltd(CIN U26919TG 1994PLC031858)	Cosa Ceramics Pvt.Ltd(CIN U26933GJ 2010PTC063444)	Kajaria Bathware* Pvt. Ltd. (CIN U26943DL 2013PTC252495)	Kajaria Ceramics, Kazakhstan, LLP (UIN KAWAZ20 140481)	Taurus Tiles Pvt. Ltd (CIN U26933GJ 2014PTC078487)	Florea Ceramics (CIN U26933AP 2014PTC095460)
AS AT	31 Mar-16	31 Mar-15	31 Mar-16	31 Mar-15	31 Mar-16	31 Mar-15	31 Mar-16	31 Mar-15
Capital	3	3	14.95	15	9.1	9.1	16	12.75
Reserves	14.84	11.05	13.67	14.27	44.98	30.44	1.94	-0.51
Total Assets	40.39	40.79	231.99	83.48	135.12	130.3	93.66	12.28
Total Liabilities	22.54	26.74	203.37	54.21	81.04	90.76	75.72	0.04
Investments	-	-	0.08	-	-	-	-	-
Gross Turnover	104.69	122.69	288.33	78.14	231.28	173.69	86.66	-
Profit before Taxation	5.58	6.08	-14.14	2.41	18.65	14.38	2.44	-0.29
Provision for Taxation	1.79	2.16	-0.02	0.81	4.11	5.96	0.5	-
Profit After Taxation	3.79	3.92	-14.14	1.61	14.54	8.41	1.94	-0.29
Proposed Dividend	-	-	-	-	-	-	-	-
% of Shareholding	51%	51%	61%	51%	51%	51%	51%	51%

\*Consolidated figures including performance of its subsidiary Kajaria Sanitaryware Pvt. Ltd.

**Note :** 1. As on 31st March 2016, I INR = 5.21 Kazakhstan Tenge

- There is no other Associate or JV Company other than those mentioned above.
- As on 31st March 2016, Floera Ceramics Private Limited had not commenced operations.

For O.P.Bagla & Co.

Chartered Accountants

For and on Behalf of Board

Ashok Kajaria (DIN :00273877)

Chairman & Mg. Director

Ram Chandra Rawat (FCS No. 5101)

Executive V.P.(A&T) & Company Secretary

Atul Bagla

Partner

Membership No.:91885

Chetan Kajaria (DIN : 00273928)

Rishi Kajaria (DIN : 00228455)

Joint Managing Directors

Sanjeev Agarwal

CFO



## Annexure - 2

### FORM NO. AOC-2

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

#### 1. Details of Contracts/ Arrangements / transactions not at arm's length as on 31.03.2016

Sl. No.	Name(s) of the Related Party and Nature of Relationship	Nature of Contract	Duration of the Contract	Salient terms of contract	Justification for entering into such contract	Date of Approval by the Board	Amount paid as advance	Date on which the Special Resolution was passed
NIL								

#### 2. Details of material contracts or arrangement or transactions at arm's length basis as on 31.03.2016.

Sl. No.	Name(s) of the Related Party and Nature of Relationship	Nature of Contract	Duration of the Contract	Salient terms of contract	Date of Approval by the Board	Amount paid as advance (in crores)	Total Amount (in crores)
1	Jaxx Vitrified Private Limited (Subsidiary)	Purchase of tiles	continuous in nature and not for a specific period	In ordinary course of business	29.04.15	NIL	287.09
2	Jaxx Vitrified Private Limited (Subsidiary)	Purchase of Machinery	One time transaction	In ordinary course of business	29.04.15	NIL	0.87

For & on Behalf of Board

**Ashok Kajaria**

*Chairman & Mg. Director*

DIN: 00273877

Place: New Delhi

Date: 27th May 2016



# 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 CSR Policy which is uploaded on the website of the Company i.e [http://www.kajariaceramics.com/pdf/CSR\\_Policy.pdf](http://www.kajariaceramics.com/pdf/CSR_Policy.pdf).

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

2. The composition of CSR committee : Please refer to the Corporate Governance report for the composition of CSR Committee
3. Average net profit of the Company for the last three financial years –Rs.192.35 Crores
4. Prescribed CSR expenditure (two per cent. Of the amount as in item 3 above) – Rs. 3.85 Crores
5. Details of CSR spent during the financial year. (In Rs.)
  - a) Total amount to be spent for the financial year; - 3.85 Crores
  - b) Total amount spent during the financial year - 3.60 Crores
  - c) Amount unspent, if any; - 0.25 Crores
  - d) Manner in which the amount spent during the financial year is detailed below.

(Rs. in Lacs)							
Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs (2) overheads:	Cumulative expenditure up to the reporting period	Amount spend direct or through implementing agency
1	Construction / renovation of toilets in Government schools	CL-i.- Sanitation	Sikandrabad (UP), Gailpur (Rajasthan) Kolkata	9.09 20.23 10.00	9.09 20.23 10.00	9.09 20.23 10.00	Direct
2	Preventive Health Care	CL- i - Preventive Health Care		78.67	78.67	78.67	Direct / through trusts



Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs (2) overheads:	Cumulative expenditure up to the reporting period	Amount spend direct or through implementing agency
3	Education Development	CI-ii – Promoting Education		151.49	151.49	151.49	Through trusts
4	Skill Development (vocational training of Mason and salesmen)	CI- ii – Enhancing vocational skills		21.83	21.83	21.83	Direct
5	Old Age Home & Leprosy Home & Mass marriage of economically backward people	CI- iii - facilities for Senior Citizens & day care centres and Measuring for reducing inequality among economically backward group		13.72	13.72	13.72	Direct
6	Rain Water Harvesting – Gailpur	CI- iv - Conservation of natural resources		18.10	18.10	18.10	Direct
7	Sports Development, Gailpur	CI – vii – Training to promote nationally recognized sports		13.17	13.17	13.17	Direct
<b>Grand Total</b>						<b>359.59</b>	

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

6. **Reason for not spending the prescribed 2% amount :** The Company has incurred CSR expenditure of Rs 3.60 Crores during the current financial year being about 94% of the proposed CSR Budget. The small shortfall of 6% in the required expenditure on CSR was due to non-identification of appropriate projects / activities in line with the CSR policy of the Company.

7. **Responsibility Statement :**

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

Place: New Delhi  
Date: 27th May 2016

**Mr. Ashok Kajaria**  
*Chairman & Mg. Director*  
(DIN 00273877)

**Mrs. Sushmita Shekhar**  
*CSR Committee, Chairperson*  
(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 2015-16, the percentage increase in remuneration of Chairman & Mg. Director, Joint Managing Directors, Executive Directors, Company Secretary and CFO during the financial year 2015-16 and Comparison on the Remuneration of KMP against performance of the Company

Sl. No.	Name of Director / KMP	Designation	Ratio of Remuneration of each director to median remuneration of employees	Percentage increase in Remuneration	Comparison on the Remuneration of KMP against performance of the Company
1	Mr. Ashok Kajaria (DIN: 00273877)	Chairman & Mg. Director	102:1	13%	The Company's Revenue has increased by 10 % and PAT has increase by 40% on year to year basis
2	Mr. Chetan Kajaria (DIN: 00273928)	Joint Managing Director	193:1	31%	
3	Mr. Rishi Kajaria (DIN :00228455)	Joint Managing Director	193:1	31%	
4	Mr. Dev Datt Rishi (DIN : 00312882)	Director –technical	24:1	8%	
5	Mr. Basant Kumar Sinha (DIN: 03099241)	Director –technical	17:1	12%	
6	Mr. Ram Chandra Rawat (FCS 5101)	Executive V.P.(A&T) & Company Secretary	33:1	8%	
7	Mr. Sanjeev Agarwal	CFO	32:1	11%	

**Note:**

- a) The Non-Executive Directors of the Company are entitled for sitting fees. The detail of remuneration of Non-Executive Directors is provided in Corporate Governance Report and is governed by the 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.	11%
2	Total number of employees of the Company as on 31st March 2016	2391
3	Explanation on the relationship between average increase in remuneration and Company performance	The Average increase in remuneration of employees excluding Executive Directors During the Financial Year was 9%.The revenue growth during the financial year 2016 over the financial year 2015 was 10% and net profit growth was 40%.



Sl. No.	Particulars	Details
4	Key parameters for any variable component of remuneration availed by the directors	Variable component of remuneration (i.e Commission) paid to the directors are directly linked to the overall Company's Performance.
5	i. Variation in market capitalisation of the Company.	i. Market Capitalisation of the Company has been increased from 6384 Crores as on 31st March 2015 to 7573 Crores as on 31st March 2016.
	ii. Variation in price earning (PE) ratio	ii. PE ratio was 32.24 at 31st March 2016 as compared to 36.85 at 31st March 2015.
	iii. Percentage increase over decrease in the market quotation of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	iii. The Closing price of the Company's Equity share on NSE and BSE as on 31st March 2016 was 957.85 and 952.90 representing approx. 480 times increase over IPO Price.
6	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2015-16 and 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 2015-16 was 9%. Whereas average increase in remuneration of Executive Directors was 19%. Percentage increase in remuneration of executive directors is based on the position of high responsibilities and is an award for the exemplary contribution made in the growth of the business of the Company.

iii. **The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:** There is no employee who receives remuneration in excess of remuneration paid to the highest paid Director.

iv. **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 & Mg. Director*  
DIN: 00273877

Place: New Delhi  
Date: 27th May 2016



## NOMINATION AND REMUNERATION POLICY

### 1. PREAMBLE

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

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

### 2. OBJECTIVES

- i.) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors and persons who may be appointed in Senior Management and Key Managerial positions.
- ii) To determine remuneration based on the Company's size and financial position, cost of living, and trends and practices on remuneration prevailing in peer companies, in the tile industry.
- iii) To carry out evaluation of the performance of Directors, as well as Key Managerial Personnel and Senior Management Personnel.
- iv) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

### 3. DEFINITIONS

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

- i. **Act** means the Companies Act 2013 and Rules framed there under, as amended from time to time.
- ii. **Board or Board of Directors** in relation to a Company means the collective body of the directors of the Company

- iii. **Director** means directors appointed to the Board of the Company
- iv. **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013 and SEBI (LODR) Regulations 2015
- v. **Key Managerial Personnel** in relation to a Company means
  - a. The Managing Director and Joint Managing Director
  - b. Whole time Director
  - c. Chief Financial Officer
  - d. Company Secretary
  - e. Such other officer as may be prescribed
- vi. **Nomination and Remuneration Committee or Committee** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations 2015
- vii. **Senior Management** means personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

### 4. APPLICABILITY

The Policy is applicable to

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

### 5. CONSTITUTION OF COMMITTEE

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

The Board shall reconstitute the Committee as and when



required to comply with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations 2015 and other applicable statutory requirements.

## 6. ROLES AND POWERS OF THE NOMINATION AND REMUNERATION COMMITTEE

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

1. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. Formulating the Criteria for evaluation of Independent Directors and the Board.
4. Ensuring that:
  - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
  - (c) Remuneration to directors, key managerial personnel and senior management (one level below the functional heads) involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
5. Devising a policy on Board Diversity
6. Formulating the detailed terms and conditions of the ESOP schemes which shall include the provisions as specified by Board in this regard.
7. Framing suitable policies and procedures of ESOP to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider

Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company and its employees, as applicable

8. To approve the list of employees to whom the scheme is to be granted.
9. To determine the procedure for winding up of the scheme

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

**Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
2. The Company shall not appoint or continue the employment of any person as Managing Director / Whole time Director who has attained the age of seventy years provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

**Term / Tenure:**

1. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director, Joint Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
2. Independent Director:
  - i.) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of



such appointment in the Board's report.

- ii) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- iii) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.

### 3. KMP / Senior Management Employees

Term of appointment is governed by the letter of appointment issued to the respective KMP/ Employee.

#### Performance Evaluation:

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

The criteria for performance evaluation are as follows:

1. Role & Accountability
  - Application of knowledge for rendering advice to management for resolution of business issues.
  - Active engagement with the management and attentiveness to progress of decisions taken.
2. Objectivity
  - Appraisal of issues.
  - Own recommendations given professionally without tending to majority or popular views.
3. Leadership & Initiative
  - Heading department / section/ Board Committees.
  - Driving any function or identified initiative based on domain knowledge and experience.
4. Personal Attributes
  - Commitment to role & fiduciary responsibilities.
  - Active participation.
  - Proactive, strategic and lateral thinking.

#### Removal:

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

#### Retirement:

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

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

#### General:

- (i) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company / Central Government, wherever required.
- (ii) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the rules made there under.
- (iii) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director only. Increments will be effective from 1st April.
- (iv) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the



premium paid on such insurance shall be treated as part of the remuneration.

#### **Remuneration to the Whole-time Director KMP and senior Management Personnel**

Remuneration to whole time Directors, KMP and Senior Management consists of the following components :

##### **1. Salary & Perquisites:**

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

##### **2. Commission:**

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

##### **3. Minimum Remuneration:**

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

##### **4. Provisions for excess remuneration:**

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

##### **5. Stock Options:**

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

#### **Remuneration to Non- Executive / Independent Director**

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

##### **1. Sitting Fees:**

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

##### **2. Stock Options:**

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

## **9. SEVERANCE ARRANGEMENTS**

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

There will not be any severance fees.

## **10. DISCLOSURE OF INFORMATION**

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

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

## **11. REVIEW**

1. The Committee or the Board may review the Policy as and when it deems necessary.
2. This Policy may be amended or substituted by the Board as and when required.



# Annexure - 5

## SECRETARIAL AUDIT REPORT

For the Financial Year Ended March 31, 2016

The Members

**Kajaria Ceramics Limited**

SF-11, Second Floor

JMD Regent Plaza

Mehrauli Gurgaon Road,

Village Sikanderpur Ghosi

Gurgaon-122001, Haryana

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 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, 2016 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 effective from 01.07.2015.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited, BSE Limited / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 01.12.2015.

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 to schedule 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 no specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Date: 27th May 2016

Place: Delhi

**Rupesh Agarwal**

*Partner*

For Chandrasekaran Associates

Company Secretaries

Membership No. ACS 16302

Certificate of Practice No. 5673

**Note:** This report is to be read with our letter of even date which is annexed as Annexure-A and form 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, Haryana

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. 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.

Date: 27th May 2016

Place: Delhi

**Rupesh Agarwal**

*Partner*

For Chandrasekaran Associates

Company Secretaries

Membership No. ACS 16302

Certificate of Practice No. 5673



# Annexure - 6

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

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

#### I. Registration & 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 TelephoneNo.: 0124-4081281 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 Ltd F-65, Okhla Industrial Area, Phase-1, New Delhi- 110020; Ph No. 011-41406149-52; Email Id : helpdeskdelhi@mcsregistrars.com Fax No.: 011-41709881

#### 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 ceramics, polished and glazed vitrified tiles.	23913	100%

#### 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	M/s Soriso Ceramics Private Limited, S.No 809-810, Lakhtirpar Road, At Ghuntu, Tal Morbi Dist. Rajkot, Gujarat- 363642	U26930GJ 2006PTC048010	Subsidiary	51%	2(87)



S.NO	Name and Address of the Company	CIN/GLN	Holding /Subsidiary/ Associate Company	% of Shares held	Applicable section
2	M/s Jaxx Vitrified Private Limited, S.No 72/P1 & 72/P2, Near Max Ceramic Morbi, G'Dham Highway, Tal Morbi, Timbdi, Gujarat- 363642	U26933GJ 2010PTC062933	Subsidiary	61%	2(287)
3	M/s. Cosa Ceramics Private Limited, S.No. 774P1, Near GSPC Gas Terminal Lakhdirpar Road, Ghuntu, Gujarat- 363642	U26933GJ 2010PTC063444	Subsidiary	51%	2(87)
4	M/s. Vennar Ceramics Limited, Sitha Nilayam, No. 6-3-347/21, Dwarkapuri Colony, Panjagutta, Hyderabad- 500082, Telangana	U26919TG 1994PLC031858	Subsidiary	51%	2(87)
5	M/s. Taurus Tiles Private Limited, S.No. 466P1, Opp. Kajaria Sanitaryware, Tal. Morbi, Dist. Morbi, Jashmatgadh, Gujarat- 363641	U26933GJ 2014PTC078487	Subsidiary	51%	2(87)
6	M/s. Kajaria Bathware Private Limited J-1/B-1 (Extn), Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi- 110044	U26943DL 2013PTC252495	Subsidiary	100%	2(87)
7	M/s. Floera Ceramics Private Limited D.No 23-16-01/1a Lalitha Nagar, Rajahmundry, Guntur Andhra Pradesh- 533105	U26933AP 2014PTC095460	Subsidiary	51%	2(87)
8	M/S. Kajaria Ceramics Kazakhstan, LLP Office 403, 188, Dostyk Avenue, Almaty City, Republic Of Kazakhstan 050051	UIN NO: KAWAZ20140481	WOS Abroad	100%	2(87)

#### IV. Share Holding 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 01 April 2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	7309286	0	7309286	9.19	5428682	0.00	5428682	6.83	-2.36
b) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Bodies Corp.	32062529	0.00	32062529	40.35	32062529	0.00	32062529	40.35	0.00
e) Banks / FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Any other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TRUST	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



Category of Shareholders	No. of Shares held at the beginning of the year[As on 01 April 2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
SOCIETY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL INSTITUTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total shareholding of Promoter (A)</b>	<b>39371815</b>	<b>0.00</b>	<b>39371815</b>	<b>49.54</b>	<b>37491211</b>	<b>0.00</b>	<b>37491211</b>	<b>47.18</b>	<b>-2.36</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	3451487	48650	3500137	4.40	2657139	48150	2705289	3.40	-1.00
b) Banks / Fis	14795	26710	41505	0.05	9056	15210	24266	0.03	-0.02
c) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Insurance Companies	99774	0.00	99774	0.13	303929	0.00	303929	0.38	0.25
g) FIs	18927452	0.00	18927452	23.82	21247391	0.00	21247391	26.74	2.92
h) Foreign Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total (B)(1):</b>	<b>22493508</b>	<b>75360</b>	<b>22568868</b>	<b>28.40</b>	<b>24217515</b>	<b>63360</b>	<b>24280875</b>	<b>30.55</b>	<b>2.15</b>
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1773228	23915	1797143	2.26	2270181	23000	2293181	2.89	0.62
ii) Overseas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5123075	1497737	6620812	8.33	5249636	1373903	6623539	8.33	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2307766	0.00	2307766	2.90	2175518	0.00	2175518	2.74	-0.16
c) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Non Resident Indians</b>	<b>749635</b>	<b>41380</b>	<b>791015</b>	<b>1.00</b>	<b>546215</b>	<b>41380</b>	<b>587595</b>	<b>0.74</b>	<b>-0.26</b>
Overseas Corporate Bodies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Companies	5885420	0.00	5885420	7.41	5885420	0.00	5885420	7.41	0.00
Foreign Nationals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Clearing Members	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trusts	126161	0.00	126161	0.16	131661	0.00	131661	0.17	0.01
Foreign Bodies - D R	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total (B)(2):-</b>	<b>15965285</b>	<b>1563032</b>	<b>17528317</b>	<b>22.06</b>	<b>16258631</b>	<b>1438283</b>	<b>17696914</b>	<b>22.27</b>	<b>0.21</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>38458793</b>	<b>1638392</b>	<b>40097185</b>	<b>50.46</b>	<b>40476146</b>	<b>1501643</b>	<b>41977789</b>	<b>52.82</b>	<b>2.37</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>77830608</b>	<b>1638392</b>	<b>79469000</b>	<b>100.00</b>	<b>77967357</b>	<b>1501643</b>	<b>79469000</b>	<b>100.00</b>	<b>0.00</b>



(b) Shareholding of Promoter & Promoter Group:

SN	Shareholder's Name	Shareholding at the beginning of the year (1st April 2015)			Shareholding at the end of the year (31st March 2016)			% change in shareholding during the year*
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1	Kajaria Exports Pvt. Limited	15311999	19.27	0.00	15311999	19.27	0.00	0.00
2	Kajaria Securities Private Limited	6581905	8.28	0.00	6581905	8.28	0.00	0.00
3	Cheri Ceramics Private Limited	5088385	6.40	0.00	5088385	6.40	0.00	0.00
4	Pearl Tile Marketing Private Limited	5080240	6.39	0.00	5080240	6.39	0.00	0.00
5	Ashok Kajaria	2053606	2.58	0.00	498002	0.63	0.00	-1.95
6	Versha Devi Kajaria	1200007	1.51	0.00	875007	1.10	1	-0.41
7	A.K Kajaria (HUF)	955375	1.20	0.00	955375	1.20	0.00	0.00
8	Rishi Kajaria	902858	1.14	0.00	902858	1.14	0.00	0.00
9	Chetan Kajaria	669940	0.84	0.00	669940	0.84	0.00	0.00
10	Rasika Kajaria	285000	0.36	0.00	285000	0.36	0.00	0.00
11	Shikha Kajaria	300000	0.38	0.00	300000	0.38	0.00	0.00
12	Kartik Kajaria	225000	0.28	0.00	225000	0.28	0.00	0.00
13	Parth Kajaria	225000	0.28	0.00	225000	0.28	0.00	0.00
14	Raghav Kajaria	225000	0.28	0.00	225000	0.28	0.28	0.28
15	Vedant Kajaria	225000	0.28	0.00	225000	0.28	0.28	0.28
16	Rishi Kajaria (HUF)	21500	0.03	0.00	21500	0.03	0.00	0.00
17	Chetan Kajaria (HUF)	21000	0.03	0.00	21000	0.03	0.00	0.00
	Total	39371815	49.54	0.00	37491211	47.18	0.00	-2.36

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

SN	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	39371815	49.54	-	-
	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	-	-	37491211	47.18

**Note:** The decrease in % of total Shareholding of the promoters and promoter group from 49.54% to 47.18% is due to Transfer of 1880604 Equity shares of Rs.2/- each in the open market during the year.

# Date Wise increase/Decrease in promoter's shareholding during the year



S No.	Name	Shareholding No. of shares at the beginning (1st April 2015)/ end of the year (31st March 2016)	% of total shares of the Com- pany	Date of Change in Sharehold- ing.	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year (1st April 2015) to 31st March 2016	% of total Shares of the Company
1.	ASHOK KAJARIA	2053606	2.59	01-04-2015				
				23-07-2015	-680624	Transfer	1372982	1.73
				24-07-2015	-775000	Transfer	597982	0.75
				28-07-2015	-49980	Transfer	548002	0.69
				29-07-2015	-50000	Transfer	498002	0.63
		498002	0.63	31-03-2016				
2.	VERSHA DEVI KAJARIA	1200007	1.51	01-04-2015				
				23-07-2015	-300000	Transfer	900007	1.13
				24-07-2015	- 25000	Transfer	875007	1.10
		875007	1.10	31-03-2016				

(d) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S No.	Name & Category	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2015) to 31st March 2016)	
		No. of shares at the beginning (1st April 2015)/ end of the year (31st March 2016)	% of total shares of the company				No. of shares	% of total Shares of the company
1.	Jwalamukhi Investment Hold (In30014210713562)	6245005	7.86	01-04-2015				
				05-06-2015	-127000	SALE	6118005	7.70
				30-09-2015	-825000	SALE`	5293005	6.66
				04-03-2016	-290000	SALE	5003005	6.30
				25-03-2016	-87182	SALE	4915823	6.19
		4848823	6.10	31-03-2016	-67000	SALE	4848823	6.10
2.	Westbridge Crossover Fund, LLC (IN30014210724452)	5885420	7.41	01-04-2015	NIL	NA	5885420	7.41
		5885420	7.41	31-03-2016				
3.	Government Pension Fund Global (In30005410076881)	3000000	3.78	01-04-2015				
				26-06-2015	-175000	SALE	2825000	3.55
				30-06-2015	-84247	SALE	2740753	3.45
				03-07-2015	-196084	SALE	2544669	3.20
				10-07-2015	-169669	SALE	2375000	2.99
				13-11-2015	14142	PURCHASE	2389142	3.01
				20-11-2015	15876	PURCHASE	2405018	3.03
				27-11-2015	27509	PURCHASE	2432527	3.06
				04-12-2015	17509	PURCHASE	2450036	3.08
		2450036	3.08	31-03-2016				



S No.	Name & Category	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2015) to 31st March 2016)	
		No. of shares at the beginning (1st April 2015)/ end of the year (31st March 2016)	% of total shares of the company				No. of shares	% of total Shares of the company
4.	Goldman Sachs India Fund Limited (IN30016710044058)	995048	1.25	01-04-2015				
				24-04-2015	54621	PURCHASE	1049669	1.32
				01-05-2015	9588	PURCHASE	1059257	1.33
				05-06-2015	46845	PURCHASE	1106102	1.39
				26-06-2015	27155	PURCHASE	1133257	1.43
		1133257	1.43	31-03-2016				
5.	L and T Mutual Fund Trustee Ltd- L and T Equity Fund# (IN30005410064524)	880738	1.10	01-04-2015				
				10-04-2015	15000	PURCHASE	895738	1.12
				17-04-2015	5000	PURCHASE	900738	1.13
				06-05-2015	-55000	SALE	845738	1.06
				24-07-2015	-76000	SALE	769738	0.96
				14-08-2015	-148000	SALE	621738	0.78
				09-10-2015	-83000	SALE	538738	0.67
				27-11-2015	-79218	SALE	459520	0.57
				04-12-2015	-16000	SALE	443520	0.55
				29-01-2016	-14500	SALE	429020	0.53
				04-03-2016	-429020	SALE	0.00	0.00
		0.00	0.00	31-03-2016				
6.	SBI Magnum Global Fund # (IN30378610000916)	700000	0.88	01-04-2015				
				29-01-2016	-200000	SALE	500000	0.63
		500000	0.63	31-03-2016				
7.	Steadview Capital Mauritius Limited (In30317320012164)	535374	0.67	01-04-2015				
				14-08-2015	98005	PURCHASE	633379	0.80
				21-08-2015	10956	PURCHASE	644335	0.81
				11-09-2015	47000	PURCHASE	691335	0.87
				18-12-2015	48026	PURCHASE	739361	0.93
				25-12-2015	1501	PURCHASE	740862	0.93
				31-12-2015	33950	PURCHASE	774812	0.98
				11-03-2016	750000	PURCHASE	1524812	1.92
				18-03-2016	24600	PURCHASE	1549412	1.95
		1549412	1.95	31-03-2016				
8.	Merrill Lynch International Investment Funds# (IN30016710023539)	486190	0.61	01-04-2015				
				17-04-2015	-42280	SALE	443910	0.55
				24-04-2015	-26618	SALE	417292	0.52
				01-05-2015	-11748	SALE	405544	0.51



S No.	Name & Category	Shareholding		Date	Increase/decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2015) to 31st March 2016)	
		No. of shares at the beginning (1st April 2015)/ end of the year (31st March 2016)	% of total shares of the company				No. of shares	% of total Shares of the company
				05-06-2015	-4132	SALE	401412	0.50
				12-06-2015	-18301	SALE	383111	0.48
				19-06-2015	-70963	SALE	312148	0.39
				26-06-2015	-44231	SALE	267917	0.33
				30-06-2015	-22803	SALE	245114	0.30
				03-07-2015	-28044	SALE	217070	0.27
				24-07-2015	9558	PURCHASE	226628	0.28
				31-07-2015	44913	PURCHASE	226628	0.28
				07-08-2015	4087	PURCHASE	275628	0.34
				21-08-2015	6216	PURCHASE	281844	0.35
				28-08-2015	-125345	SALE	156499	0.19
				04-09-2015	-41844	SALE	114655	0.14
				11-09-2015	-114655	SALE	0	0.00
		00	0.00	31-03-2016				
9.	J. P Morgan Funds# (IN30343810006522)	448355	0.56	01-04-2015				
				12-06-2015	-34390	SALE	413965	0.52
				19-06-2015	-36490	SALE	377475	0.48
				26-06-2015	-35830	SALE	341645	0.43
				03-07-2015	-66058	SALE	275587	0.35
				10-07-2015	-7492	SALE	268095	0.34
				28-08-2015	-5140	SALE	262955	0.33
				25-09-2015	-4300	SALE	258655	0.33
				09-10-2015	-45300	SALE	213355	0.27
				16-10-2015	11060	PURCHASE	224415	0.28
				13-11-2015	51720	PURCHASE	276135	0.35
		276135	0.35	31-03-2016				
10.	Abu Dhabi Investment Authority- Behave (IN303438100058988)	407618	0.51	01-04-2015				
				24-07-2015	68512	PURCHASE	476130	0.60
					1	1	1	1
				31-07-2015	252870	PURC HASE	729000	0.92
				11-09-2015	-30000	SALES	699000	0.88
				18-09-2015	-29500	SALES	669500	0.84
				26-02-2016	-20000	SALES	649500	0.82
				04-03-2014	-18000	SALES	631500	0.79
		631500	0.79	31-03-2016				
11.	LTR Focus Fund* (IN30317320012172)	243321	0.31	01-04-2015				
				14-08-2015	73416	PURCHASE	316737	0.40
				21-08-2015	23504	PURCHASE	340241	0.43
				18-12-2015	37969	PURCHASE	378210	0.48
				25-12-2015	2031	PURCHASE	380241	0.48
				31-12-2015	30000	PURCHASE	410241	0.52
				04-03-2016	500000	PURCHASE	910241	1.15



S No.	Name & Category	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2015) to 31st March 2016)	
		No. of shares at the beginning (1st April 2015)/ end of the year (31st March 2016)	% of total shares of the company				No. of shares	% of total Shares of the company
				11-03-2016	100000	PURCHASE	1010241	1.27
		1010241	1.27	31-03-2016				
12.	ABG Capital* (IN30317320015322)	291985	0.37	01-04-2015				
				07-08-2015	265758	PURCHASE	557743	0.70
				14-08-2015	63368	PURCHASE	621111	0.78
				21-08-2015	2713	PURCHASE	623824	0.79
		623824	0.79	31-03-2016				
13.	Wasatch Emerging Markets Small Cap Fund* (IN30016710039877)	0	0	01-04-2015				
				25-09-2015	0		20488	0.03
				30-09-2015	357068	PURCHASE	377556	0.48
				09-10-2015	164400	PURCHASE	541956	0.68
				16-10-2015	26156	PURCHASE	568112	0.71
				23-10-2015	38584	PURCHASE	606696	0.76
				30-10-2015	135443	PURCHASE	742139	0.93
				06-11-2015	7765	PURCHASE	749904	0.94
				13-11-2015	-8164	SALE	741740	0.93
				20-11-2015	-5636	SALE	736104	0.93
				18-12-2015	-36200	SALE	699904	0.88
				31-12-2015	-24400	SALE	675504	0.85
				08-01-2016	-9600	SALE	665904	0.84
				15-11-2016	-14700	SALE	651204	0.82
				05-02-2016	-9467	SALE	641737	0.81
				12-02-2016	-19652	SALE	622085	0.78
				19-02-2016	-4673	SALE	617412	0.78
				18-03-2016	-10631	SALE	606781	0.76
				25-03-2016	-5069	SALE	601712	0.76
		617727	0.78	31-03-2016	16015	PURCHASE		
14.	TATA Balanced Fund* (IN30005410012636)	300000	0.38	01-04-2016				
				17-04-2015	50000	PURCHASE	350000	0.44
				24-04-2015	50000	PURCHASE	400000	0.50
				22-05-2015	3000	PURCHASE	403000	0.51
				29-05-2015	97000	PURCHASE	500000	0.63
				07-08-2015	100000	PURCHASE	600000	0.76
		600000	0.76	31-03-2016				

**Note:**

\* Not in the list of Top 10 Shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the top 10 shareholders as on 31-03-2016.

# ceased to be in the list of top 10 shareholders as on 31.03.2016. The same was reflected above since the shareholder was one of the top ten shareholders as on 31-03-2015..



(e) Shareholding of Directors and Key Managerial Personnel:

S No.	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2015) to 31st March 2016)	
		No. of shares at the beginning (1st April 2015) / end of the year (31/03/ 2016)	% of total shares of the company				No. of shares	% of total Shares of the company
1.	Mr. Ashok Kajaria Chairman & Mg. Director (DIN: 00273877)	2053606	2.59	01-04-2015				
				23-07-2015	-680624	SALE	1372982	1.73
				24-07-2015	-775000	SALE	597982	0.75
				28-07-2015	-49980	SALE	548002	0.69
				29-07-2015	-50000	SALE	498002	0.63
		498002	0.63	31-03-2016				
2	Mr. Chetan Kajaria Joint Managing Director (DIN: 00273928)	669940	0.84	-	0.00	0.00	669940	0.84
3	Mr. Rishi Kajaria Joint Managing Director (DIN: 00228455)	902858	1.19	-	0.00	0.00	902858	1.14
4	Mr. Basant Kumar Sinha Director- Technical (DIN : 03099241)	0.00	0.00	-	0.00	0.00	0.00	0.00
5	Mr. Dev Datt Rishi Director – Technical (DIN: 00312882)	200	0.00	-	0.00	0.00	0.00	0.00
6	Mr. Raj Kumar Bhargava Independent Director (DIN: 00016949)	8296	0.01	-	0.00	0.00	0.00	0.00
7	Mr. Ram Ratan Bagri Independent Director (DIN: 00275313)	20000	0.03	-	0.00	0.00	0.00	0.00
8	Mr. Debi Prasad Bagchi Independent Director (DIN: 00061648)	0.00	0.00	-	0.00	0.00	0.00	0.00
9	Mr. H. Rathnakar Hegde Independent Director (DIN : 05158270)	0.00	0.00	-	0.00	0.00	0.00	0.00
10	Mr. Sandeep Sighal Independent Director (DIN: 0040491)	0.00	0.00	-	0.00	0.00	0.00	0.00
11	Mrs. Sushmita Shekhar Independent Director (DIN: 02284266)	0.00	0.00	-	0.00	0.00	0.00	0.00
12	Mr. Ram Chander Rawat Executive V.P (A & T) & CO. Secretary (FCS No. 5101)	0.00	0.00	-	0.00	0.00	0.00	0.00
13	Mr. Sanjeev Agarwal CFO	0.00	0.00	-	0.00	0.00	0.00	0.00



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

(Rs. in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	55.96	25.51	0.00	81.47
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
<b>Total (i+ii+iii)</b>	<b>55.96</b>	<b>25.51</b>	<b>0.00</b>	<b>81.47</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	0.00	0.00	0.00	0.00
* Reduction	9.95	25.51	0.00	35.46
<b>Net Change</b>	<b>-9.95</b>	<b>-25.51</b>	<b>0.00</b>	<b>-35.46</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	46.01	0.00	0.00	46.01
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>46.01</b>	<b>0.00</b>	<b>0.00</b>	<b>46.01</b>

## XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of Chairman/MD/WTD/ Manager					Total Amount (In Lacs) Per annum
		Chairman/MD/WTD	Mr. Ashok Kajaria	Mr. Chetan Kajaria	Mr. Rishi Kajaria	Mr. Basant Kumar Sinha	
1	Gross salary (P.a)						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	188.40	254.40	254.40	49.41	70.36	816.97
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	63.05	29.40	29.40	5.89	8.31	136.05
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00	0.00
4	Commission - as % of profit - others, specify...	0.00	354.00	354.00	0.00	0.00	708.00
5	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00
	Total (A)	251.45	637.80	637.80	55.30	78.67	1661.02

Ceiling as per Act : Rs.3584 lacs (being 10% of the profit of the Company calculated as per section 198 of the Companies Act 2013)



(B) Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors						Total amount (Rs. in Lacs)
		Mr. Raj Kumar Bhargava	Mr. Ram Ratan Bagri	Mr. Debi Prasad Bagchi	Mr. H. Rathnakar Hegde	Mr. Sandeep Singhal	Mrs. Sushmita Shekhar	
1	Independent Directors							
	Fee for attending board / committee meetings	2.40	3.60	3.00	3.00	0.00	1.60	13.60
	Commission	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	
	Total (1)	2.40	3.60	3.00	3.00	0.00	1.60	13.60
2	Other Non-Executive Directors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Fee for attending board committee meetings	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	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	0.00	0.00	0.00
	Total (B)=(1+2)	2.40	3.60	3.00	3.00	0.00	1.60	13.60
	Total Managerial Remuneration	1661.02						
	Overall Ceiling as per the Act	Rs. 3942 lacs (being 11% of the profit of the Company calculated as per section 198 of the Companies Act 2013)						

(C) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Ram Chander Rawat, Executive V.P. (A&T) &Company Secretary	Mr. Sanjeev Agarwal, CFO	Total (Rs. in Lacs) per annum
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	106.71	103.05	209.76
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.56	2.56	5.12
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	others, specify			
5	Others, please specify			
	Variable Pay/ incentive			
	Total	109.27	105.61	214.88



## XII. 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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Ashok Kajaria  
Chairman & Mg. Director  
DIN : 00273877  
Place : New Delhi  
Dated : 27th May 2016



## Annexure - 7

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

#### Energy Conservation

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

- 1) Installation of 1 MW roof-top solar plant at Gailpur plant to generate green power by converting solar energy. We are also utilizing wind turbines at Jaisalmer, Rajasthan, and Dhulle (Maharashtra) to produce green energy. Such generations will dilute the renewable energy obligation towards the Government
- 2) Connected with a 132 KV grid system, having a sanctioned load of 12 MVA power grid, at the Gailpur facility to optimize the load on grid. This helps to reduce the running of generators thereafter allowing for effective utilization of grid and reduction in fuel consumption for generators
- 3) Continuously maintaining power factor to achieve effective utilization of grid power and reduction in apparent energy consumption. Efforts are also being made to mitigate or reduce harmonics by broadband reactors. Combined, these measures result in scaling down apparent as well as active energy consumption
- 4) Installation of BEE (Bureau of Energy Efficiency) certified electrical items and equipment along with latest generation energy-efficient lighting and variable frequency drives in order to conserve energy and also drive down costs
- 5) Installation of heat recovery system at Gailpur (Unit-1) and Malutana plants to attain considerable fuel savings by allocating the exhaust heat of kilns to vertical driers
- 6) Innovative efforts in controlling natural mineral resources by using recycled waste helps to achieve considerable savings of energy
- Capital investment in energy conservation equipment: Rs. 4.01 crores

#### Technology Absorption

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

to support existing business, advanced troubleshooting, and supporting profit by way of reducing costs and improving quality at our manufacturing plants.

- (i) Major efforts made towards technology absorption
  - a. New size digital ceramic wall (40X80 cm) and floor (60X60 cm) tiles were introduced in glossy, silk, satin, and matt finish, ideal for all kinds of interiors and exteriors
  - b. White body was developed in ceramic wall and floor tiles to enhance appearance of the product to compete in the domestic as well as international markets
  - c. A new size (80X120 cm) was developed for digital glazed vitrified tiles in the technical series which is available in polish and matt finish. The marble tech series are developed based on the European designers. The designs were created keeping in mind the ultra-modern luxury lifestyle
  - d. The company has fully adopted the latest technology available for producing ceramic tiles putting Kajaria in the same league as other manufacturers in the Chinese and European markets.
  - e. Our R&D and technical experts constantly visit international markets to identify and keep pace with the latest technologies available
  - f. Apart from the Gailpur unit, Sikandrabad plant has also received R&D recognition certificate from the Department of Scientific and Industrial Research (DSIR)
- (ii) Benefits derived through such efforts
  - a. We have developed a culture of staying informed about the latest developments in related technology as well as constantly updating our equipment and processes. Such innovations have led us to be in the forefront amongst our competitors.
  - b. The new sizes in the ceramic and vitrified tiles have been valuable additions to our product line which have allowed us to meet the demands of customers who want latest offerings prevalent in the international markets.
  - c. Technology absorption efforts have not only allowed us to develop new products but also improve our existing ones.



### (iii) Technology imported

Year of import	1988	1994	2010
Has technology been fully absorbed	YES	YES	YES

- No technology has been imported during the year 2015-16

### (iv) Expenditure on Research and Development (R&D)

Rs/ in Crores		
Particulars	2014-15	2015-16
a) Capital	0.19	0.53
b) Recurring	6.28	8.12
Total	6.47	8.65
Total R& D expenditure as a percentage of total turnover	0.27	0.33

### Foreign Exchange Earnings and Outgo

Particulars	Rs. in Crores
Earned :	
Exports (FOB)	23.85
Spent :	
Imports (CIF)	
Capital Goods	83.05
Raw Materials	1.57
Stores & Spares	18.73
Traded Goods	27.38
Other (on accrual Basis)	5.75

For and on behalf of the Board

**Ashok Kajaria**

*Chairman & Mg. Director*

DIN: 00273877

Place: New Delhi

Date: 27th May 2016



## Annexure - 8

### Name of Employees of the Company as per Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

#### (a) Employees in receipt of remuneration exceeding Rs. 60 Lacs per annum

S No.	Name	Age	Designation	Qualification	Exp	Dt of commencement of employment	Remu-neration received during the year (Rs.In lacs)	Particular of Last Employment
1	Mr. Ashok Kajaria	68	Chairman & Mg. Director	B.SC, BSME, UCLA (California), USA	40	01.01.1987	335.98	Managing Director -Kajaria Exports Limited
2	Mr. Chetan Kajaria	41	Joint Managing Director	B . Engg (Petrochem), Pune University, MBA from Boston College (USA)	16	15.01.2000	637.55	Managing Director -Kajaria Plus Limited
3	Mr. Rishi Kajaria	38	Joint Managing Director	B.Sc. in Business Administration from Boston University (USA)	12	26.07.2003	637.55	Director -Kajaria Infotech Limited
4	Mr. Dev Datt Rishi	67	Director (Technical)	B.Sc Engg, Chem. Hons, DIM	42	14.01.2015	78.42	COO – H&R Johnson
5	Mr. Ram Chander Rawat	60	Exec. V P (A&T) & Co Secretary	M Com. FCA, FCS	36	14.07.1987	109.02	Chief Accounts Officer RCS Vanaspathi Ltd
6	Dr. Rajveer Choudhary	62	Chief Operating Officer (Gailpur Plant)	M.A., PH.D	34	03.08.1998	114.61	VP – Venus Sugars Limited
7	Mr. Sanjeev Agarwal	52	CFO	B.Com, FCA	29	09.02.1994	105.36	Dy. Manager-Finance Orissa Synthetics Ltd
8	Mr. Gyan Prakash Nirmal	55	Sr. VP-Import & Export	B.Com(Hons)	30	01.08.1997	79.53	Manager Kajaria Exports Ltd
9	Mr.Pankaj Sethi	45	VP (Marketing)	BE – Civil Engg	24	01.04.2003	147.52	Regional Manager Kajaria Infotech Ltd
10	Mr. Sarat Chandak	45	VP (Marketing)	MBA - Marketing	22	01.07.2006	150.75	AGM – Bell Granito Ceramics Ltd.
11	Mr. Gautam Seth	42	AVP (Marketing)	BE-Mech Engg	17	01.09.2009	113.56	VP – Marketing Kajaria Plus Ltd
12	Mr. Vivek Goyal	47	AVP (Marketing)	PGDBA - Marketing	25	01.05.2000	93.63	DGM- Marketing – Kajaria Plus Limited
13	Mr. M G Renukananda	55	AVP-Marketing	MBA-Marketing	25	30.09.2009	80.17	GM-Sales Asisan Granito India Ltd



S No.	Name	Age	Designation	Qualification	Exp	Dt of commencement of employment	Remuneration received during the year (Rs.In lacs)	Particular of Last Employment
14	Mr. Bal Mukund Sharma	40	GM-(Marketing)	PGDBM-Mktg	18	17.01.2005	75.09	Manager-Technical Kajaria, Australia PTE
15	Mr. Amit S Jain	40	GM-(Marketing)	PGDBA-Mktg	16	01.08.2000	75.49	Auditing B S Sharma & consultancy
16	Mr. Anuj Dayal	49	GM-(Marketing)	PGDBA-Mktg	25	22.04.20016	71.40	Zonal Manager Samsons India Ltd
17	Mr. P Sasi Kumar	49	GM-(Marketing)	PGDMM	26	26.06.2006	61.27	Sales Manager H & R Johnson(I) Ltd
18	Mr. Rohit Chopra	40	GM-(Marketing)	PGDMM	16	18.11.2002	60.79	Marketing Officer CICO Technologies Pvt Ltd

No employee was in receipt of remuneration exceeding Rs. 5 Lakhs Per Month for any part of financial year 2015-16.

**Note:**

1. Remuneration includes salary, allowances, and incentives but excludes Company's Contribution to PF, 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. None of the above mentioned employees, except Mr. Ashok Kajaria, Mr. Chetan Kajaria and Mr. Rishi Kajaria, hold equity shares of the Company. Shares held by Mr. Ashok Kajaria, Mr. Chetan Kajaria and Mr. Rishi Kajaria are disclosed in Annexure VI of Directors Report. Mr. Ashok Kajaria is father of Mr. Chetan Kajaria and Mr. Rishi Kajaria, Joint Managing Directors, of the Company. Except this, No employee is relative of any Directors of the Company.

For and on behalf of the Board

**Ashok Kajaria**

*Chairman & Mg. Director*

DIN: 00273877

Place: New Delhi

Date: 27th May 2016



# 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 Code for prevention of Insider Trading are an extension of our values and reflect our commitment to ethical business Practices.

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

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

- i. Appropriate composition of the Board of Directors.
- ii. Timely disclosure of material and financial information to the Board of Directors and stakeholders.
- iii. Systems and processes are in place to ensure financial control and Compliance of laws and
- iv. Proper Business Conduct by the Board, Committees, Senior Management and Employees.

## Board of Directors

The Company firmly believes that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance 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 SEBI (LODR) Regulations, 2015, 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 to fill Board vacancies and nominating candidates for election by the shareholders at the Annual General Meeting.

## Composition

The Board comprises of such number of Executive and Non-Executive Directors (Independent Director) as required under the applicable legislations. The Board consists of eminent individuals from the Industry, management, technical, financial and marketing. The Company is managed by the Board of Directors in coordination with the Senior Management team. As on 31st March 2016 the Company has 11 Directors on its Board including 6 Independent Directors. The Board periodically evaluates the need for change in its composition and size.

The details of composition of the Board, nature of directorship, Number of directorships in other companies, Chairmanship/ Membership of the Committee of each director in other Companies, attendance of the Directors at Board Meeting and



last Annual General Meeting as on 31st March 2016 are given below:

Name	Category of Director	Board Meeting held during his/her tenure	Board Meeting attended	Annual General Meeting attended	Directorship* in other companies	Committee Chairmanship of other Boards**	Committee Membership of other Boards **
Mr. Ashok Kajaria (DIN : 00273877)@	Chairman & Managing Director (Promoter)	4	4	Yes	1	0	0
Mr. Chetan Kajaria (DIN : 00273928)\$	Joint Managing Director	4	4	Yes	1	0	0
Mr. Rishi Kajaria (DIN : 00228455)\$	Joint Managing Director	4	4	Yes	1	0	0
Mr. Dev Datt Rishi (DIN : 00312882)	Director – Technical (Executive)	4	4	Yes	0	0	0
Mr. Basant Kumar Sinha (DIN : 03099241)#	Director- Technical (Executive)	4	1	No	0	0	0
Mr. Raj Kumar Bhargava (DIN : 00016949)	Director (Independent Non-Executive)	4	4	Yes	4	4	4
Mr. Ram Ratan Bagri (DIN : 00275313)	Director (Independent Non-Executive)	4	4	Yes	2	1	2
Mr. Debi Prasad Bagchi (DIN : 00061648)	Director (Independent Non-Executive)	4	4	Yes	7	1	4
Mr. H. Rathnakar Hegde (DIN : 05158270)	Director (Independent Non- Executive)	4	4	Yes	7	2	1
Mr. Sandeep Singhal (DIN : 00040491)	Director (Independent Non-Executive)	4	1	No	2	0	0
Mrs. Sushmita Shekhar (DIN : 02284266)	Director (Independent Non-Executive)	4	4	Yes	1	0	0

\* Excluding 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 SEBI (LODR) Regulations 2015 excluding 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 SEBI (LODR) Regulations 2015 excluding Kajaria Ceramics Limited.

@ Re-appointed as Chairman & Mg. Director w.e.f 1st April, 2016.

\$ Promoter Group

# Re-appointed as Director –technical w.e.f 1st April, 2016.

The Number of directorships, chairmanships and committee memberships of each director is in compliance with the relevant provisions of the Companies Act 2013 and SEBI (LODR) Regulations, 2015.

Mr. Ashok Kajaria is father of Mr. Chetan Kajaria and Mr. Rishi Kajaria, Joint Managing Directors, of the Company.

There is no relationship between any of the Independent Directors.

As mandated by SEBI (LODR) Regulations, 2015 (hereinafter referred as “Listing Regulations”) , none of the directors of the Company are members of more than ten Board level committees nor are they Chairman of more than five Board level committees in other companies in which they are directors.

#### Number of shares held by Independent Directors

Mr. Ram Ratan Bagri, Independent Director hold 20,000 Equity shares of the company and

Mr. Raj Kumar Bhargava, Independent Director hold 8,296 Equity shares of the Company. No other independent director, hold any share of the Company.



### Appointment / Re-Appointment of Directors

Mr. Ashok Kajaria has been re-appointed as Chairman & Mg. Directors of the Company for a period of 5 years w.e.f 1st April 2016, subject to the approval of the shareholders in the ensuing Annual General Meeting.

Mr. Basant Kumar Sinha has been re-appointed as Director - Technical of the Company for a period of 3 years w.e.f 1st April 2016, subject to the approval of the shareholders in the ensuing Annual General Meeting. He is also liable to retire by rotation and being eligible offered himself for re-appointment at the ensuing Annual General Meeting.

The Board recommends for the appointment/ re-appointment of the above directors.

### 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 when necessary.

The notice of each Board Meeting is given in writing to each director. 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 ended 31st March 2016, four (4) Board Meetings were held, one in every calendar quarter and the gap between two consecutive Board Meetings did not exceed - one hundred and twenty days. The dates on which the Board Meetings were held, are as follows:

29th April 2015, 20th July 2015, 20th October 2015, and 27th January 2016.

### 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 at least once in a calendar 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, review the performance of Chairman of the Board, access the quality, quantity and timeliness of the flow of information between management and the Board that is necessary for it to effectively and reasonably perform its duties.

One meeting of Independent Director was held during the year on 27th January 2016.

### Familiarisation Programme for Independent Directors

At the time of appointing an Independent Director, a formal letter of appointment is given to him/her, which inter-alia explains the role, functions, duties and responsibilities expected from him/her as a director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act 2013, Listing Regulations and other relevant rules & regulations. The Chairman & Mg. 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 Committee Meetings on Business and performance update of the Company.

The familiarization program has been uploaded on the website of the Company at <http://www.kajariaceramics.com/pdf/FamiliarisationProgrammeForIndependentDirectors.pdf>.



## Audit Committee

During the year 2015-16, the Committee met four (4) times i.e 29th April 2015, 20th July 2015, 20th October 2015, and 27th January 2016. The Composition of the Committee and details of meetings attended by the directors are as follows:

Name	Category	Designation	No. of Meetings held during his tenure and Attended
Mr. Raj Kumar Bhargava	Independent	Chairman	4
Mr. Ashok Kajaria	Executive	Member	4
Mr. Ram Ratan Bagri	Independent	Member	4
Mr. H. Rathnakar Hegde	Independent	Member	4
Mr. Debi Prasad Bagchi	Independent	Member	4

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

Mr Ram Chandra Rawat, Executive V P (A&T) & Company Secretary 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 7th September 2015.

## Terms of Reference of Audit Committee

The Terms of reference of Audit Committee as per Provisions of Companies Act 2013 read with Listing Regulations inter alia includes the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment/ re-appointment, and if required, replacement or removal of the statutory auditors, fixation of audit fee and approving payments for any other service rendered by statutory auditors.
- Discussion with the statutory auditors about the nature and scope of audit as well as post audit discussion to ascertain areas of concern, if any.
- Recommending to the Board of Directors, the appointment / re-appointment of Cost Auditor of the Company.
- Reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - Matter required to be included in the Directors Responsibility Statement to be included In the Board's Report in terms of Section 134 (3) (c) of the Companies Act 2013.

- Changes, if any, in accounting policies and practices and reasons of the same.
  - Major Accounting entries involving estimates based on exercise of judgement by management.
  - Significant adjustments made in financial statements arising out of Audit.
  - Compliances with the listing and other legal requirements relating to financial statements.
  - Disclosure of Related Party Transactions.
  - Qualification in draft audit report.
- Reviewing with the management, the quarterly, half yearly and annual financial statements before submission to the Board.
  - Reviewing with the internal auditor and statutory auditors, the adequacy of internal controls and steps taken for strengthening the areas of weakness in internal controls.
  - Reviewing the adequacy of internal audit function in the Company and discussing the findings and follow up with the internal auditors.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
  - Evaluation of internal control and risk management system.
  - Reviewing with the management, the statements of uses/ application of funds raised through an issue.
  - Review and monitor the Auditor's independence and performance and effectiveness of audit process.
  - Approval or any subsequent modification of transaction of the Company with related parties.
  - Review of inter-corporate loans and investments.
  - Looking into the reasons for substantial defaults, if any,



- in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- p) Reviewing the Management discussion and analysis of financial condition and results of Operations.
- q) Valuation of undertakings or assets of the Company, whenever it is necessary.
- r) Approval of Appointment of CFO after assessing the qualifications, experience and background etc. of the candidate.
- s) Reviewing the functioning of the Whistle Blower mechanism.
- t) Carrying out such other functions as mentioned in the terms of reference to the Audit Committee.

## Nomination and Remuneration Committee

During the year 2015-16, the Committee met three (3) times i.e 29th April 2015, 20th October 2015 and 27th January 2016. The Composition of the Committee and details of meetings attended by the directors are as follows :

Name of the Director	Category	Designation	No. of Meetings held during his tenure and Attended
Mr. Debi Prasad Bagchi	Independent	Chairman	3
Mr. Ashok Kajaria	Executive	Member	3
Mr. Ram Ratan Bagri	Independent	Member	3
Mr. H. Rathnakar Hegde	Independent	Member	3

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

The Chairman of the Nomination and Remuneration Committee was present in the last Annual General Meeting of the Company held on 7th September 2015.

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

- 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.
- 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.
- Formulating the Criteria for evaluation of Independent Directors and the Board.
- Ensuring that—
  - 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;
  - Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
  - Remuneration to directors, key managerial personnel and senior management (one level below the functional heads) involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- Devising a policy on Board Diversity.
- Formulating the detailed terms and conditions of the ESOP schemes which shall include the provisions as specified by Board in this regard.
- Framing suitable policies and procedures of ESOP to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company and its employees, as applicable.
- To approve the list of employees to whom the scheme is to be granted.
- To determine the procedure for winding up of the scheme.



## Board Evaluation

Pursuant to the Provisions of the Companies Act 2013 and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, its committees and individual directors including Chairman of the Board. The exercise was carried through a structured evaluation process covering various aspects of the Board's functioning such as composition of Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc.

The Directors express their satisfaction with the evaluation process.

## Remuneration

### A. Remuneration to Independent Directors

The Independent 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 2015-16 was Rs. 13.60 Lakhs. The Independent 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 remuneration policy of the Company which is given as Annexure- 4 to the Directors Report and is also disclosed on the website of the Company [http://www.kajariaceramics.com/pdf/nomination\\_](http://www.kajariaceramics.com/pdf/nomination_)

remuneration\_policy.pdf. The details of remuneration paid to Independent Directors during the financial year ended 31st March 2016 is as under:

S. No.	Name of Non- Executive Director	Sitting fees (Rs. In Lakhs)
1	Mr. Raj Kumar Bhargava	2.40
2	Mr. Ram Ratan Bagri	3.60
3	Mr. Debi Prasad Bagchi	3.00
4	Mr. H. Rathnakar Hegde	3.00
5	Mr. Sandeep Singhal	-
6	Mrs. Sushmita Shekhar	1.60

### B. Remuneration to Executive Directors

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

The details of remuneration paid to Executive Directors during the financial year ended 31st March 2016 is as under: (Rs. in Lakhs)

S No.	Name of Directors	Fixed Component		Performance Linked Incentive	Total
		Salary	Perquisites & other Benefits	Commission	Total
1.	Mr. Ashok Kajaria	188.40	147.58	-	335.98
2.	Mr. Chetan Kajaria	159.00	124.55	354.00	637.55
3.	Mr. Rishi Kajaria	159.00	124.55	354.00	637.55
4.	Mr. Dev Datt Rishi	43.97	34.45	-	78.42
5.	Mr. Basant Kumar Sinha	32.94	22.51	-	55.45

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



## 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 2015-16, the Committee met six times i.e 30th June 2015, 30th July 2015, 20th November 2015, 31st December 2015, 29th January 2016 and 21st March 2016. The Composition of the Committee and details of meetings attended by the directors are as follows:

Name of the Director	Category	Designation	No. of Meetings held during his tenure and Attended
Mr. Ram Ratan Bagri	Independent	Member	4
Mr. Ashok Kajaria	Executive	Member	6
Mr. Chetan Kajaria	Executive	Member	6

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

During the year, 59 complaints were received. All the queries and complaints received during the financial year ended 31st March 2016 were duly addressed and no queries are pending for reply on that date except where the Registrar & Share Transfer Agent is constrained by dispute or legal impediment or due to incomplete or non-submission of documents by the shareholders.

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

1. Review, on periodic basis, status of grievances relating to

transfer, transmission of shares, issue of duplicate shares.

2. Monitor expeditious redressal of investor's grievances
3. Review instances of non- receipt of Annual Report and declared dividend.
4. Consider all matters related to all security holders of the Company

## Corporate Social Responsibility Committee

During the year 2015-16, the Committee met two (2) times i.e 20th July 2015 and 27th January 2016. The Composition of the Committee and details of meetings attended by the directors are as follows :

Name of the Director	Category	Designation	No. of Meetings held during his tenure and Attended
Mrs. Sushmita Shekhar	Independent	Chairperson	2
Mr. Chetan Kajaria	Executive	Member	2
Mr. Rishi Kajaria	Executive	Member	2

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

- (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.
- (c) Monitor the Corporate Social Responsibility policy of the Company from time to time.

has framed a CSR Policy which is uploaded on the website of the Company i.e [www.kajariaceramics.com](http://www.kajariaceramics.com).

As a part of initiative of CSR drive, the Company has undertaken the project of building / renovation of sanitation facilities in the schools near the manufacturing facilities. The Company has also taken steps for preventive health care by organizing the camps through various agencies / trusts, contributing to the education and social economic development of under privileged children and for slum area / rural area development.

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

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

## CSR Policy of the Company

In compliance with the provisions of Section 135 of the Companies Act 2013 and rules made thereunder, the Company



## Management Committee

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

## 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 employees and Non-executive Directors including independent Directors. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The code gives guidance and support needed for ethics conduct of business and compliance of laws. The code reflects the values of the Company viz. Company value, Ownership Mind-set, Respect, Integrity, One team and excellence.

A code of Business Conduct and Ethics has been put on the Company website <http://www.kajariaceramics.com/pdf/CodeofBusinessConductethics.pdf>. The code has been circulated to Directors and management personnel.

All members of the board, the executive directors and senior officers have affirmed compliance to the Code as on 31st March, 2016.

A declaration signed by the Company's chairman and managing Director is published in this report.

### 2. Insider Trading Code

The Company has adopted the Code of conduct for prevention of Insider Trading and Code of Corporate Disclosure Practices in accordance with the Securities

and Exchange Board of India (Insider Trading) Regulations, 2015. The code is applicable to Promoters, Promoters Group, all Directors, Key Managerial Persons and such other designated employees who are expected to have access to unpublished Price Sensitive Information relating to the Company. The Company Secretary is the Compliance officer for monitoring the adherence to the said regulations.

### 3. Policy on Material Subsidiary

The Company has adopted a policy in Line with the requirements of the Listing Agreement. 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 policy on Material Subsidiaries is available on the website of the Company <http://www.kajariaceramics.com/pdf/MaterialSubsidiaryPolicy-Kajaria.pdf>

### 4. Policy on related party transactions

In line with requirement of the Companies Act, 2013 and Listing Regulations, your Company has formulated a policy on Related Party transactions. This policy is also available at Company's website at <http://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf>. The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related Parties. The policy specifically deals with the review and approval of Material Related Party transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

Further the shareholders of the Company vide special resolution passed on 7th September 2015 have approved annual limits for certain related party transactions of the Company.

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



## General Body Meetings

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

Year	Date	Time	Venue	Details of Special Resolutions Passed, if any.
2012-13	4th June 2013	12.00 Noon	A- 27 & 28, Sikandrabad Industrial Area Sikandrabad , Distt Bulandshahr (U P) -203205	NIL
2013-14	1st August 2014	12.00 Noon	A-27 to 30, Industrial Area, Sikandrabad, Distt. Bulandshahr (U.P.) - 203205	NIL
2014-15	7th September 2015	3.30 P.M	Crown Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001	i. Approval of related party transactions ii. Issuance of ESOP to the employees of the Company iii. Issuance of ESOP to the employees of the Subsidiary Company

Three Special Resolutions were passed in the Annual General Meeting held on 7th September, 2015. The details of voting results of the resolutions so passed are given below;

Description of Resolution	No. of total valid Postal Ballot Forms / E-votes received	Votes Cast (No. of Shares)	
		For	Against
To Approve the Related Party Transactions	47942639	47645742	118959
To issue ESOP to the employees of the company.	48433387	44429380	3825114
To issue ESOP to the Employees of Subsidiary of the Company.	48433394	44303591	3950910

b) **Postal Ballot:** During the year, pursuant to the provision of the section 110 of the Companies Act, 2013, read with Companies (Management and Administration), Rules, 2014 and clause 35 B of the Listing Agreement, the Company has passed Two resolutions through Postal Ballot.

### Procedure for postal ballot

In compliance with Clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides e-voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of NSDL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes

to its members whose names appear on the register of members I list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the e-mail addresses registered with their depository participants(in case of electronic shareholding) I the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

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 . Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring



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

The Board has appointed Dr. Chandrasekaran (Membership No. ACS 1644, CP No. 715) and in his absence Mr. Rupesh Agarwal, (Membership No. ACS - 16302 CP NO. 5673) Practicing Company Secretary both being partners of M/s Chandrasekaran Associates having its office situated at 11 F, Pocket IV, Mayur Vihar, Phase 1, Delhi - 110091) as

the scrutinizer to conduct the Postal Ballot process. The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are announced by the Chairman. The results are also displayed on the website of the Company, [www.kajariaceramics.com](http://www.kajariaceramics.com), besides being communicated to the stock exchanges. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

The results of the Postal Ballot were declared on Monday, 7th September, 2015. Details of voting pattern were as under:

Description of Resolution	No. of total valid Postal Ballot Forms / E-votes received	Votes Cast (No. of Shares)	
		For	Against
To alter the object clause of the Company	50809764	50675747	407
To alter the liability clause of the Company	50809764	50671255	4099

Accordingly the said resolutions were approved by the shareholders with requisite and overwhelming majority.

- c) **Special Resolution proposed to be conducted:** There is no special resolutions proposed to be conducted through Postal Ballot.
- d) 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 2015-16, 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 Accounting Standard (AS-18) has been made under note No. 42 of the Annual Accounts. The policy on dealing with related party transactions is also present on the Company's Website: <http://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf>

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

The Company has complied with all the requirements of the Listing Agreements with the Stock Exchanges as well

as regulations and guidelines of SEBI. No penalties have been imposed or stricture has been issued by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to Capital Markets during the last three years.

### c) **Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177 (9) and (10) of Companies Act 2013 and regulation 22 of Listing Regulations, the Company has formulated Whistle Blower policy with vigil mechanism for directors and employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. 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 2015-16.

The details of establishment of vigil mechanism have been disclosed by the Company on its website i.e. [http://www.kajariaceramics.com/pdf/Whistle\\_Blowing\\_Policy.pdf](http://www.kajariaceramics.com/pdf/Whistle_Blowing_Policy.pdf) and in the Board's report.

- d) The policy for determining the material subsidiaries has been disclosed on the website of the Company i.e. <http://www.kajariaceramics.com/pdf/MaterialSubsidiaryPolicy-Kajaria.pdf>.



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

**Details of Compliance with Discretionary Requirements as specified in Part E of Schedule II of Listing Regulations:**

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

- i) **The Board:** The Company has appointed an executive chairman, being the promoter of the Company.
  - ii) **Shareholders' Right:** As the quarterly and half yearly performance are published in the newspapers and are also posted on the Company's Website, the same are not being sent separately to each household of the shareholders.
  - iii) **Modified Opinion in audit report:** The Company's financial statement for the year 2016 does not contain any modified opinion.
  - iv) **Separate Posts of Chairman & CEO / Managing Director:** As per the Articles of Association of the Company and in accordance with the provisions of the Companies Act 2013, the Company continues to appoint one person as Chairman & Mg. Director of the Company.
  - v) **Reporting of Internal Auditor:** Independent Internal Auditor has been appointed and is reporting directly to the Audit Committee.
- f) **CEO / CFO Certificate**  
Chairman & Mg. Director and CFO of the Company has given the "annual certification on the financial reporting and internal controls to the Board of Directors in accordance with SEBI (LODR) Regulations 2015. The Chairman & Mg. Director and CFO of the Company also give quarterly certification on financial results while placing the financial results before the Board in terms of SEBI (LODR) Regulations 2015. The Annual Certificate given by the Chairman & Mg. 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 immediately through e-mail and their e-portal NSE -NEAPS and BSE Listing Center after these have been approved by the Board. These are widely published in the Economic Times, The Financial Express / Business Standard (both English & Hindi), and Jansatta.

These results are simultaneously posted on the website of the Company at [www.kajariaceramics.com](http://www.kajariaceramics.com).

## Investor Release

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

## General Share Holders Information

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

Annual General Meeting (Financial Year 2015-16):

Date	Time	Venue
24th August 2016	4.00 P.M	Crown Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001

**Dates of Book closure** : 18.08.2016 to 24.08.2016  
(Both days inclusive)

**Financial Year** : April 1 to March 31

### Financial Calendar (tentative)

First Quarter Results	: 1st week of August 16
Second Quarter/ Half Yearly Results	: 4th week of October 2016
Third Quarter / Nine Months Results	: 4th week of January 2017
Fourth Quarter / Annual Results for the year ending 31st March 2017	: 4th week of April, 2017

### Dividend Payment date

Dividend shall be paid to all eligible shareholders within 30 days from the date of Annual General Meeting.



Dividend history for the last 5 years is as under:

Year	Dividend Rate (%)	In ₹Per Share	Dividend Amount (Rupees In Crores)
2010-11	100	Rs. 2.00	14.72
2011-12	125	Rs. 2.50	18.40
2012-13	150	Rs. 3.00	22.08
2013-14	175	Rs. 3.50	26.45
2014-15	200	Rs. 4.00	31.79

#### Unpaid / Unclaimed Dividend:

All the unpaid / unclaimed dividend upto the financial year 2007-08 have been transferred to Investor Education and Protection Fund (IEPF). No claims will lie against the Company or the Fund in respect of unclaimed amount so transferred.

The unclaimed dividend declared in respect of the financial year 2008-09 is due to be transferred to the Investor Education and Protection Fund.

#### Listing on Stock Exchanges:

- The BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.
- The National Stock Exchange of India Ltd, "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai 400051

BSE/NSE listing fees for the financial year 2016-17 has been paid by your company within the stipulated time.

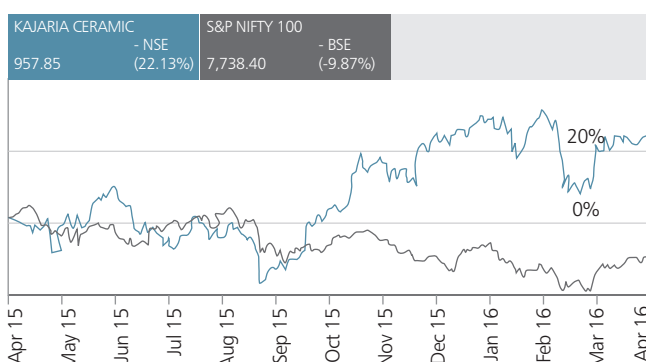
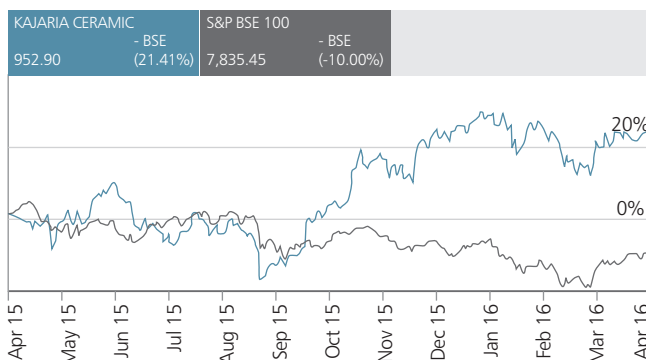
Stock Code : 500233 (BSE) / KAJARIACER (NSE)

ISIN NO. : INE 217B01028

**Market Price Data:** Monthly High and Low quotation of shares traded on BSE/National Stock Exchange during the year 2015-16:

Month	BSE		NSE	
	High	Low	High	Low
April, 2015	808.00	705.05	813.00	701.00
May, 2015	853.95	746.40	855.00	745.00
June, 2015	861.45	725.00	863.00	725.00
July, 2015	793.00	714.35	799.00	714.00
August, 2015	785.00	607.35	784.90	607.15
September, 2015	803.00	673.10	804.00	675.00
October, 2015	924.80	790.00	922.00	785.50
November, 2015	960.00	846.10	962.35	842.10
December, 2015	985.90	920.00	998.00	920.00
January, 2016	995.00	895.00	995.00	895.55
February, 2016	978.25	846.70	984.00	846.20
March, 2016	968.35	861.75	966.90	855.00

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



#### Registrar & Share Transfer Agent

The correspondence address of MCS Share Transfer Agent Limited is as follows:

MCS Share Transfer Agent Ltd

F- 65, Okhla Industrial Area, Phase- 1

New Delhi – 110020

Ph. No. : 91-11-41406149-52, Fax No.: 91-11-41709881

E-mail id : helpdeskdelhi@mcsregistrars.com

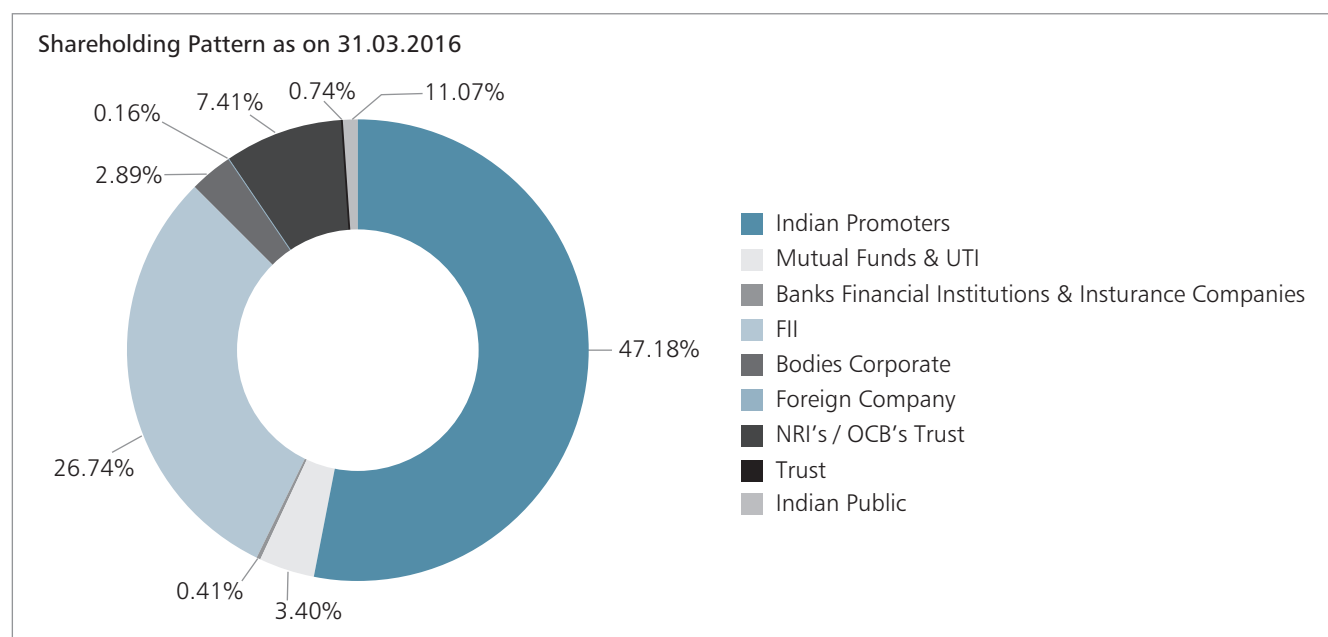
#### Share Transfer System

M/s MCS Share Transfer Agent Limited is the Registrar and Share Transfer Agent for handling the share registry work relating to shares held in physical and electronic form at single point. The applications and request received by 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 transfers, transmissions, deletion requests etc. approved by the share transfer and investors' grievance committee is placed before the Board of Directors from time to time.



### Shareholding Pattern as on 31.03.2016

Category	No. of Shares Held	Percentage of Shareholding
<b>Promoters</b>		
Indian Promoters	37491211	47.18
<b>Institutional Investors</b>		
Mutual Funds & UTI	2705289	3.40
Banks Financial Institutions & Insurance Companies	328195	0.41
Foreign Portfolio Investors	21247391	26.74
Bodies Corporate	2293181	2.89
Foreign Company	5885420	7.41
NRI's / OCB's	587595	0.74
Trust	131661	0.16
Indian Public	8799057	11.07
<b>Total</b>	<b>79469000</b>	<b>100.00</b>



### Distribution of Shareholding as on 31.03.2016

Category Range	No. of Shareholders		No. of Shares	
	Total	% of shareholders	Total	% of share capital
1-500	16259	84.37	1867003	2.35
501-1000	1458	7.57	1156143	1.45
1001-2000	746	3.87	1086849	1.37
2001-3000	231	1.20	571134	0.72
3001-4000	102	0.53	359369	0.45
4001-5000	83	0.43	388259	0.49
5001-10000	141	0.73	995665	1.25
10001 and above	250	1.30	73044578	91.92
<b>Total:</b>	<b>19270</b>	<b>100.00</b>	<b>79469000</b>	<b>100.00</b>



## 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 Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at 31st March 2016, 77967357 equity shares out of 79469000 equity shares of the Company, forming 98.11% of the Company's paid up capital is held in dematerialized form. The status of shares held in demat and physical format is given below :

Particulars	No. of Shares	%
<b>Shares in Demat Form</b>		
NSDL	76673247	96.48
CDSL	1294110	1.63
<b>Shares in Physical Form</b>	1501643	1.89
<b>Total</b>	<b>79469000</b>	<b>100.00</b>

## Outstanding GDRs / ADRs / Warrants or other Convertible Instruments

The Company has not issued any GDR/ADR / warrants or other convertible instruments during the FY 15-16.

## Other Information

- a) Corporate  
Identification Number - L26924HR1985PLC056150
- b) Reconciliation Audit for  
Share Capital - As on 31.03.2016

Reconciliation Audit for Share Capital is carried out at every quarter and the report thereon is submitted to the Stock Exchange and is also placed before the Board of Directors. The Audit 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 dematerialized 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 2016. The details of foreign currency exposure as on 31st March 2016 is provided in note no.42 of the balance sheet. All import liabilities are unhedged because cost of forward premium is higher. So it is not viable to hedge the liability. 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 Malutana, Tehsil-Thanagazi, District Alwar (Rajasthan)-301022.

## Subsidiary Companies

The Company does not have any material non-listed subsidiary company as defined in Listing Regulations.

Address for Correspondence

- i. **Registered Office**  
Kajaria Ceramics Ltd  
SF-11, Second floor,  
JMD Regent Plaza, Mehrauli-Gurgaon Road,  
Village Sikanderpur Ghosi,  
Gurgaon, Haryana-122001  
Telefax: 0124 -4081281
- ii. **Corporate Office:**  
Kajaria Ceramics Ltd  
J-1/B-1 (Extn), Mohan Co-operative Industrial Estate  
Mathura Road, New Delhi-110044  
Phone: 91-11-26946409 Fax: 91-11- 26946407

## Email for Investors

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

## Declaration related to code of conduct to Directors/ Senior Management

In accordance with Listing Regulations, I hereby declare that all directors and senior management personnel have confirmed the compliance with the code of conduct as adopted by the Company.

For and on behalf of the Board.

Place: New Delhi  
Date: 27th May 2016

**Ashok Kajaria**  
Chairman & Mg. Director  
DIN: 00273877



## CEO & CFO CERTIFICATE

To  
Board of Directors  
Kajaria Ceramics Limited  
New Delhi

Dear Sir,

We have reviewed financial statements and the cash flow statement of Kajaria Ceramics Limited for the year ended 31st March 2016 and that to the best of our knowledge and belief we state that:

1. i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;  
ii. these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's code of conduct.
3. 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 the internal control, if any, of which we are aware and the steps taken or propose to be taken to rectify these deficiencies.
4. We have indicated to the auditors and the audit committee:
  - a. significant change in internal control over financial reporting during the year;
  - b. significant change in accounting policies made during this year and that the same have been disclosed in the notes to the financial statement and
  - c. instances to significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

Ashok Kajaria  
*Chairman & Mg. Director*

Sanjeev Agarwal  
*CFO*

Place: New Delhi  
Date: 28th April 2016



## 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 the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with Stock Exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 01.12.2015 for the financial year ended 31st March 2016. 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 Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 01.12.2015.

For Chandrasekaran Associates  
Company Secretaries

**Rupesh Agarwal**

*Partner*

(Membership No. ACS 16302, CP 5673)

Place: Delhi

Date: 27th May 2016



## Directors' Profile

### 1. Mr. Ashok Kajaria (DIN : 00273877)

Mr. Ashok Kajaria is the founding Chairman & Mg. Director of the Company, holds a Bachelors in Science (BSc.) Degree and pursued Engineering (BSME) at UCLA (California), USA.

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

In his career spanning over 40 years, his vision and foresightedness as an entrepreneur, dynamic leadership, steadfast 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 & Mg. Director of Kajaria Ceramics Limited and is a member of Audit Committee, stakeholder's relationship committee and Nomination and Remuneration Committee. Mr. Kajaria has held several important industry positions including President of PHD Chamber of Commerce, Chairman of the Indian Council of Ceramic Tile and Sanitaryware and member of the executive committee of Federation of Indian Chamber of Commerce and Industry.

Committed to the philosophy that the corporate sector should play a proactive role in promoting the cause of inclusive growth, Mr. Kajaria is keenly involved with the various philanthropic arms of the Company- providing structure and focus to the social outreach initiatives of the Company.

As on 31st March, 2016, he is holding 498002 shares of the Company.

### 2. Mr. Chetan Kajaria (DIN : 00273928)

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

He is the Joint Managing Director of Kajaria Ceramics Limited and member of the CSR Committee and Stakeholders Relationship Committee.

He started his journey at Kajaria Ceramics Ltd 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 Feb' 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 in the last 3 years. 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, 2016, he is holding 669940 shares of the Company.

### 3. Mr. Rishi Kajaria (DIN : 00228455)

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

He is the Joint Managing Director of Kajaria Ceramics Limited and is a member of the CSR Committee.

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.

He has also launched high-end showrooms dedicated to showcase glazed vitrified tiles imported from Europe and China targeted at the HNI community in India – seeding the market and living upto the repute of Kajaria brand of marketing aspiration. He commissioned a unit at Gailpur to manufacture glazed vitrified tiles matching the globally-sourced variants and offered it to the Indian customers at considerably lower prices.



He was instrumental in acquiring three tile companies in Morbi, Gujarat and One in Rajahmundry, Andhra Pradesh. With this strategy, he added capacity without any gestation period and acquired reach (West and South) which was critical to capitalise on the various pan-India opportunities. This resulted in additional sales volumes and profit acceleration for the Company. Mr. Kajaria 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, 2016, he is holding 902858 shares of the Company.

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

Mr. Dev Datt Rishi is a B.Sc. (Engineering) Chemical Hons: DIM.

He was appointed as Director-Technical of the Company w.e.f. 14th January 2015.

He is an eminent technical professional having wide experience in tile industry. He was associated with Kajaria Ceramics for more than 20 years. He joined Kajaria Ceramics in January 1987 when the first tile plant was conceived at Sikandrabad. He managed all operations meticulously. Under his dynamic leadership, the Company has successfully carried out various expansions. His knowledge and techniques have contributed to produce 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 is again appointed on the Board w.e.f. 14th January 2015.

As on 31st March, 2016, he is holding 200 shares of the Company.

#### 5. Mr. Basant Kumar Sinha (DIN : 03099241)

Mr. Basant Kumar Sinha is a B.Tech (IIT Kanpur), PGDM (AIMA). He has been appointed as Director-Technical w.e.f. 1st May, 2010.

He started his career as Graduate Engineer with Hindustan Sanitaryware and Industries Ltd. and subsequently served with Orient Ceramic Industries Ltd., as General Manager with Somany Tiles, as Senior Vice President with Asian Granito Ltd. and as Technical Director with Kaneria Granito

Ltd. before joining Kajaria Ceramics. He has rich experience of about 46 years in the management of production, quality control, R & D, technology transfer, standardization, projects, outsourcing, training and organization development etc. in the field of Tiles & Sanitaryware.

As on 31st March, 2016, he does not hold any shares of the Company.

#### 6. Mr. Raj Kumar Bhargava (DIN : 00016949)

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

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

He has served as Industry Secretary, Finance Secretary, Irrigation & Power Secretary and Chief Secretary in U.P. He has also served Government of India as Jt. Secretary Petroleum, Jt. Secretary Industries, Secretary Home and Secretary Urban Development. He has wide experience in industry, finance and infrastructure.

He is holding Directorships in various other public Limited companies.

As on 31st March, 2016, he is holding 8,296 shares of the Company.

#### 7. Mr. Sandeep Singhal (DIN : 00040491)

Mr. Sandeep Singhal received an MBA with distinction from IIM, Ahmedabad, an MS in Molecular simulation from University of Illinois where he was granted the Abraham Lincoln Fellowship and a B.Tech from IIT, Delhi in Chemical Engineering.

He is an Independent Director and joined the Board w.e.f. 8th October 2013.

He is co-founder and Managing Director of WestBridge Capital India. Prior to that he was a co-founder and Managing Director of Sequoia Capital India. He has 19 years of work experience that includes 14 years of investing and 5 years of operating/consulting experience in India. He started his career from Hindustan Unilever limited, where he headed new product development for SURF and RIN, two of their largest consumer franchisees.



He also serves on the Boards of several Companies.

As on 31st March, 2016, he does not hold any share of the Company.

#### 8. Mr. H. Rathnakar Hegde (DIN : 05158270)

Mr. H. Rathnakar Hegde is a BSc.

He is an Independent Director and joined the Board of Director of the Company on 17th January 2012. He is member of Audit Committee and Nomination & Remuneration 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 May 16th, 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. Mr. Hegde has a formidable wealth of knowledge of the Indian Banking Industry.

He also serves on the Boards of several Companies.

As on 31st March, 2016, he does not hold any share of the Company.

#### 9. Mr. Ram Ratan Bagri (DIN : 00275313)

Mr. Ram Ratan Bagri is a B.Sc. (Engg.), M.S. (Sans) & FIPHE (New York).

He is an Independent Director and joined the Board of Directors of the Company on 21st January, 2000. He is a Chairman of Stakeholders Relationship Committee and member of Audit Committee and Nomination & Remuneration Committee of the Company.

He has formally served M/s Geo Miller & Co. Pvt. Ltd. as Sr. Project Engineer from 1967 to 1972 a leading designers and contractors in the field of Public Health Engineering. Since June 1972, he is Managing Director of Clear Water Ltd., a Company specializing in setting up projects on turnkey basis in the field of Public Health Engineering. He is a renowned industrialist and expert in the field of Engineering and Finance.

He also serves on the Boards of several Companies.

As on 31st March, 2016, he is holding 20000 shares of the Company.

#### 10. Mr. Debi Prasad Bagchi (DIN : 00061648)

Mr. Debi Prasad Bagchi, retired IAS officer, MA (Economics) and M.Phil in Public Administration.

He is an Independent Director and joined the Board of the Company on 29th June, 2007. He is a Chairman of Nomination and Remuneration Committee.

During his tenure with Government of India, he was also Chief Secretary to Government of Orissa, and is also serving the Board of Directors of the other companies of different business. He has rich experience in General Administration, Management Strategy, Government Industry Relationship and Corporate Governance. He has also served Government of India as JS, AS, and Secretary.

He also serves on the Boards of several companies.

As on 31st March, 2016, he does not hold any share of the Company.

#### 11 Mrs. Sushmita Shekhar (DIN : 02284266)

Mrs. Sushmita Shekhar, a post graduate in English from Patna University. She has completed a Diploma course in Urban Town Planning from the Human Settlement Management Institute (HSMI), New Delhi and a Certification course in Enhancement of Managerial Capability from the Indian Institute of Management (IIM) Lucknow.

She was appointed as an Independent Director w.e.f 30th March 2015. She is Chairperson of CSR committee.

She has over 28 years of experience in the industry, international organisations and development sector. She has held various posts/ assignments in various organisations including PHD Chamber of Commerce and Industry, Sulabh International Social Service Organisation and took various assignments for Government of India.

Presently she is President of MA. (My Anchor) Foundation a NGO. She also serves on the Boards of several companies.

As on 31st March, 2016, she does not hold any share of the Company.



## Independent Auditor's Report

To the Members of  
**KAJARIA CERAMICS LIMITED**  
 New Delhi

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **KAJARIA CERAMICS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2016, and its profit, and its cash flows for the year ended on that date:

### Report on Other Legal and Regulatory Requirements

1. As required by the 'Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), we give in the Annexure 'I' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purposes 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by



the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) We are enclosing herewith a report in Annexure II for our opinion on adequacy of internal financial controls system in place in the company and the operating effectiveness of such controls.
- (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, in our opinion and to the best of our information and according to the explanations given to us
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements.

- ii. According to the information and explanations provided to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred during the year, to the Investor Education and Protection Fund by the Company.

For O. P. Bagla & Co.  
Chartered Accountants  
Firm Regn No. 000018N

(Atul Bagla)  
Partner

Place : New Delhi  
Dated : 28th April, 2016

Membership No. 91885

## Annexure- I to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i) In respect of its fixed assets:
  - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As informed to us no material discrepancies were noticed on such physical verification.
  - c) Title deeds In respect of all immovable properties are held in the name of the company.
- ii) As explained to us physical verification has been conducted by the management at reasonable intervals in respect of inventories of finished goods, stores, spare parts and raw materials. We were informed that physical verification of clay was made on the basis of volume and density which is approximately correct. We were explained that no material discrepancies have been noticed on physical verification.
- iii) As informed to us the company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act 2013. In respect of such loans we have been informed that:
  - a) the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
  - b) the schedule of repayment of principal and payment of interest is not stipulated. Therefore no comments are offered on whether the repayments or receipts are regular.
  - c) no amount is overdue as at the end of the year.
- iv) According to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186, wherever applicable, in respect of loans, investments and guarantees given by the company. We are informed that the company has not provided any security during the year.
- v) According to the information and explanations given to us the company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under.
- vi) In respect of business activities of the company, maintenance of cost records has not been specified by the Central Government under sub-section (I) of section 148 read with rules framed thereunder of the Companies Act 2013.
- vii) a) As per information and explanations given to us, the company is regular in depositing undisputed statutory



dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. As informed to us there are no outstanding statutory dues in arrears as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

- b) Details of dues of service tax which have not been deposited on account of disputes is given below:

Particulars	Amount Demanded (Crores)	Remarks
Service Tax	1.13	Appeal pending with Commissioner (Appeals)/CESTAT

- viii) Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that there is no default in repayment of loans or borrowings to the financial institutions and banks as at the year end. There are no loans from Government and the company has not issued any debentures.
- ix) As explained to us term loans obtained during the year were applied for the purpose for which the loans were obtained by the company. The company has not raised any money during the year by way initial or further public offer.
- x) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit for the year ended 31.03.2016.
- xi) According to information and explanations given to us, the

managerial remuneration paid and provided by the company during the year is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

- xii) The provisions of clause (xii) of the Order are not applicable as the company is not a Nidhi Company as specified in the clause.
- xiii) According to information and explanations given to us we are of the opinion that all related party transactions are in compliance with the Section 177 and 188 of Companies Act 2013. Necessary disclosures has been made in the financial statements as required by the applicable accounting Standards.
- xiv) According to information and explanations given to us the company has not made any preferential allotment or private placement of shares or debentures during the year.
- xv) According to information and explanations given to us the Company has not entered into any non-cash transaction with the director or any person connected with him during the year.
- xvi) In our opinion, in view of its business activities, the company is not required to be registered under section 45IA of Reserve Bank of India Act 1934.

For O. P. Bagla & Co.  
Chartered Accountants  
Firm Regn No. 000018N

(Atul Bagla)  
Partner

Place : New Delhi  
Dated : 28th April, 2016

Membership No. 91885

## Annexure- II to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls over financial reporting of KAJARIA CERAMICS LIMITED ("the Company") as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management 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 issued by the Institute of Chartered Accountants of India. 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 its business, including adherence to 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 Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence /we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes 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**

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

#### **Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, 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" issued by the Institute of Chartered Accountants of India.

For O. P. Bagla & Co.  
Chartered Accountants  
Firm Regn No. 000018N

(Atul Bagla)

Place : New Delhi  
Dated : 28th April, 2016

Partner  
Membership No. 91885



# Balance Sheet

as at 31 March 2016

(₹ in crores)

	Notes	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	15.89	15.89
Reserves and Surplus	3	893.47	706.24
		<b>909.36</b>	<b>722.13</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	4	5.47	1.23
Deferred tax liabilities (Net)	5	81.20	69.54
Long-term provisions	6	9.31	9.73
		<b>95.98</b>	<b>80.50</b>
<b>Current liabilities</b>			
Short-term Borrowings	7	39.61	78.63
Trade payables	8	218.90	178.63
Other current liabilities	9	127.95	87.29
Short-term provisions	10	68.19	48.12
		<b>454.65</b>	<b>392.67</b>
<b>TOTAL</b>		<b>1,459.99</b>	<b>1,195.30</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed assets</b>			
Tangible assets	11	660.63	512.45
Intangible assets	12	1.99	1.78
Capital Work-in-Progress		5.81	3.71
Non-current investments	13	108.89	79.19
Long-term loans and advances	14	153.15	108.73
		<b>930.47</b>	<b>705.86</b>
<b>Current Assets</b>			
Inventories	15	219.99	201.96
Trade receivables	16	252.32	191.78
Cash and bank balances	17	4.81	6.05
Short-term loans and advances	18	52.28	88.94
Other current assets	19	0.12	0.71
		<b>529.52</b>	<b>489.44</b>
<b>TOTAL</b>		<b>1,459.99</b>	<b>1,195.30</b>

Significant Accounting Policies

1

The accompanying Notes 1 to 46 form an integral part of these financial statements.

In terms of our report of even date annexed

For and on behalf of the Board

**For O. P. Bagla & Co.**  
Chartered Accountants  
FRN No. 000018N

**Ashok Kajaria**  
Chairman & Managing Director  
(DIN: 00273877)

**Chetan Kajaria**  
Jt. Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Jt. Managing Director  
(DIN: 00228455)

**Atul Bagla**  
Partner  
Membership No.: 91885  
Place: New Delhi  
Dated: 28th April, 2016

**Ram Chandra Rawat**  
Executive V.P. (A&T) & Company Secretary  
(FCS No. 5101)

**Sanjeev Agarwal**  
CFO



# Statement of Profit and Loss

for the year ended 31 March 2016

(₹ in crores)

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
<b>REVENUE:</b>			
Revenue from Operations	20	2,614.45	2,378.20
Less : Excise Duty		166.41	145.06
		2,448.04	2,233.14
Other Income	21	17.61	8.49
<b>Total Revenue</b>		<b>2,465.65</b>	<b>2,241.63</b>
<b>EXPENSES:</b>			
Cost of Materials Consumed	22	345.04	334.65
Purchases of Stock in Trade		1,035.77	967.54
Changes in Inventories	23	(8.99)	(45.56)
Employee benefits Expense	24	190.04	169.20
Finance costs	25	9.32	5.97
Depreciation and amortization expense	11 & 12	47.20	39.38
Other Expenses	26	494.33	521.26
<b>Total Expenses</b>		<b>2,112.71</b>	<b>1,992.44</b>
<b>Profit before exceptional items and tax</b>		<b>352.94</b>	<b>249.19</b>
<b>Exceptional items</b>			
Investment in Subsidiary written off (Refer Note 29)		1.51	0.00
Litigation Settlement - Entry Tax		0.00	5.75
<b>Profit before tax</b>		<b>351.43</b>	<b>243.44</b>
<b>Tax expense:</b>			
<u>Current tax</u>			
Current year		105.00	72.00
Earlier years		(0.12)	(0.50)
<u>Deferred tax</u>			
Current year		11.66	3.58
<b>Profit for the Year</b>		<b>234.89</b>	<b>168.36</b>
<b>Earnings per equity share in ₹ (Face Value of ₹ 2/- each)</b>			
Basic		29.56	21.80
Diluted		29.52	21.80

Significant Accounting Policies

1

The accompanying Notes 1 to 46 form an integral part of these financial statements.

In terms of our report of even date annexed

For and on behalf of the Board

For O. P. Bagla & Co.  
Chartered Accountants  
FRN No. 000018N

Ashok Kajaria  
Chairman & Managing Director  
(DIN: 00273877)

Chetan Kajaria  
Jt. Managing Director  
(DIN: 00273928)

Rishi Kajaria  
Jt. Managing Director  
(DIN: 00228455)

Atul Bagla  
Partner  
Membership No.: 91885  
Place: New Delhi  
Dated: 28th April, 2016

Ram Chandra Rawat  
Executive V.P. (A&T) & Company Secretary  
(FCS No. 5101)

Sanjeev Agarwal  
CFO



## Notes on accounts

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### I. Basis of preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in crore.

#### II. Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

#### III. Tangible & Intangible Fixed Assets:

- a) Tangible assets are stated at their original cost of acquisition inclusive of inward freight, duties and expenditure incurred in the acquisition, construction/installation less accumulated amortization and impairment loss, if any. CENVAT/ VAT credit availed on capital equipment is accounted for by credit to respective fixed assets.
- b) Expenditure during construction period including trial run expenses (net of revenue) are capitalised. Borrowing costs during the period of construction is added to the cost of eligible tangible assets.
- c) Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/ depletion and impairment loss, if any.

#### IV. Depreciation and amortization:

##### Tangible Assets

Depreciation on tangible fixed assets is provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to 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 Life
Plant & machinery	7, 10 & 18 years
Fit-out and other assets at sales outlets	5 years

Leasehold land is amortized over the period of the lease.

##### Intangible Assets

Intangible assets are amortised over their estimated useful lives on straight line method as follows:

Particulars	Useful Life
Computer software	6 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

#### V. Impairment:

The carrying values of assets /cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there is a change in the estimate of recoverable amount.



## Notes on accounts

### VI. Investments:

Non-current investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

### VII. Inventories:

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition.

Cost of raw materials, stores and spares, packing materials, trading and other products are determined on weighted average basis.

### VIII. Revenue Recognition:

Revenue is recognized only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services and excise duty, adjusted for discounts (net).

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

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

### IX. Employee Stock Options:

Accounting value of stock options is determined on the basis of 'Intrinsic Value' representing the excess of the fair market value of Company's equity share on the date of grant over the exercise price of the options granted under the "Employees Stock Option Scheme" of the Company, and is being amortised as "Employee Stock Compensation Cost" on a straight-line basis over the vesting period in accordance with the Guidance Note on "Share Based Payments" issued by the Institute of Chartered Accountants of India.

### X. Foreign Currency Transactions:

- a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.
- b) Monetary items denominated in foreign currencies at the year end are restated at year end exchange rates, except in cases covered by forward contracts.
- c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the statement of profit and loss.

### XI. Government grants and subsidies:

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received.

Where the grant or subsidy relates to revenue, it is recognized as income on a accrual basis in the statement of profit and loss. Where the grant relates to a fixed asset, it is net off from the relevant asset.

### XII. Employee Benefits:

Employee benefits, inter alia, include Defined Contribution Plan and Defined Benefit Plan as under:

#### Defined Contribution Plan

Company's contribution towards provident fund paid/payable during the year is recognised as expense in the Statement of Profit & Loss under Employee Benefit Expense.

#### Defined Benefits Plan

Company's liability towards gratuity and compensation towards accumulated leaves is determined by an independent actuary at the end of the year using the projected unit credit method.



## Notes on accounts

The liability towards gratuity (long term and short term) as ascertained by actuary and as reduced by fair value of plan assets is recognised in the balance sheet at present value. Actuarial gains/losses are recognised immediately in the Statement of Profit & Loss.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

### XIII. Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

### XIV. Research & Development:

Revenue Expenditure on research and development is charged to the Statement of Profit & Loss in the year in which it is incurred. Capital Expenditure on research and development is treated as additions to Fixed Assets in case the same qualifies as a tangible asset as per AS – 10.

### XV. Taxes on income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Deferred income tax reflects the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/ period. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same. Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted at the reporting date.

### XVI. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

### XVII. Unless specifically stated to be otherwise, these policies are consistently followed.



## Notes on the financial statements

### 2. SHARE CAPITAL

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>Authorised</b>		
125,000,000 ( 125,000,000 ) Equity Shares of par value of ₹ 2/- each	25.00	25.00
10,00,000 ( 10,00,000 ) Preference of Shares of par value of ₹ 100/- each	10.00	10.00
	<b>35.00</b>	<b>35.00</b>
<b>Issued, Subscribed &amp; Paid up</b>		
79,469,000 ( Previous year 79,469,000 ) Equity Shares of par value of ₹2/- each fully paid up	15.89	15.89
	<b>15.89</b>	<b>15.89</b>

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period is given below:

Particulars	As at 31 March 2016	As at 31 March 2015
Number of shares outstanding as at the beginning of the year	79,469,000	75,583,580
Shares issued during the year	0	3,885,420
Number of shares outstanding as at the closing of the year	<b>79,469,000</b>	<b>79,469,000</b>

b) The company has only one class of equity share having face value of ₹ 2/- 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 general meeting. The holder of share is entitled to voting rights proportionate to their share holding at the meetings of shareholders.

c) Following Shareholders hold equity shares more than 5% of the total equity shares of the company at the end of the period :-

Name of Shareholder	No. of Shares	% of Shareholding
	As at 31 March 2016	
Kajaria Exports Ltd.	15,311,999	19.27%
Kajaria Securities Pvt. Ltd	6,581,905	8.28%
Pearl Tile Marketing Pvt. Ltd.	5,080,240	6.39%
Cheri Ceramics Pvt. Ltd	5,088,385	6.40%
Jwalamukhi Investments Holdings	4,848,823	6.10%
Westbridge Crossover Fund LLC	5,885,420	7.41%
	As at 31 March 2015	
Kajaria Exports Ltd.	15,311,999	19.27%
Kajaria Securities Pvt. Ltd	6,581,905	8.28%
Pearl Tile Marketing Pvt. Ltd.	5,080,240	6.39%
Cheri Ceramics Pvt. Ltd	5,088,385	6.40%
Jwalamukhi Investments Holdings	6,245,005	7.86%
Westbridge Crossover Fund LLC	5,885,420	7.41%

d) The company has not issued shares for a consideration other than cash or bonus shares during the immediately preceding 5 years.

e) Refer Note No. 37 for details relating to Employee Stock Option granted during the year



## Notes on the financial statements

### 3. RESERVES AND SURPLUS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	5.00	5.00
<b>Securities Premium Account</b>		
As per last Balance Sheet	163.06	63.84
Add : Amount received on issue of shares	0.00	99.22
	163.06	163.06
<b>Employee Stock Option Outstanding</b>		
Amount for the year (Refer Note 37)	0.17	0.00
<b>General Reserve</b>		
As per last balance sheet	185.37	146.03
Less: Amount withdrawn from reserve	0.00	(0.66)
Add : Transferred During the Year	60.00	40.00
	245.37	185.37
<b>Surplus</b>		
As per last balance sheet	352.81	262.60
Add : Net Profit trfd from Statement of Profit & Loss	234.89	168.36
Less : Proposed Dividend on Equity Shares	39.74	31.79
[Dividend per share ₹5 (Previous year ₹4/- per share)]		
Less : Corporate Dividend Tax	8.09	6.36
Less : Transfer to General Reserve	60.00	40.00
	479.87	352.81
	<b>893.47</b>	<b>706.24</b>

### 4. LONG-TERM BORROWINGS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>A. RUPEE TERM LOANS</b>		
<b>SECURED</b>		
From Financial Institutions (Interest Free)	5.19	0.00
Vehicle Loan from banks	0.28	1.23
	<b>5.47</b>	<b>1.23</b>

#### NOTES :

- Interest Free Term loan from a state financial institution is secured against first charge on part of factory land and building of the company at Sikandrabad, Uttar Pradesh. The loan is repayable in one instalment after seven years from the date of disbursement.
- Vehicle Loans are secured against respective assets financed. Rate of interest of these loans ranges from 9.50% to 10.50% p.a.. Repayment of vehicle loans are according to the respective loan agreement executed with the lender.
- There is no default in repayment of principle or interest on any of the loans during the year.

### 5. DEFERRED TAX LIABILITY (NET)

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>Deferred Tax Liability</b>		
On Depreciation on fixed assets	83.97	72.33
<b>Deferred Tax Assets</b>		
On disallowances under Income Tax Act	2.77	2.79
	<b>81.20</b>	<b>69.54</b>

NOTE : refer Note 39 for details



## Notes on the financial statements

### 6. LONG TERM PROVISIONS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits		
Gratuity	9.31	9.73
<b>Total</b>	<b>9.31</b>	<b>9.73</b>

Refer Note No. 33 for detailed disclosure as per AS 15.

### 7. SHORT-TERM BORROWINGS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>RUPEE LOANS REPAYABLE ON DEMAND</b>		
From Banks		
Working Capital Facilities- Secured	39.61	53.12
Short Term Loans- Unsecured	0.00	25.51
<b>Total</b>	<b>39.61</b>	<b>78.63</b>

#### NOTES :

Working Capital Facilities from Banks are secured by 1st charge on inventories and book debts and second charge on immovable and movable assets of the Company (at its factories at Sikandrabad, U.P. and Gailpur, Rajasthan) ranking pari passu amongst the Banks and further guaranteed by the Managing Director of the Company. The rate of interest is variable and is linked to the base rate. There is no default in repayment of principle and payment of interest of aforesaid loans.

### 8. TRADE PAYABLES

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Trade Payables - Micro & Small Enterprises	10.40	11.01
- Others	208.50	167.62
	<b>218.90</b>	<b>178.63</b>

NOTE : Refer Note 43 for disclosures as required under MSMED Act, 2006

### 9. OTHER CURRENT LIABILITIES

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Current maturities of long term debts	0.93	1.61
Payable for capital expenditure	27.36	6.68
Unpaid Dividends	1.23	0.94
Provision for expenses	32.38	25.11
Deposits Received	16.04	10.77
Advance from Customers	9.42	10.17
Statutory Dues Payable	40.59	32.01
<b>TOTAL</b>	<b>127.95</b>	<b>87.29</b>



# Notes on the financial statements

## 10. SHORT TERM PROVISIONS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>Provision for employee benefits</b>		
Gratuity	0.67	0.36
Accumulated leaves	7.99	7.39
<b>Others</b>		
Proposed Dividend	39.74	31.79
<b>Provision for :</b>		
Income Tax *	11.70	2.22
Corporate Dividend Tax	8.09	6.36
<b>TOTAL</b>	<b>68.19</b>	<b>48.12</b>

### NOTES :

\* Net of Income Tax Advances ₹ 93.31 Crores (P.Y. 69.75 Crores)

Note: Disclosure of movement in Provisions as required by AS-29 has been given in Note No. 41

## 11. TANGIBLE ASSETS

(₹ in crores)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions	Sale/ Transfer	As at 31.3.2016	Upto 31.3.2015	For the Year	Sale/ Transfer	Upto 31.3.2016	As at 31.3.2016	As at 31.3.2015
Land :										
(including development expenses)										
- Freehold	7.49	6.14	0.00	13.62	0.00	0.00	0.00	0.00	13.62	7.49
- Leasehold	3.12	0.00	0.00	3.12	0.80	0.03	0.00	0.83	2.29	2.32
Building	165.20	49.10	0.00	214.30	48.45	4.67	0.00	53.11	161.18	116.75
Plant and equipment	624.28	138.95	40.51	722.68	265.17	36.11	33.53	267.76	454.93	359.11
Furniture and fixtures	6.19	1.61	1.12	6.72	3.63	0.40	0.02	4.01	2.71	2.56
Vehicles	20.26	4.64	2.09	22.81	5.86	2.64	1.24	7.26	15.55	14.40
Office equipment	4.97	1.06	0.15	5.87	2.56	0.52	0.09	2.99	2.89	2.41
Computers	6.01	0.32	0.03	6.29	4.95	0.39	0.03	5.31	0.98	1.06
Other Equipments	16.77	2.77	1.55	17.98	10.42	1.90	0.82	11.49	6.49	6.35
<b>CURRENT YEAR</b>	<b>854.29</b>	<b>204.59</b>	<b>45.45</b>	<b>1,013.39</b>	<b>341.84</b>	<b>46.66</b>	<b>35.73</b>	<b>352.76</b>	<b>660.63</b>	<b>512.45</b>
<b>PREVIOUS YEAR</b>	<b>808.46</b>	<b>56.45</b>	<b>10.63</b>	<b>854.29</b>	<b>306.64</b>	<b>39.88</b>	<b>4.72</b>	<b>341.84</b>	<b>512.45</b>	<b>501.82</b>

## 12. INTANGIBLE ASSETS

(₹ in crores)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions	Sale/ Transfer	As at 31.3.2016	Upto 31.3.2015	For the Year	Sale/ Transfer	Upto 31.3.2016	As at 31.3.2016	As at 31.3.2015
Software	3.36	0.76	0.00	4.13	1.59	0.55	0.00	2.13	1.99	1.78
<b>CURRENT YEAR</b>	<b>3.36</b>	<b>0.76</b>	<b>0.00</b>	<b>4.13</b>	<b>1.59</b>	<b>0.55</b>	<b>0.00</b>	<b>2.13</b>	<b>1.99</b>	<b>1.78</b>
<b>PREVIOUS YEAR</b>	<b>3.36</b>	<b>0.02</b>	<b>0.02</b>	<b>3.36</b>	<b>1.11</b>	<b>0.50</b>	<b>0.02</b>	<b>1.59</b>	<b>1.78</b>	<b>2.26</b>



## Notes on the financial statements

### 13. NON CURRENT INVESTMENTS

(₹ in crores)

	No. of Shares	As at 31 March 2016	As at 31 March 2015
<b>LONG TERM INVESTMENTS- (UNQUOTED, TRADE)</b>			
<b>IN SUBSIDIARIES</b>			
<b>Equity Instruments of face value of ₹ 10 each (fully paid up)</b>			
Soriso Ceramic Pvt Ltd	1,530,000 (15,30,000)	5.62	5.62
Jaxx Vitrified Pvt. Ltd.	9,119,500 (91,19,500)	24.75	24.75
Vennar Ceramics Ltd	7,650,000 (76,50,000)	13.65	13.65
Cosa Ceramics Pvt Ltd.	4,642,040 (46,42,040)	11.61	11.61
Floera Ceramics Pvt Ltd.	5,10,000 (NIL)	5.10	0.00
Kajaria Bathware Pvt Ltd.	25,00,000 (15,00,000)	40.00	15.00
Taurus Tiles Pvt. Ltd	81,60,000 (70,50,800)	8.16	7.05
<b>In Limited Liability Partnership- Wholly Owned Entity</b>			
Kajaria Ceramics Kazakhstan LLP (Refer Note 29)		0.00	1.51
		<b>108.89</b>	<b>79.19</b>
<b>Unquoted Investments</b>			
Aggregated Book Value		108.89	79.19

#### Notes :

- Investments have been valued as per accounting policy no.VI disclosed in Note no. 1 to these financial statements.
- Previous year number of shares are given in brackets.

### 14. LONG TERM LOANS AND ADVANCES (Unsecured Considered good, unless otherwise stated)

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Capital Advances	3.29	7.48
Security Deposits	9.51	8.87
Loans		
- To Related Parties*#	140.35	92.38
<b>Total</b>	<b>153.15</b>	<b>108.73</b>

\* Represents loan given to subsidiary companies. Details are given in Note 35 on Related Party Transactions

# Includes ₹ 40.24 crores (Previous Year ₹ 24.37 crores) loan given to a private limited company "Kajaria Bathware Private Limited" (a wholly owned subsidiary) in which directors of the company are also directors.



## Notes on the financial statements

### 15. INVENTORIES *(As taken, valued and certified by the Management)*

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Raw Materials	31.90	27.59
Work-in-Process	7.24	4.00
Finished Goods	129.13	126.26
Stock In Trade	18.70	16.07
Stores and Spares	33.02	28.04
	<b>219.99</b>	<b>201.96</b>

**Note:** Inventories have been valued as per accounting policy no VII disclosed in Note no. 1 to these financial statements.

### 16. TRADE RECEIVABLES *(Unsecured Considered good unless otherwise stated)*

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
a) Debt Outstanding for a period exceeding six months		
- Considered Good	2.18	0.86
- Considered Doubtful	2.36	2.19
Less: Provision for Doubtful Debts	0.70	0.20
	1.66	1.99
	<b>3.84</b>	<b>2.85</b>
b) Other Debts		
- Considered Good	248.48	188.93
	<b>252.32</b>	<b>191.78</b>

### 17. CASH AND BANK BALANCES

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>Cash &amp; Cash Equivalents</b>		
Balance with Banks		
- in current account	2.77	4.56
Cash in hand	0.62	0.38
	3.39	4.94
<b>Earmarked Bank Balances</b>		
Unpaid dividend accounts	1.23	0.94
<b>Other Bank Balances</b>		
Margin money against bank guarantee with original maturity of more than three months but less than twelve months	0.19	0.17
	<b>4.81</b>	<b>6.05</b>



## Notes on the financial statements

### 18. SHORT TERM LOANS AND ADVANCES (Unsecured Considered good unless otherwise stated)

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>Loans</b>		
- To Related parties	0.00	54.19
- To Others	0.00	0.49
Advances recoverable in cash or in kind	30.00	23.83
Balance With Excise Authorities	19.57	9.07
Advance to gratuity trust	0.06	0.02
Prepaid Expenses	2.25	1.31
Income Tax Advances	0.40	0.03
	<b>52.28</b>	<b>88.94</b>

### 19. OTHER CURRENT ASSETS (Unsecured Considered good unless otherwise stated)

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Exports Benefit Accrued	0.12	0.71
	<b>0.12</b>	<b>0.71</b>

### 20. REVENUE FROM OPERATIONS

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Sale of Products</b>		
Tiles	2,606.39	2,370.74
Power	2.89	3.02
Less : Inter division sales of power	1.65	1.44
	<b>2,607.63</b>	<b>2,372.32</b>
<b>Other operating revenue</b>		
Sale of scrap	1.80	1.56
Export incentives received	0.96	1.12
VAT Subsidy	4.06	3.20
	<b>2,614.45</b>	<b>2,378.20</b>

### 21. OTHER INCOME

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
Interest Income	17.02	8.13
Miscellaneous Income	0.45	0.07
Rent Received	0.14	0.29
	<b>17.61</b>	<b>8.49</b>



## Notes on the financial statements

### 22. COST OF MATERIAL CONSUMED

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Raw Material &amp; Packing Material Consumed</b>		
Body Material	142.24	133.82
Glaze, Frits And Chemicals	131.73	130.94
Packing Material	71.07	69.89
	<b>345.04</b>	<b>334.65</b>

### 23. CHANGES IN INVENTORIES

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Stock as on 1.4.2015</b>		
Finished Goods	127.78	67.11
Stock In Trade	14.55	28.52
Work-in-process	4.00	5.14
<b>'A'</b>	<b>146.33</b>	<b>100.77</b>
Finished Goods used for Fixed Assets 'B'	0.25	0.00
<b>Stock as on 31.03.2016</b>		
Finished Goods	129.13	126.26
Stock In Trade	18.70	16.07
Work-in-process	7.24	4.00
<b>'C'</b>	<b>155.07</b>	<b>146.33</b>
<b>A- B- C</b>	<b>(8.99)</b>	<b>(45.56)</b>

### 24. EMPLOYEE BENEFITS EXPENSE

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
Salaries and wages	176.85	156.66
Contribution to provident and other funds	10.06	9.86
Stock compensation cost (Refer Note 37)	0.17	0.00
Staff welfare expenses	2.96	2.68
	<b>190.04</b>	<b>169.20</b>

### 25. FINANCE COSTS

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Interest on:</b>		
Term loans	0.00	1.92
Others	5.55	4.32
Other ancillary borrowing costs	1.17	1.39
Loss(gain) on foreign currency rate difference	2.60	(1.66)
	<b>9.32</b>	<b>5.97</b>



## Notes on the financial statements

### 26. OTHER EXPENSES

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Other Manufacturing Expenses</b>		
Stores and Spares Consumed	44.93	43.20
Power and Fuel	254.63	288.13
Excise Duty Variance on opening and closing Stocks	3.93	8.67
	<b>303.49</b>	<b>340.00</b>
<b>Repairs &amp; maintenance</b>		
- Building	5.05	4.24
- Machinery	8.00	6.33
- Others	2.17	2.43
	<b>15.22</b>	<b>13.00</b>
<b>Administrative Expenses</b>		
Rent	9.85	8.13
Rates & Taxes	1.14	0.59
Traveling & Conveyance Expenses	24.13	23.64
Insurance Charges	1.93	1.66
Legal & Professional Charges	2.86	2.45
<u>Auditors' Remuneration :</u>		
- As Audit Fees	0.30	0.27
- For Tax Audit, Certification & Tax Representations	0.11	0.09
- For Other Matters	0.03	0.07
Miscellaneous Expenses	17.62	15.95
	<b>57.97</b>	<b>52.85</b>
<b>Selling &amp; Distribution Expenses</b>		
Packing Freight & Forwarding Expenses	32.51	36.29
Advertisement, Publicity & Sales Promotion	53.31	53.33
Sales Commission	16.18	17.09
	<b>102.00</b>	<b>106.71</b>
<b>Others</b>		
Loss on Sale / Scrapping of Fixed Assets	3.43	1.32
Provision for bad & doubtful debts	0.50	0.00
CSR Expenses	3.59	1.10
Research & Development Expenses	8.13	6.28
	<b>15.65</b>	<b>8.70</b>
	<b>494.33</b>	<b>521.26</b>

### 27. CONTINGENT LIABILITIES (excluding matters separately dealt with in other notes):

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
a) In respect of Bills discounted With the Company's Bankers	0.13	8.29
b) Counter guarantees issued in respect of guarantees issued by company's bankers	1.01	1.12
c) Guarantees provided on behalf of subsidiaries	209.24	223.23
d) In respect of VAT, Service Tax & Custom Duty Demands pending before various authorities and in dispute	1.45	0.92
e) In respect of pending income tax demands	0.00	0.18
f) In respect of Consumer Cases	1.28	2.02



## Notes on the financial statements

### 28. COMMITMENTS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	0.88	8.83
b) Letters of Credit opened in favour of inland/overseas suppliers (Net)	64.01	49.81

29. The company has made an investment in a foreign subsidiary namely Kajaria Ceramics Kazakhstan LLP, in Kazakhstan in previous year. The operations of the subsidiary entity has resulted in losses. According to the unaudited financial statements as at 31.3.2016 entire net worth of the entity stands eroded. In view of this the investment of ₹ 1.51 crores as shown in Note No. 13 of Balance Sheet has been written off. The amount so written off has been shown as Exceptional Item in Statement of Profit & Loss for the year.

30. Balances of certain debtors, creditors, loans and advances are subject to confirmation.

31. In the opinion of the Management current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated except where indicated otherwise.

32. Research and Development expenditure incurred from 2012-13 to 2015-16:

(₹ in crores)

Particulars	2012-13	2013-14	2014-15	2015-16
Capital Expenditure	0.46	0.24	0.19	0.53
Revenue Expenses	2.12	4.66	6.28	8.13

### 33. EMPLOYEE BENEFITS

#### A. Defined Contribution Plans

The company makes monthly contribution to Provident fund for employees. Company's contribution to Provident Fund for the year is ₹2.62 crores (Previous year ₹ 2.82 crores) is charged to Statement of Profit and Loss.

#### B. Defined Benefit Plans

##### Gratuity:

The Company has a defined benefit gratuity plan. Gratuity (being administered by a Trust) 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 Gratuity plan for the Company is a defined benefit scheme where annual contributions are deposited to a Gratuity Trust Fund established to provide gratuity benefits. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method. Plan assets also include investments and bank balances used to deposit premiums until due to the insurance company.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the plan:

##### Statement of Profit and Loss

Net employee benefit expense (recognized in employee cost)

(₹ in crores)

Particulars	31 March 2016	31 March 2015
Current Service cost	2.07	1.85
Interest cost on benefit obligation	1.37	1.09
Net actuarial loss recognized in the year	1.02	1.38
Past service cost	0	0
Expected Return on Plan Assets	-0.69	-0.46
Net benefit expense	3.76	3.86



## Notes on the financial statements

### Balance Sheet

Details of provision for Gratuity

(₹ in crores)

Particulars	31 March 2016	31 March 2015
Fair Value of Plan Assets at the end of the year	10.33	6.99
Liability at the end of the year	20.31	17.07
Difference	9.98	10.08
Less: Unrecognised past service cost	NIL	NIL
Amount recognized in the Balance Sheet		
Non – Current portion	9.31	9.73
Current portion	0.67	0.36
<b>Total</b>	<b>9.98</b>	<b>10.09</b>

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

Particulars	31 March 2016	31 March 2015
Defined benefit obligation as at 1st April 2015	17.07	13.57
Interest Cost	1.36	1.09
Current service cost	2.07	1.85
Benefit paid	(0.78)	(0.45)
Past Service Cost – Vested Benefit	0.00	0.00
Actuarial losses on obligation	0.59	1.02
Defined benefit obligation as at 31st March 2016	20.31	17.07

Changes in the fair Value of plan assets are as follows:

(₹ in crores)

Particulars	31 March 2016	31 March 2015
Fair value of plan assets as at April 1 2015	6.98	4.82
Return on Plan Assets	0.69	0.46
Contributions by employer	3.86	2.53
Benefits paid	(0.78)	(0.45)
Actuarial Gains / (losses)	(0.42)	(0.37)
Fair value of plan assets as at March 31, 2016	10.33	6.98

The principal assumption used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	31 March 2016	31 March 2015
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	8.00%	7.75%
Salary Escalation	8.00%	7.75%
Attrition Rate	1%	1%
Retirement Age	60 Years	60 Years

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### 34. SEGMENTAL REPORTING:

The business activity of the company falls within one broad business segment viz. "Ceramic/ Vitrified Tiles" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in AS-17 of The Institute of Chartered Accountants of India. Hence the disclosure requirement of Accounting Standard 17 of "Segment Reporting" issued by the Institute of Chartered Accountants of India is not considered applicable.



## Notes on the financial statements

### 35. RELATED PARTY DISCLOSURES:

In accordance with the Accounting Standards (AS-18) on Related Party Disclosures, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, alongwith description of relationship as identified, are given below:-

#### A. Relationships

##### I. Key Management Personnel

Name	Designation
Sh. Ashok Kajaria	Chairman & Managing Director
Sh. Chetan Kajaria	Joint Managing Director
Sh. Rishi Kajaria	Joint Managing Director
Sh. D.D. Rishi	Whole Time Director
Sh. B.K. Sinha	Whole Time Director

##### II. Subsidiaries & Step Subsidiaries:

Soriso Ceramic Pvt. Ltd  
 Jaxx Vitrified Pvt. Ltd  
 Cosa Ceramics Pvt. Ltd  
 Vennar Ceramics Limited  
 Taurus Tiles Pvt. Ltd  
 Kajaria Ceramics Kazakhstan LLP  
 Kajaria Bathware Pvt. Ltd  
 Kajaria Sanitaryware Pvt. Ltd  
 Floera Ceramics Pvt Ltd.

##### III. Enterprises over which key management personnel or their relatives are able to exercise significant influence:

Dua Engineering Works Pvt. Ltd  
 Malti Devi Kajaria Foundation

#### B. The following transactions were carried out with related parties in the ordinary course of business:- (₹ in crores)

Related Party Transactions	Key Management Personnel & their relatives	Subsidiaries	Others
<b>Purchase of Goods</b>			
Soriso Ceramic Pvt Ltd	0 (0)	92.57 (100.31)	0 (0)
Jaxx Vitrified Pvt Ltd	0 (0)	292.57 (229.97)	0 (0)
Cosa Ceramics Pvt Ltd	0 (0)	235.37 (177.56)	0 (0)
Vennar Ceramics Limited	0 (0)	80.44 (81.96)	0 (0)
Kajaria Sanitaryware Pvt Limited	0 (0)	0.01 (0)	0 (0)
Kajaria Bathware Pvt Limited	0 (0)	0.03 (0)	0 (0)
Taurus Tiles Pvt Ltd	0 (0)	85.99 (0)	0 (0)
<b>Purchase of Fixed Asset</b>			
Jaxx Vitrified Pvt Ltd	0 (0)	0.87 (0)	0 (0)



## Notes on the financial statements

B. The following transactions were carried out with related parties in the ordinary course of business:- (contd.) (₹ in crores)

Related Party Transactions	Key Management Personnel & their relatives	Subsidiaries	Others
<b>Sale of Fixed Asset</b>			
Dua Engineering Works Pvt Ltd	0 (0)	0 (0)	0 (0)
Cosa Ceramics Pvt Ltd	0 (0)	0 (1.34)	0 (0)
<b>Sale of Finished Good/Raw Material /Stores</b>			
Jaxx Vitrified Pvt Ltd	0 (0)	0 (0.07)	0 (0)
Vennar Ceramics Limited	0 (0)	0.00 (0)	0 (0)
Kajaria Bathwares Pvt Ltd	0 (0)	2.04 (0.21)	0 (0)
<b>Rent Paid</b>			
Dua Engineering Works Pvt Ltd	0 (0)	0 (0)	1.91 (1.53)
Vennar Ceramics Limited	0 (0)	0.07 (0.06)	0 (0)
Kajaria Bathware Pvt Ltd	0 (0)	0.03 (0.23)	0 (0)
<b>Service Charges Paid</b>			
Dua Engineering Works Pvt Ltd	0 (0)	0 (0)	1.64 (1.55)
<b>Recovery of Expenses</b>			
Kajaria Sanitaryware Pvt. Ltd	0 (0)	1.61 (0)	0.00 (0)
<b>Directors' Remuneration</b>			
Sh. Ashok Kajaria	3.36 (2.97)	0 (0)	0 (0)
Sh. Chetan Kajaria	6.38 (4.88)	0 (0)	0 (0)
Sh. Rishi Kajaria	6.38 (4.88)	0 (0)	0 (0)
Sh. B.K. Sinha	0.55 (0.49)	0 (0)	0 (0)
Sh. D.D. Rishi	0.78 (0.17)	0 (0)	0 (0)
<b>Donation Paid</b>			
Malti Devi Kajaria Foundation	0 (0)	0 (0)	0.31 (0.31)
<b>Rent Received</b>			
Kajaria Bathware Pvt Ltd	0 (0)	0.14 (0.21)	0 (0)



## Notes on the financial statements

B. The following transactions were carried out with related parties in the ordinary course of business:- (contd.) (₹ in crores)

Related Party Transactions	Key Management Personnel & their relatives	Subsidiaries	Others
<b>Interest Received</b>			
Soriso Ceramic Pvt Ltd	0	0	0
	(0)	(0.01)	(0)
Vennar Ceramics Limited	0	0.47	0
	(0)	(1.02)	(0)
Cosa Ceramics Pvt Ltd	0	1.64	0
	(0)	(1.86)	(0)
Kajaria Sanitaryware Pvt. Ltd	0	0.14	0
	(0)	(0.26)	(0)
Taurus Tiles Pvt Ltd	0	1.73	0
	(0)	(0.27)	(0)
Kajaria Bathware Pvt Ltd	0	3.06	0
	(0)	(0.42)	(0)
Jaxx Vitrified Pvt Ltd	0	9.63	0
	(0)	(7.38)	(0)
<b>Purchase / subscription of shares of subsidiary company</b>			
Jaxx Vitrified Pvt Ltd	0	0	0
	(0)	(13.88)	(0)
Kajaria Bathware Pvt Ltd	0	25.00	0
	(0)	(15)	(0)
Taurus Tiles Pvt Ltd	0	1.11	0
	(0)	(7.05)	(0)
Kajaria Ceramics Kazakhstan LLP	0	0	0
	(0)	(1.51)	(0)
Floera Ceramics Pvt Ltd	0	5.10	0
	(0)	(0)	(0)
<b>Sale of shares of subsidiary company</b>			
Kajaria Sanitaryware Pvt. Ltd	0	0	0
	(0)	(3.2)	(0)
<b>Loan Given</b>			
Jaxx Vitrified Pvt Ltd	0	19.41	0
	(0)	(100.36)	(0)
Kajaria Sanitaryware Pvt. Ltd	0	0	0
	(0)	(6.73)	(0)
Taurus Tiles Pvt Ltd	0	11.00	0
	(0)	(8)	(0)
Kajaria Bathware Pvt Ltd	0	70.51	0
	(0)	(0)	(0)
Cosa Ceramics Pvt Ltd	0	0	0
	(0)	(13.5)	(0)
Kajaria Bathware Pvt Ltd	0	0	0
	(0)	(24.37)	(0)
<b>Loan Repaid</b>			
Soriso Ceramic Pvt Ltd	0	0	0
	(0)	(0.75)	(0)



## Notes on the financial statements

B. The following transactions were carried out with related parties in the ordinary course of business:- (contd.) (₹ in crores)

Related Party Transactions	Key Management Personnel & their relatives	Subsidiaries	Others
<b>Loan Repaid (contd...)</b>			
Jaxx Vitrified Pvt Ltd	0	33.70	0
	(0)	(25.88)	(0)
Vennar Ceramics Limited	0	0	0
	(0)	(2.5)	(0)
Cosa Ceramics Pvt Ltd	0	13.50	0
	(0)	(0)	(0)
Kajaria Sanitaryware Pvt. Ltd	0	4.19	0
	(0)	(7.5)	(0)
Kajaria Bathware Pvt Ltd	0	54.65	0
	(0)	(0)	(0)
Taurus Tiles Pvt Ltd	0	1.11	0
	(0)	(0)	(0)
<b>Net Outstanding Balance :-</b>			
<b>Long term loans</b>			
Jaxx Vitrified Pvt Ltd	0	73.50	0
	(0)	(87.79)	(0)
Vennar Ceramics Limited	0	5.22	0
	(0)	(5.22)	(0)
Cosa Ceramics Pvt Ltd	0	3.50	0
	(0)	(17)	(0)
Kajaria Sanitaryware Pvt. Ltd	0	0	0
	(0)	(4.19)	(0)
Taurus Tiles Pvt Ltd	0	17.89	0
	(0)	(8)	(0)
Kajaria Bathware Pvt. Ltd	0	40.24	0
	(0)	(24.37)	(0)
<b>Trade Payables</b>			
Jaxx Vitrified Pvt Ltd	0	6.52	0
	(0)	(0.06)	(0)
Soriso Ceramic Pvt Ltd	0	2.56	0
	(0)	(39.24)	(0)
Vennar Ceramics Limited	0	1.19	0
	(0)	(0.92)	(0)
Taurus Tiles Pvt Ltd	0	9.90	0
	(0)	(0)	(0)
Cosa Ceramics Pvt Ltd	0	18.27	0
	(0)	(14.64)	(0)

(Figures in brackets are for previous year)

36. 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 ₹ 3.82 crores (previous year ₹ 2.92 crores) for Corporate Social Responsibility activities. The company has incurred CSR expenditure of ₹ 3.59 crores during the current financial year (₹ 1.09 crores in previous year) on the projects/activities for the benefit of the public in general and in the neighborhood of the manufacturing facilities of the company.



## Notes on the financial statements

### 37. EMPLOYEE SHARE-BASED PAYMENT

#### Description of share based payments arrangements

During the year, the Company granted stock options to certain employees of the Company and its subsidiaries. The Company has the following share-based payment arrangements for employees.

#### Kajaria Ceramics Employee Stock Option Plan 2015 (ESOP 2015)

The ESOP 2015 ("the Plan") was approved by the Board of Directors and the shareholders on 7th September 2015. The plan entitles employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. 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, which is 7.42 % below the stock price i.e. ₹918.10 at the date of grant, i.e., 20th October, 2015.

#### Share based payment expense

(₹ in crores)

	For the year ended 31 March 2016
Expense recognised in employee benefits	0.17

#### Particulars of Scheme

Name of Scheme	Employee Stock Option Plan 2015
Vesting conditions	22,900 options 24 months after the grant date ('First vesting') 45,800 options 36 months after the grant date ('Second vesting') 68,700 options 48 months after the grant date ('Third vesting') 91,600 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	2,29,000
Exercise Price	₹850/-
Remaining Life as on 31.03.2016	4.50 years

#### Reconciliation of outstanding share options

The number of options granted during the year remains same as at the end of the year. There were no options exercisable during the year.

As permitted by the Guidance Note on accounting for Employee Share - based Payment, issued by the Institute of Chartered Accountants of India, the Company has elected to account for stock options based on their intrinsic value (i.e., the excess of fair market value of the underlying share over the exercise price) at the grant date rather than fair value at that date. Had the compensation cost for employee stock options been determined on the basis of the fair value method as described in the said Guidance Note, the Company's net profit after tax would have been lower by 0.44 crores (previous year NIL), and basic earnings per share would have been 29.50 (previous year 21.80) and diluted earnings per share would have been 29.46 (previous year 21.80).

For purposes of the above proforma disclosures, the fair values are measured based on the Black-Scholes-Merton formula. Expected volatility, an input in this formula, is estimated by considering historic average share price volatility. The inputs used in the measurement of grant-date fair values are as follows:

(₹ in crores)

Particulars	31 March 2016	
	Options vested	Options to be vested
Number of options	-	229,000
Fair value on grant date	-	850
Share price at grant date	-	918.10
Exercise price	-	850.00
Expected volatility	-	27.63%
Expected life	-	4.5 years
Expected dividends	-	0.40%
Expected Attrition rate	-	3.00%
Risk-free interest rate (based on government bonds)	-	7.30%



## Notes on the financial statements

### 38. EARNINGS PER SHARE (EPS)

The numerators and denominators used to calculate Basic and Diluted Earning per share:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
<b>Basic Earnings Per Share</b>		
Profit attributable to the Equity Shareholders – (A) (₹ in Crores)	234.89	168.36
Basic/Weighted average number of Equity Shares outstanding during the year (B)	7,94,69,000	7,72,44,198
Nominal value of Equity Shares (₹)	2.00	2.00
Basic Earnings per share (₹) – (A)/(B)	29.56	21.80
<b>Diluted Earnings Per Share</b>		
Profit attributable to the Equity Shareholders – as above (₹ in Crores)	234.89	168.36
Interest Paid on Potential Equity Shares net of tax impact (₹ In Crores)	0	0
Profit considered for Diluted EPS (C)	234.89	168.36
Basic Weighted average number of Equity Shares outstanding during the year as above	7,94,69,000	7,72,44,198
Weighted Average Potential Equity Shares outstanding	1,02,612	0
Total weighted average shares considered for Diluted EPS (D)	7,95,71,612	7,72,44,198
Nominal value of Equity Shares (₹)	2.00	2.00
Diluted Earning per share (₹) – (C)/(D)	29.52	21.80

### 39. Tax Expense is the aggregate of current year income tax and deferred tax charged to the Statement of Profit and Loss for the year.

#### a) Current Year Charge:

Income Tax provision of ₹105.00 Crores (P.Y. ₹ 72.00 Crores) has been made on regular income.

#### b) Deferred Tax

The Company estimates the deferred tax charge using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The movement of provision for deferred tax is given below:

(₹ in crores)			
Particulars	Opening as at 1.4.2015	Charge/(credit) during the year	Closing as at 31.3.2016
<b>Deferred Tax Liability</b>			
Depreciation	72.33	11.64	83.97
<b>Deferred Tax Asset</b>			
Disallowances u/s 43B	2.79	0.02	2.77
<b>Net Deferred Tax Liability</b>	<b>69.54</b>	<b>11.66</b>	<b>81.20</b>

### 40. During the year, the Company has commenced commercial production of vitrified tiles at its new manufacturing facility at Malutana, Rajasthan. The following expenditure incurred during construction period was capitalized to fixed assets :-

Particulars	₹ in Crores
Employee benefits Expense	2.71
Other Expenses	4.35
<b>Total</b>	<b>7.06</b>



## Notes on the financial statements

### 41. Disclosure of Movement in Provisions during the year as per AS- 29 :

(₹ in crores)

Particulars	Balance As on 1.4.2015	Provided During the year	Paid/Adjusted During the year	Balance As on 31.3.2016
<b>Long Term Provisions</b>				
Gratuity	9.73	3.08	3.5	9.31
<b>Total</b>	<b>9.73</b>	<b>3.08</b>	<b>3.5</b>	<b>9.31</b>
<b>Short Term Provisions</b>				
Gratuity	0.36	0.67	0.36	0.67
Accumulated leaves	7.39	2.76	2.16	7.99
Proposed Dividend	31.79	39.73	31.79	39.73
Income Tax	2.22	105	95.53	11.69
Corporate Dividend Tax	6.36	8.09	6.36	8.09
<b>Total</b>	<b>48.12</b>	<b>156.25</b>	<b>136.2</b>	<b>68.17</b>
<b>Grand Total</b>	<b>57.85</b>	<b>159.33</b>	<b>139.7</b>	<b>77.48</b>

### 42. Foreign currency exposure not hedged by derivative instrument or otherwise:

(₹ in crores)

Particulars	Currency	31 March 2016		31 March 2015	
		Foreign Currency	Indian Rupee	Foreign Currency	Indian Rupee
<b>Advances recoverable</b>					
For Goods and Services	EURO	0.01	0.25	0.00	0.04
	USD	0.01	0.66	0.01	0.64
For Capital Items	EURO	0.03	2.06	0.02	1.56
<b>Payables</b>					
For Goods and Services	EURO	0.04	2.67	0.02	1.06
	USD	0.03	1.73	0.32	20.21
Payables for Capital Expenditure	EURO	0.23	17.47	0.06	4.17
	USD	0.18	12.34	0.11	6.99
Buyers' Credit	USD	NIL	NIL	0.40	25.51

### 43. Disclosure under MSMED Act 2006 for Dues to Small & Micro Enterprises #:

(₹ in crores)

	2015-16	2014-15
1. Principal amount outstanding	10.40	14.30
2. Interest due on (1) above and the unpaid interest	0.00	0.00
3. Interest paid on all delayed payments under MSMED Act	0.00	0.00
4. Payment made beyond the appointed date during the year	0.00	0.00
5. Interest due and payable for the period of delay other than (3) above	0.00	0.00
6. Interest accrued and remaining unpaid	0.00	0.00
7. Amount of further interest remaining due and payable in succeeding years	0.00	0.00

# The details of amounts outstanding to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 are as per available information with the Company.



## Notes on the financial statements

44. Additional Information pursuant to Para 5 of Part-II of Schedule III of the Companies Act, 2013

a) **Particulars of Sales & Stocks** (₹ in crores)

Particulars	Year Ended 31 March 2016	Year Ended 31 March 2015
i) Opening Stock		
Tiles	142.33	95.62
ii) Purchases		
Tiles	1035.77	967.54
iii) Sales		
Tiles (Manufactured)	1352.26	1228.16
Tiles (Trading)	1254.13	1142.58
Power	1.24	1.58
iv) Closing Stock		
Tiles	147.83	142.33

b) **Value of Imports on CIF basis:** (₹ in crores)

Particulars	Year Ended 31 March 2016	Year Ended 31 March 2015
• Capital Goods	83.05	26.13
• Raw Materials	1.57	3.18
• Spares and Consumables	18.73	18.57
• Traded Goods	27.38	73.49

c) **Expenditure in Foreign Currency (on accrual basis) :** (₹ in crores)

Particulars	Year Ended 31 March 2016	Year Ended 31 March 2015
a) Commission of Export Sales	1.59	0.44
b) Others including travel etc.	4.15	3.15

d) **Payment of Dividend in Foreign Currency pertaining to :**

Particulars	F.Y. 2015-16	F.Y. 2014-15
• No of persons	15	15
• No of shares	31830	31830
• Amount in ₹	127320	111404

e) **Earnings in Foreign Currency :** (₹ in crores)

Particulars	2015-16	2014-15
FOB Value of Exports (₹)	23.85	45.95

f) **Value of imported and indigenous raw material consumed and the percentage of each to total consumption:**

Particulars	2015-16		2014-15	
	%	(₹ Crores)	%	(₹ Crores)
Imported	0.66%	2.27	1.30%	4.37
Indigenous	99.34%	342.77	98.70%	330.29



## Notes on the financial statements

### 45. INFORMATION UNDER SECTION 186(4) OF THE COMPANIES ACT 2013:

#### A. LOANS GIVEN:

There are no loans besides those shown in note no. 35.

#### B. INVESTMENT

There is no investment besides those shown in note no. 13.

#### C. GUARANTEE GIVEN

Guarantees given to subsidiary companies shown in note no. 35.

#### D. The company has not provided any security during the year.

46. The Company was hitherto charging depreciation on plant & machinery items taking a useful life of 18 years. Based on the internal technical evaluation, the company has revised useful lives of some items of plant and machinery from 18 years to 10 and 7 years as per detail below :

Particulars	Useful Life
Digital Printing Machine	7 Years
Cutting, Squaring and Polishing Lines	10 Years

Had there been no change, depreciation charge for the year would have been lower by ₹3.93 crores and profit for the year would have been higher by ₹3.93 crores.

47. The company has reclassified previous year figures to conform to this year's classification.

### SIGNATURE TO THE NOTES 1 TO 47.

In terms of our report of even date annexed

For and on behalf of the Board

**For O. P. Bagla & Co.**  
Chartered Accountants  
FRN No. 000018N

**Ashok Kajaria**  
Chairman & Managing Director  
(DIN: 00273877)

**Chetan Kajaria**  
Jt. Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Jt. Managing Director  
(DIN: 00228455)

**Atul Bagla**  
Partner  
Membership No.: 91885  
Place: New Delhi  
Dated: 28th April, 2016

**Ram Chandra Rawat**  
Executive V.P. (A&T) & Company Secretary  
(FCS No. 5101)

**Sanjeev Agarwal**  
CFO



# Cash Flow Statement

for the year ended 31 March 2016

(₹ in crores)

	Year ended 31 March 2016		Year ended 31 March 2015	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax		351.43		243.44
<i>Adjusted for :</i>				
Depreciation	47.20		39.38	
Interest Received	(17.02)		(8.13)	
Interest Paid	5.55		6.23	
Provision for ESOP	0.17		0.00	
Loss on write off of investment	1.51		0.00	
Dividend Received	0.00		0.00	
Loss on sale of Fixed Assets	3.43	40.84	1.32	38.80
<b>Operating Profit before Working Capital Changes</b>		<b>392.27</b>		<b>282.24</b>
<i>Adjusted for :</i>				
Trade & Other Receivables	(67.65)		(154.75)	
Inventories	(18.05)		(50.13)	
Trade Payable	81.43	(4.27)	7.46	(197.42)
<b>Cash Generated from Operations</b>		<b>388.00</b>		<b>84.82</b>
Interest Paid	(5.55)		(6.23)	
Direct Taxes Paid	(95.78)		(69.60)	
		(101.33)		(75.83)
<b>Net Cash from operating activities</b>		<b>286.67</b>		<b>8.99</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(207.44)		(48.23)	
Sale of Fixed Assets	6.32		4.61	
Purchase of Investments	(31.21)		(37.44)	
Sale of Investments	0.00		3.20	
Interest Received	17.02		8.13	
<b>Net Cash used in Investing Activities</b>		<b>(215.31)</b>		<b>(69.73)</b>



# Cash Flow Statement

for the year ended 31 March 2016

(₹ in crores)

	Year ended 31 March 2016		Year ended 31 March 2015	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Share Capital / Warrants	0.00		75.00	
Proceeds/ (Repayment) of Long Term Borrowings (Net)	4.24		(0.36)	
Proceeds / (Repayment) of Short Term Borrowings (Net)	(39.02)		19.25	
Dividend and Dividend Tax Paid	(38.14)		(30.95)	
<b>Net Cash used in Financing Activities</b>		<b>(72.92)</b>		<b>62.94</b>
<b>Net increase in Cash and Cash Equivalents</b>		<b>(1.56)</b>		<b>2.20</b>
Cash and Cash Equivalents as on 1.4.2015		4.94		2.74
<b>Cash and Cash Equivalents as on 31.3.2016</b>		<b>3.38</b>		<b>4.94</b>
<b>Components of cash and cash equivalents</b>				
Cash in hand		0.62		0.38
Balance in current account with banks		2.77		4.56
		<b>3.39</b>		<b>4.94</b>

**Notes:**

The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements.

In terms of our report of even date annexed

For and on behalf of the Board

**For O. P. Bagla & Co.**  
Chartered Accountants  
FRN No. 000018N

**Ashok Kajaria**  
Chairman & Managing Director  
(DIN: 00273877)

**Chetan Kajaria**  
Jt. Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Jt. Managing Director  
(DIN: 00228455)

**Atul Bagla**  
Partner  
Membership No.: 91885  
Place: New Delhi  
Dated: 28th April, 2016

**Ram Chandra Rawat**  
Executive V.P. (A&T) & Company Secretary  
(FCS No. 5101)

**Sanjeev Agarwal**  
CFO



## Independent Auditor's Report

To the Members of  
**KAJARIA CERAMICS LIMITED**

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **KAJARIA CERAMICS LIMITED** (hereafter referred as the holding company) and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of Consolidated Financial Statements by the directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in para of the "Other Matters" below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of other auditors of subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2016, and its consolidated profit, and its consolidated cash flows for the year ended on that date.

### Other Matters

We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹596.91crores as at 31st March 2016, total revenue of ₹ 678.66 crores and net cash flows of ₹ (-) 25.57 crores for the year then ended. 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 subsidiaries, is based solely on the reports of other auditors.

We have relied on the unaudited financial statements/financial information of one subsidiary (Foreign LLP) whose financial statements reflect total assets of ₹ 0.01crores as at 31st March 2016, total revenue of ₹ NIL and cash flows amounting to ₹(-) 0.11crores for the year ended on that date. These unaudited financial statements/financial information have been furnished to us by the management and our



report, in so far as it relates to the amounts included in respect this subsidiary are based solely on such approved unaudited financial statements/financial information. In our opinion, the amounts involved in this subsidiary are not significant to the Group.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of Other Matters as referred above.

#### Report on Other Legal and Regulatory Requirements

1. Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable on Consolidated Financial Statements as referred in proviso to para 2 of the Order.
2. 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 purposes 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 report of other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of holding company as on 31st March, 2016

taken on record by the Board of Directors of Holding company and the reports of auditors of subsidiary companies, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) We are enclosing herewith a report in Annexure I for our opinion considering the opinion of other auditors of subsidiary companies on adequacy of internal financial controls system in place and the operating effectiveness of such controls.
- (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, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements.
  - ii. According to the information and explanations provided to us, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies wherever applicable.

For O. P. Bagla & Co.  
Chartered Accountants  
Firm Regn No. 000018N

(Atul Bagla)

Partner

Place : New Delhi  
Dated : 28th April, 2016

Membership No. 91885

## Annexure- I to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of **KAJARIA CERAMICS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies (collectively referred to as "the Group"), which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its

subsidiary companies which are companies incorporated in India, 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 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 its business, including adherence to the respective 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 Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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 Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes 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;

- (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

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

#### Opinion

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 issued by the Institute of Chartered Accountants of India.

#### Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to six subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For O. P. Bagla & Co.  
Chartered Accountants  
Firm Regn No. 000018N

(Atul Bagla)

Place : New Delhi  
Dated : 28th April, 2016

Partner  
Membership No. 91885



# Consolidated Balance Sheet

as at 31 March 2016

(₹ in crores)

	Notes	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	15.89	15.89
Reserves and Surplus	3	906.43	725.05
		<b>922.32</b>	<b>740.94</b>
Share Application Money		2.75	0.00
Minority Interest		76.13	62.49
<b>Non-current Liabilities</b>			
Long-term borrowings	4	144.87	96.40
Deferred tax liabilities (Net)	5	91.61	79.09
Long-term provisions	6	9.56	10.27
Other long term liabilities	7	4.26	0.00
		<b>250.30</b>	<b>185.76</b>
<b>Current liabilities</b>			
Short-term Borrowings	8	110.36	125.63
Trade payables	9	280.42	241.84
Other current liabilities	10	206.81	152.17
Short-term provisions	11	69.38	50.41
		<b>666.98</b>	<b>570.05</b>
<b>TOTAL</b>		<b>1,918.48</b>	<b>1,559.24</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed assets			
Tangible assets	12	1,106.58	852.75
Intangible assets	13	13.93	7.33
Capital Work-in-Progress		7.83	77.76
Non-current investments	14	0.08	0.08
Long-term loans and advances	15	25.74	41.00
		<b>1,154.16</b>	<b>978.92</b>
<b>Current Assets</b>			
Inventories	16	384.17	303.32
Trade receivables	17	274.23	207.10
Cash and bank balances	18	21.51	11.16
Short-term loans and advances	19	83.37	56.95
Other current assets	20	1.04	1.79
		<b>764.32</b>	<b>580.32</b>
<b>TOTAL</b>		<b>1,918.48</b>	<b>1,559.24</b>

Significant Accounting Policies

1

The accompanying Notes 1 to 44 form an integral part of these financial statements.

In terms of our report of even date annexed

For and on behalf of the Board

For O. P. Bagla & Co.  
Chartered Accountants  
FRN No. 000018N

Ashok Kajaria  
Chairman & Managing Director  
(DIN: 00273877)

Chetan Kajaria  
Jt. Managing Director  
(DIN: 00273928)

Rishi Kajaria  
Jt. Managing Director  
(DIN: 00228455)

Atul Bagla  
Partner  
Membership No.: 91885  
Place: New Delhi  
Dated: 28th April, 2016

Ram Chandra Rawat  
Executive V.P. (A&T) & Company Secretary  
(FCS No. 5101)

Sanjeev Agarwal  
CFO



# Consolidated Statement of Profit and Loss

for the year ended 31 March 2016

(₹ in crores)

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
<b>REVENUE:</b>			
Revenue from Operations	21	2,705.62	2,416.38
Less: Excise Duty		287.13	229.49
		2,418.49	2,186.89
Other Income	22	3.79	7.22
<b>Total Revenue</b>		<b>2,422.29</b>	<b>2,194.11</b>
<b>EXPENSES:</b>			
Cost of Materials Consumed	23	668.35	564.15
Purchases of Stock in Trade		243.72	361.10
Changes in Inventories	24	-65.72	-91.86
Employee benefits Expense	25	252.66	207.32
Finance costs	26	36.82	29.39
Depreciation and amortization expense	12 & 13	72.62	55.88
Other Expenses	27	856.13	792.05
<b>Total expenses</b>		<b>2,064.58</b>	<b>1,918.03</b>
<b>Profit before exceptional items and tax</b>		<b>357.71</b>	<b>276.08</b>
Exceptional items			
Litigation Settlement - Entry Tax		0.00	5.75
<b>Profit before tax</b>		<b>357.71</b>	<b>270.33</b>
<b>Tax expense:</b>			
<u>Current tax</u>			
Current year		111.35	78.98
Earlier years		-0.13	-0.37
MAT Credit Entitlement		0.00	-1.29
<u>Deferred tax</u>			
Current year		12.51	8.11
<b>PROFIT AFTER TAX (Before adjustment for Minority Interest)</b>		<b>233.98</b>	<b>184.90</b>
Less : Share of profit transferred to Minority		4.78	9.30
<b>Profit for the Year</b>		<b>229.20</b>	<b>175.60</b>
<b>Earnings per equity share in ₹ (Face Value of ₹ 2/- each)</b>			
Basic		28.84	22.74
Diluted		28.80	22.74

Significant Accounting Policies

1

The accompanying Notes 1 to 44 form an integral part of these financial statements.

In terms of our report of even date annexed

For and on behalf of the Board

For O. P. Bagla & Co.  
Chartered Accountants  
FRN No. 000018N

Ashok Kajaria  
Chairman & Managing Director  
(DIN: 00273877)

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(DIN: 00228455)

Atul Bagla  
Partner  
Membership No.: 91885  
Place: New Delhi  
Dated: 28th April, 2016

Ram Chandra Rawat  
Executive V.P. (A&T) & Company Secretary  
(FCS No. 5101)

Sanjeev Agarwal  
CFO



## Notes on the consolidated financial statements

### 1. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT & LOSS

#### I. Principles of Consolidation

The consolidated financial results of Kajaria Ceramics Ltd ("the Company") and its subsidiaries have been prepared on the following basis:-

- The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together with the book value of like items of assets, liabilities and after eliminating the inter subsidiary balances in accordance with Accounting Standard (AS) 21-" Consolidated Financial Statements".
- As far as possible the consolidated financial statement have been prepared using uniform accounting policies for like transactions and in similar circumstances and are presented to the extent possible in the same manner as the company's separate financial statements.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- Minority Interest's share of net profit of subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- Minority Interest's share of net assets of the subsidiary Company is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- Particulars of subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest
Soriso Ceramic Pvt Ltd	India	51%
Jaxx Vitrified Pvt Ltd	India	61%
Vennar Ceramics Limited	India	51%
Cosa Ceramics Pvt Ltd	India	51%
Kajaria Bathwares Pvt Ltd	India	100%
Taurus Tiles Pvt Ltd	India	51%
Floera Ceramics Pvt Ltd	India	51%
Kajaria Ceramics Kazakhstan LLP	Kazakhstan	100%

#### II. Basis of preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in crore.

#### III. Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

#### IV. Tangible & Intangible Fixed Assets:

- Tangible assets are stated at their original cost of acquisition inclusive of inward freight, duties and expenditure incurred in the acquisition, construction/installation less accumulated amortization and impairment loss, if any. CENVAT/ VAT credit availed on capital equipment is accounted for by credit to respective fixed assets.
- Expenditure during construction period including trial run expenses (net of revenue) are capitalised. Borrowing costs during the period of construction is added to the cost of eligible tangible assets.
- Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/ depletion and impairment loss, if any.



## Notes on the consolidated financial statements

### V. Depreciation and amortization:

#### Tangible Assets

Depreciation on tangible fixed assets is provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to 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 Life
Plant & machinery	7, 10 & 18 years
Fit-out and other assets at sales outlets	5 years

Leasehold land is amortized over the period of the lease.

#### Intangible Assets

Intangible assets are amortised over their estimated useful lives on straight line method as follows:

Particulars	Useful Life
Computer software	6 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

### VI. Impairment:

The carrying values of assets /cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if is a change in the estimate of recoverable amount.

### VII. Investments:

Non-current investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

### VIII. Inventories:

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition.

Cost of raw materials, stores and spares, packing materials, trading and other products are determined on weighted average basis.

### IX. Revenue Recognition:

Revenue is recognized only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services and excise duty, adjusted for discounts (net).

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

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

### X. Employee Stock Options:

Accounting value of stock options is determined on the basis of 'Intrinsic Value' representing the excess of the fair market value of Company's equity share on the date of grant over the exercise price of the options granted under the "Employees Stock Option Scheme" of the Company, and is being amortised as "Employee Stock Compensation Cost" on a straight-line basis over the vesting period in accordance with the Guidance Note on "Share Based Payments" issued by the Institute of Chartered Accountants of India.

### XI. Foreign Currency Transactions:

a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

b) Monetary items denominated in foreign currencies at the year end are restated at year end exchange rates, except in cases covered by forward contracts.



## Notes on the consolidated financial statements

- c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the statement of profit and loss.

### XII. Government grants and subsidies:

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received.

Where the grant or subsidy relates to revenue, it is recognized as income on an accrual basis in the statement of profit and loss. Where the grant relates to a fixed asset, it is net off from the relevant asset.

### XIII. Employee Benefits:

Employee benefits, inter alia, include Defined Contribution Plan and Defined Benefit Plan as under:

#### Defined Contribution Plan

Company's contribution towards provident fund paid/payable during the year is recognised as expense in the Statement of Profit & Loss under Employee Benefit Expense.

#### Defined Benefits Plan

Company's liability towards gratuity and compensation towards accumulated leaves is determined by an independent actuary at the end of the year using the projected unit credit method.

The liability towards gratuity (long term and short term) as ascertained by actuary and as reduced by fair value of plan assets is recognised in the balance sheet at present value. Actuarial gains/losses are recognised immediately in the Statement of Profit & Loss.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

### XIV. Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

### XV. Research & Development:

Revenue Expenditure on research and development is charged to the Statement of Profit & Loss in the year in which it is incurred. Capital Expenditure on research and development is treated as additions to Fixed Assets in case the same qualifies as a tangible asset as per AS – 10.

### XVI. Taxes on income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Deferred income tax reflects the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/ period. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same. Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted at the reporting date.

### XVII. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

### XVIII. Unless specifically stated to be otherwise, these policies are consistently followed.



## Notes on the consolidated financial statements

### 2. SHARE CAPITAL

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>Authorised</b>		
125,000,000 ( 125,000,000 ) Equity Shares of par value of ₹ 2/- each	25.00	25.00
10,00,000 ( 10,00,000 ) Preference of Shares of par value of ₹ 100/- each	10.00	10.00
	<b>35.00</b>	<b>35.00</b>
<b>Issued, Subscribed &amp; Paid up</b>		
79,469,000 ( Previous year 79,469,000 ) Equity Shares of par value of ₹2/- each fully paid up	15.89	15.89
	<b>15.89</b>	<b>15.89</b>

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period is given below:

Particulars	As at 31 March 2016	As at 31 March 2015
Number of shares outstanding as at the beginning of the year	79,469,000	75,583,580
Shares issued during the year	0	3,885,420
<b>Number of shares outstanding as at the closing of the year</b>	<b>79,469,000</b>	<b>79,469,000</b>

b) The company has only one class of equity share having face value of ₹ 2/- 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 general meeting. The holder of share is entitled to voting rights proportionate to their share holding at the meetings of shareholders.

c) Following Shareholders hold equity shares more than 5% of the total equity shares of the parent company at the end of the period :-

Name of Shareholder	No. of Shares	% of Shareholding
	As at 31 March 2016	
Kajaria Exports Ltd.	15,311,999	19.27%
Kajaria Securities Pvt. Ltd	6,581,905	8.28%
Pearl Tile Marketing Pvt. Ltd.	5,080,240	6.39%
Cheri Ceramics Pvt. Ltd	5,088,385	6.40%
Jwalamukhi Investments Holdings	4,848,823	6.10%
Westbridge Crossover Fund LLC	5,885,420	7.41%
	As at 31 March 2015	
Kajaria Exports Ltd.	15,311,999	19.27%
Kajaria Securities Pvt. Ltd	6,581,905	8.28%
Pearl Tile Marketing Pvt. Ltd.	5,080,240	6.39%
Cheri Ceramics Pvt. Ltd	5,088,385	6.40%
Jwalamukhi Investments Holdings	6,245,005	7.86%
Westbridge Crossover Fund LLC	5,885,420	7.41%

d) The company has not issued shares for a consideration other than cash or bonus shares during the immediately preceding 5 years.

e) Refer Note No. 35 for details relating to Employee Stock Option granted during the year



## Notes on the consolidated financial statements

### 3. RESERVES AND SURPLUS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	5.00	5.00
<b>Securities Premium Account</b>		
As per last Balance Sheet	163.06	63.84
Add : Amount received on issue of shares	0.00	99.22
	163.06	163.06
<b>General Reserve</b>		
Balance b/f	185.37	146.03
Less: Amount withdrawn from reserve	0.00	-0.66
Add : Transferred During the Year	60.00	40.00
	245.37	185.37
<b>Employee Stock Option Outstanding</b>		
Amount for the year (Refer Note 35)	0.17	0.00
<b>Foreign currency translation reserve</b>	-0.17	0.00
<b>Surplus</b>		
As per last balance sheet	371.62	274.17
Add: Net Profit after Tax transferred from Statement of Profit & Loss	229.20	175.60
Less : Proposed Dividend on Equity Shares [Dividend ₹5 per share (Previous year ₹4/- per share)]	39.74	31.79
Less : Corporate Dividend Tax	8.09	6.36
Less : Transfer to General Reserve	60.00	40.00
	492.99	371.62
	<b>906.43</b>	<b>725.05</b>

### 4. LONG-TERM BORROWINGS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>A. RUPEE TERM LOANS</b>		
<b>SECURED</b>		
- from Banks	126.55	82.06
- from Financial Institutions (Interest Free)	5.19	0.00
- from Others	0.00	0.57
Vehicle Loan from banks	0.40	1.62
<b>B. UNSECURED LOANS</b>		
From Directors & Shareholders of Subsidiary Companies	12.74	12.15
	<b>144.87</b>	<b>96.40</b>

#### NOTES :

- Term loans from Banks are secured by 1st charge on immovable and movable assets (present and future) of the company (subject to prior charges on movables in favour of banks) ranking pari-pasu with the charges created in favour of participating Banks and further guaranteed by Directors of the Company.
- Interest Free Term loan from a state financial institution is secured against first charge on part of factory land and building of the company at Sikandrabad, Uttar Pradesh. The loan is repayable in one instalment after seven years from the date of disbursement.
- Vehicle Loans are secured against respective assets financed. Rate of interest of these loans ranges from 9.50% to 11.00% p.a.. Repayment of vehicle loans are according to the respective loan agreement executed with the lender.
- The term loans are repayable generally over a period of three to five years after a moratorium period of one to two years in installments as per the terms of the respective agreements. Rate of interest of these loans ranges from 9.7% to 15.25%.
- There is no default in repayment of principle or interest on any of the loans during the year.



## Notes on the consolidated financial statements

### 5. DEFERRED TAX LIABILITY (NET)

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Deferred Tax Liability		
On Depreciation on fixed assets	94.68	81.80
Deferred Tax Assets		
On disallowances under Income Tax Act	3.07	2.71
	<b>91.61</b>	<b>79.09</b>

NOTE : refer Note 37 for details of movements

### 6. LONG TERM PROVISIONS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits		
Gratuity	9.56	10.27
<b>Total</b>	<b>9.56</b>	<b>10.27</b>

Refer Note No. 32 for detailed disclosure as per AS 15.

### 7. OTHER LONG TERM LIABILITIES

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Creditors for Capital Assets	4.26	0.00
<b>Total</b>	<b>4.26</b>	<b>0.00</b>

### 8. SHORT-TERM BORROWINGS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>RUPEE LOANS REPAYABLE ON DEMAND</b>		
From Banks		
Working Capital Facilities- Secured	110.36	100.12
Short Term Loans- Unsecured	0.00	25.51
<b>Total</b>	<b>110.36</b>	<b>125.63</b>

#### NOTES :

Working Capital Facilities from Banks are secured by 1st charge on inventories and book debts and second charge on immovable and movable assets of the Company ranking pari passu amongst the Banks and further guaranteed by the Managing Director of the Company. The rate of interest is variable and is linked to the base rate. There is no default in repayment of principle and payment of interest of aforesaid loans.

### 9. TRADE PAYABLES

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Trade Payables - Micro & Small Enterprises	10.40	14.30
- Others	270.02	227.54
	<b>280.42</b>	<b>241.84</b>

NOTE : Refer Note 40 for disclosures under MSMED Act, 2006



## Notes on the consolidated financial statements

### 10. OTHER CURRENT LIABILITIES

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Current maturities of long term debts	41.06	21.40
Amount payable to capital creditors	37.44	34.10
Unpaid Dividends	1.23	0.94
Provision for expenses	48.70	32.56
Deposit Received	16.18	11.02
Advance from Customers	11.26	10.64
Statutory Dues Payable	50.94	41.51
<b>TOTAL</b>	<b>206.81</b>	<b>152.17</b>

### 11. SHORT TERM PROVISIONS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits		
Gratuity	0.67	0.00
Accumulated leaves	8.18	7.43
Others		
Proposed Dividend	39.74	31.79
Provision for :		
Income Tax *	12.70	4.83
Corporate Dividend Tax	8.09	6.36
<b>TOTAL</b>	<b>69.38</b>	<b>50.41</b>

#### NOTES :

\* Net of Income Tax Advances ₹ 98.65 Crores (P.Y. ₹ 73.93 Crores)

Note: Disclosure of movement in Provisions as required by AS-29 has been given in Note No. 38

### 12. TANGIBLE ASSETS

(₹ in crores)

Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 01.04.2015	Additions	Sale/ Transfer	As at 31.3.2016	Upto 31.3.2015	For the Year	Sale/ Transfer	Upto 31.3.2016	As at 31.3.2016	As at 31.3.2015
Land :										
(including development expenses)										
- Freehold	17.17	8.24	0.00	25.41	0.00	0.00	0.00	0.00	25.41	17.17
- Leasehold	8.37	0.08	0.00	8.45	0.79	0.03	0.00	0.82	7.63	7.58
Building :	236.61	84.81	0.00	321.42	53.85	7.89	0.00	61.74	259.68	182.76
Plant and machinery	912.57	232.74	44.06	1,101.25	298.93	56.75	34.10	321.58	779.67	613.64
Furniture and fixtures	7.66	2.17	1.12	8.71	4.00	0.55	0.02	4.53	4.18	3.66
Vehicles	22.05	5.53	2.13	25.45	6.05	2.92	1.24	7.73	17.72	16.00
Office equipment	7.87	1.84	0.41	9.30	3.58	1.34	0.14	4.78	4.52	4.29
Computers	6.62	0.49	0.03	7.08	5.28	0.56	0.03	5.81	1.27	1.34
Other Equipments	16.71	2.83	1.55	17.99	10.40	1.91	0.82	11.49	6.50	6.31
<b>CURRENT YEAR</b>	<b>1,235.63</b>	<b>338.73</b>	<b>49.30</b>	<b>1,525.06</b>	<b>382.88</b>	<b>71.95</b>	<b>36.35</b>	<b>418.48</b>	<b>1,106.58</b>	<b>852.75</b>
<b>PREVIOUS YEAR</b>	<b>1,014.51</b>	<b>232.12</b>	<b>11.00</b>	<b>1,235.63</b>	<b>331.50</b>	<b>56.31</b>	<b>4.93</b>	<b>382.88</b>	<b>852.75</b>	<b>683.68</b>



## Notes on the consolidated financial statements

### 13. INTANGIBLE ASSETS

(₹ in crores)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions	Sale/ Transfer	As at 31.3.2016	Upto 31.3.2015	For the Year	Sale/ Transfer	Upto 31.3.2016	As at 31.3.2016	As at 31.3.2015
Software	3.57	2.20	0.00	5.77	1.71	0.67	0.00	2.38	3.39	1.86
Goodwill	5.47	5.07	0.00	10.54	0.00	0.00	0.00	0.00	10.54	5.47
<b>CURRENT YEAR</b>	<b>9.04</b>	<b>7.27</b>	<b>0.00</b>	<b>16.31</b>	<b>1.71</b>	<b>0.67</b>	<b>0.00</b>	<b>2.38</b>	<b>13.93</b>	<b>7.33</b>
<b>PREVIOUS YEAR</b>	<b>9.08</b>	<b>0.23</b>	<b>0.27</b>	<b>9.04</b>	<b>1.17</b>	<b>0.56</b>	<b>0.02</b>	<b>1.71</b>	<b>7.33</b>	<b>7.91</b>

### 14. NON CURRENT INVESTMENTS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
<b>Long Term Investments</b>		
(Other than trade)		
Gold Coin	0.08	0.08
	0.08	0.08
<b>Unquoted Investments</b>		
Book Value	0.08	0.08

**Note:**

Investments have been valued as per accounting policy no.VII disclosed in Note no. 1 to these financial statements.

### 15. LONG TERM LOANS AND ADVANCES (Unsecured Considered good, unless otherwise stated)

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Capital Advances	3.35	11.35
Security Deposits	11.85	16.54
Bank deposits with more than 12 months maturity	10.53	13.11
<b>Total</b>	<b>25.74</b>	<b>41.00</b>

\* Bank deposits held as margin money against guarantee for ₹10.53 Crores (Prev.Year 13.11 Crores)

### 16. INVENTORIES (As taken, valued and certified by the Management)

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Raw Materials	58.41	51.33
Work-in-Process	28.25	10.99
Finished Goods	216.92	182.70
Stock In Trade	31.49	17.51
Stores and Spares	49.10	40.79
	<b>384.17</b>	<b>303.32</b>

**Note:**

Inventory items have been valued considering the Significant Accounting Policy No.VIII disclosed in Note no.1 to these financial statements.



## Notes on the consolidated financial statements

### 17. TRADE RECEIVABLES *(Unsecured Considered good unless otherwise stated)*

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
a) Dept Outstanding for a period exceeding six months		
- Considered Good	4.11	1.76
- Considered Doubtful	2.36	2.22
Less: Provision for Doubtful Debts	0.70	0.20
	1.66	2.02
	5.77	3.78
b) Other Debts		
- Considered Good	268.46	203.32
	274.23	207.10

### 18. CASH AND BANK BALANCES

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Cash& Cash Equivalents		
Balance with Banks		
- in current account	18.49	8.76
Cash on hand	1.25	1.04
	19.75	9.80
Earmarked Bank Balances		
Unpaid dividend accounts	1.23	0.94
Other Bank Balances		
Margin money against bank guarantee with original maturity of more than three months but less than twelve months	0.54	0.42
	21.51	11.16

### 19. SHORT TERM LOANS AND ADVANCES *(Unsecured Considered good unless otherwise stated)*

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Loans		
- To Others	0.00	0.49
Advances recoverable in cash or in kind	36.85	28.19
Balance With Excise Authorities	37.67	22.76
Advance to gratuity trust	0.06	0.02
Prepaid Expenses	4.75	1.96
Income Tax Advances	4.04	3.53
	83.37	56.95



## Notes on the consolidated financial statements

### 20. OTHER CURRENT ASSETS (Unsecured Considered good unless otherwise stated)

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
Interest Accrued on Term Deposit	0.91	1.08
Exports Benefit Accrued	0.12	0.71
	<b>1.04</b>	<b>1.79</b>

### 21. REVENUE FROM OPERATIONS

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Sale of Products</b>		
Tiles	2,694.69	2,405.55
Power	2.89	3.02
Less : Inter division sales of power	1.65	1.44
	<b>2,695.94</b>	<b>2,407.13</b>
Other operating revenue		
Sale of scrap	4.63	4.32
Export incentives received	1.00	1.28
VAT Subsidy	4.06	3.65
	<b>2,705.62</b>	<b>2,416.38</b>

### 22. OTHER INCOME

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
Interest Income	1.23	1.56
Miscellaneous Income	0.95	0.14
Rent Received	0.02	0.10
Gain / (loss) on foreign currency rate difference	1.59	5.42
	<b>3.79</b>	<b>7.22</b>

### 23. COST OF MATERIAL CONSUMED

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Raw Material &amp; Packing Material Consumed</b>		
Body Material	430.30	305.62
Glaze, Frits And Chemicals	131.73	160.50
Packing Material	106.32	98.03
	<b>668.35</b>	<b>564.15</b>



## Notes on the consolidated financial statements

### 24. CHANGES IN INVENTORIES

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Stock as on 1.4.2015</b>		
Finished Goods	182.70	96.70
Stock In Trade	17.51	14.55
Work-in-process	10.99	8.09
<b>'A'</b>	<b>211.20</b>	<b>119.34</b>
Finished Goods used for Fixed Assets 'B'	0.25	0.00
<b>Stock as on 31.03.2016</b>		
Finished Goods	216.92	182.70
Stock In Trade	31.49	17.51
Work-in-process	28.25	10.99
<b>'C'</b>	<b>276.66</b>	<b>211.20</b>
<b>A- B- C</b>	<b>-65.72</b>	<b>-91.86</b>

### 25. EMPLOYEE BENEFITS EXPENSE

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
Salaries and wages	237.28	193.62
Contribution to provident and other funds	10.99	10.30
Stock compensation cost (Refer Note 35)	0.17	0.00
Staff welfare expenses	4.21	3.40
	<b>252.66</b>	<b>207.32</b>

### 26. FINANCE COSTS

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Interest on:</b>		
Term loans	17.17	14.71
Others	15.23	14.79
Other ancillary borrowing costs	2.06	1.55
Loss(gain) on foreign currency rate difference	2.35	-1.66
	<b>36.82</b>	<b>29.39</b>



## Notes on the consolidated financial statements

### 27. OTHER EXPENSES

(₹ in crores)

	Year ended 31 March 2016	Year ended 31 March 2015
<b>Other Manufacturing Expenses</b>		
Stores and Spares Consumed	89.05	68.36
Power & Fuel	480.48	485.35
Excise Duty Variance on opening and closing Stocks	13.71	14.37
	<b>583.23</b>	<b>568.08</b>
<b>Repairs &amp; maintenance</b>		
- Building	5.55	4.47
- Machinery	10.99	9.23
- Others	3.56	2.69
	<b>20.09</b>	<b>16.39</b>
<b>Administrative Expenses</b>		
Rent	10.23	8.14
Rates & Taxes	1.39	0.60
Traveling & Conveyance Expenses	27.16	24.17
Insurance Charges	2.41	2.00
Legal & Professional Charges	6.42	5.73
Auditors' Remuneration :		
- As Audit Fees	0.40	0.30
- For Tax Audit, Certification & Tax Representations	0.11	0.09
- For Other matters	0.13	0.09
Miscellaneous Expenses	21.73	19.50
	<b>69.98</b>	<b>60.62</b>
<b>Selling &amp; Distribution Expenses</b>		
Packing Freight & Forwarding Expenses	90.99	64.12
Advertisement, Publicity & Sales Promotion	56.90	54.26
Commission	17.21	19.86
	<b>165.09</b>	<b>138.24</b>
<b>Others</b>		
Loss on Sale / Scrapping of Fixed Assets	5.51	1.32
CSR Expenses	3.59	1.10
Provision for doubtful debts	0.50	0.00
Research & Development Expenses	8.13	6.30
	<b>17.73</b>	<b>8.72</b>
	<b>856.13</b>	<b>792.05</b>

### 28. CONTINGENT LIABILITIES (excluding matters separately dealt with in other notes):

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
a) In respect of Bills discounted With the Company's Bankers	0.13	8.29
b) Counter guarantees issued in respect of guarantees issued by company's bankers	2.01	2.12
c) In respect of VAT, Service Tax & Custom Duty Demands pending before various authorities and in dispute	13.06	5.55
d) In respect of pending income tax demands	0.00	0.18
e) In respect of Consumer Cases	1.28	2.02



## Notes on the consolidated financial statements

### 29. COMMITMENTS

(₹ in crores)

	As at 31 March 2016	As at 31 March 2015
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	0.88	12.05
b) Letters of Credit opened in favour of inland/overseas suppliers (Net)	78.00	82.87

30. Balances of certain debtors, creditors, loans and advances are subject to confirmation.

31. In the opinion of the Management current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated except where indicated otherwise.

### 32. EMPLOYEE BENEFITS

#### A. Defined Contribution Plans

The company makes monthly contribution to Provident fund for employees. Company's contribution to Provident Fund for the year is ₹10.99 crores (Previous year ₹10.30 crores) is charged to Statement of Profit and Loss.

#### B. Defined Benefit Plans

##### Gratuity:

The Company has a defined benefit gratuity plan. Gratuity (being administered by a Trust) 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 Gratuity plan for the Company is a defined benefit scheme where annual contributions are deposited to a Gratuity Trust Fund established to provide gratuity benefits. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method. Plan assets also include investments and bank balances used to deposit premiums until due to the insurance company.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the plan:

##### Statement of Profit and Loss

Net employee benefit expense (recognized in employee cost)

(₹ in crores)

Particulars	31 March 2016	31 March 2015
Current Service cost	2.07	1.85
Interest cost on benefit obligation	1.37	1.09
Net actuarial loss recognized in the year	1.02	1.38
Past service cost	0	0
Expected Return on Plan Assets	-0.69	-0.46
Net benefit expense	3.76	3.86

##### Balance Sheet

Details of provision for Gratuity

(₹ in crores)

Particulars	31 March 2016	31 March 2015
Fair Value of Plan Assets at the end of the year	10.33	6.99
Liability at the end of the year	20.56	17.07
Difference	10.23	10.08
Less: Unrecognised past service cost	NIL	NIL
Amount recognized in the Balance Sheet		
Non – Current portion	9.56	9.73
Current portion	0.67	0.36
<b>Total</b>	<b>10.23</b>	<b>10.09</b>



## Notes on the consolidated financial statements

Changes in the present value of the defined benefit obligation are as follows:

(₹ in crores)

Particulars	31 March 2016	31 March 2015
Defined benefit obligation as at 1st April 2015	17.07	13.57
Interest Cost	1.36	1.09
Current service cost	2.07	1.85
Benefit paid	-0.78	-0.45
Past Service Cost – Vested Benefit	0.00	0.00
Actuarial losses on obligation	0.59	1.02
Defined benefit obligation as at 31st March 2016	20.31	17.07

Changes in the fair Value of plan assets are as follows:

(₹ in crores)

Particulars	31 March 2016	31 March 2015
Fair value of plan assets as at April 1 2015	6.98	4.82
Return on Plan Assets	0.69	0.46
Contributions by employer	3.86	2.53
Benefits paid	-0.78	-0.45
Actuarial Gains / (losses)	-0.42	-0.37
Fair value of plan assets as at March 31, 2016	10.33	6.98

The principal assumption used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	31 March 2016	31 March 2015
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	8.00%	7.75%
Salary Escalation	8.00%	7.75%
Attrition Rate	1%	1%
Retirement Age	60 Years	60 Years

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### 33. SEGMENTAL REPORTING:

The business activity of the company falls within one broad business segment viz. "Ceramic/ Vitrified Tiles" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in AS-17 of The Institute of Chartered Accountants of India. Hence the disclosure requirement of Accounting Standard 17 of "Segment Reporting" issued by the Institute of Chartered Accountants of India is not considered applicable

### 34. RELATED PARTY DISCLOSURES:

In accordance with the Accounting Standards (AS-18) on Related Party Disclosures, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, alongwith description of relationship as identified, are given below:-

#### A. Relationships

##### I. Key Management Personnel

Name	Designation
Sh. Ashok Kajaria	Chairman & Managing Director
Sh. Chetan Kajaria	Joint Managing Director
Sh. Rishi Kajaria	Joint Managing Director
Sh. D.D. Rishi	Whole Time Director
Sh. B.K. Sinha	Whole Time Director

##### II. Enterprises over which key management personnel or their relatives are able to exercise significant influence:

Dua Engineering Works Pvt. Ltd  
Malti Devi Kajaria Foundation



## Notes on the consolidated financial statements

B. The following transactions were carried out with related parties in the ordinary course of business:- (₹ in crores)

Related Party Transactions	Key Management Personnel	Subsidiaries	Others
<b>Sale of Fixed Asset</b>			
Dua Engineering Works Pvt Ltd	0	0	0
	(0)	(1.34)	(0)
<b>Rent Paid</b>			
Dua Engineering Works Pvt Ltd	0	0	1.91
	(0)	(0)	(1.53)
<b>Service Charges Paid</b>			
Dua Engineering Works Pvt Ltd	0	0	1.64
	(0)	(0)	(1.55)
<b>Directors' Remuneration</b>			
Sh. Ashok Kajaria	3.36	0	0
	(2.97)	(0)	(0)
Sh. Chetan Kajaria	6.38	0	0
	(4.88)	(0)	(0)
Sh. Rishi Kajaria	6.38	0	0
	(4.88)	(0)	(0)
Sh. B.K. Sinha	0.55	0	0
	(0.49)	(0)	(0)
Sh. D.D. Rishi	0.78	0	0
	(0.17)	(0)	(0)
<b>Donation Paid</b>			
Malti Devi Kajaria Foundation	0	0	0.31
	(0)	(0)	(0.31)

(Figures in brackets are for previous year)

### 35. EMPLOYEE SHARE-BASED PAYMENT

#### Description of share based payments arrangements

During the year, the Company granted stock options to certain employees of the Company and its subsidiaries. The Company has the following share-based payment arrangements for employees.

#### Kajaria Ceramics Employee Stock Option Plan 2015 (ESOP 2015)

The ESOP 2015 ("the Plan") was approved by the Board of Directors and the shareholders on 7th September 2015. The plan entitles employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. 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, which is 7.42 % below the stock price i.e. ₹918.10 at the date of grant, i.e., 20th October, 2015



## Share based payment expense

(₹ in crores)

	For the year ended 31 March 2016
Expense recognised in employee benefits	0.17

## Notes on the consolidated financial statements

## Particulars of Scheme

Name of Scheme	Employee Stock Option Plan 2015
Vesting conditions	22,900 options 24 months after the grant date ('First vesting') 45,800 options 36 months after the grant date ('Second vesting') 68,700 options 48 months after the grant date ('Third vesting') 91,600 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	2,29,000
Exercise Price	₹850/-
Remaining Life as on 31.03.2016	4.50 years

## Reconciliation of outstanding share options

The number of options granted during the year remains same as at the end of the year. There were no options exercisable during the year.

As permitted by the Guidance Note on accounting for Employee Share - based Payment, issued by the Institute of Chartered Accountants of India, the Company has elected to account for stock options based on their intrinsic value (i.e., the excess of fair market value of the underlying share over the exercise price) at the grant date rather than fair value at that date. Had the compensation cost for employee stock options been determined on the basis of the fair value method as described in the said Guidance Note, the Company's net profit after tax would have been lower by 0.44 crores (previous year NIL), and basic earnings per share would have been 29.50 (previous year 21.80) and diluted earnings per share would have been 29.46 (previous year 21.80).

For purposes of the above proforma disclosures, the fair values are measured based on the Black-Scholes-Merton formula. Expected volatility, an input in this formula, is estimated by considering historic average share price volatility. The inputs used in the measurement of grant-date fair values are as follows:

(₹ in crores)

Particulars	31 March 2016	
	Options vested	Options to be vested
Number of options	-	229,000
Fair value on grant date	-	850
Share price at grant date	-	918.10
Exercise price	-	850.00
Expected volatility	-	27.63%
Expected life	-	4.5 years
Expected dividends	-	0.40%
Expected Attrition rate	-	3.00%
Risk-free interest rate (based on government bonds)	-	7.30%



## Notes on the consolidated financial statements

### 36. EARNINGS PER SHARE (EPS)

The numerators and denominators used to calculate Basic and Diluted Earning per share:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
<b>Basic Earnings Per Share</b>		
Profit attributable to the Equity Shareholders – (A) (₹ in Crores)	229.20	175.60
Basic/Weighted average number of Equity Shares outstanding during the year (B)	7,94,69,000	7,72,44,198
Nominal value of Equity Shares (₹)	2.00	2.00
Basic Earnings per share (₹) – (A)/(B)	28.84	22.74
<b>Diluted Earnings Per Share</b>		
Profit attributable to the Equity Shareholders – as above (₹ in Crores)	229.20	175.60
Interest Paid on Potential Equity Shares net of tax impact (₹ In Crores)	0	0
Profit considered for Diluted EPS (C)	229.20	175.60
Basic Weighted average number of Equity Shares outstanding during the year as above	7,94,69,000	7,72,44,198
Weighted Average Potential Equity Shares outstanding	1,02,612	0
Total weighted average shares considered for Diluted EPS (D)	7,95,71,612	7,72,44,198
Nominal value of Equity Shares (₹)	2.00	2.00
Diluted Earning per share (₹)- (C)/(D)	28.80	22.74

37. Tax Expense is the aggregate of current year income tax and deferred tax charged to the Statement of Profit and Loss for the year.

a) **Current Year Charge:**

Income Tax provision of ₹111.35 Crores (PY 78.98 Crores) has been made on regular income.

b) **Deferred Tax**

The Company estimates the deferred tax charge using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The movement of provision for deferred tax is given below:

Particulars	Opening as at 1.4.2015	Charge/(credit) during the year	Closing as at 31.3.2016
<b>Deferred Tax Liability</b>			
Depreciation	81.80	12.88	94.68
<b>Deferred Tax Asset</b>			
Disallowances u/s 43B	2.71	0.36	3.07
<b>Net Deferred Tax Liability</b>	<b>79.09</b>	<b>12.52</b>	<b>91.61</b>



## Notes on the consolidated financial statements

### 38. Disclosure of Movement in Provisions during the year as per AS- 29 :

(₹ in crores)

Particulars	Balance As on 1.4.2015	Provided During the year	Paid/Adjusted During the year	Balance As on 31.3.2016
<b>Long Term Provisions</b>				
Gratuity	10.27	2.79	3.5	9.56
<b>Total</b>	<b>10.27</b>	<b>2.79</b>	<b>3.5</b>	<b>9.56</b>
<b>Short Term Provisions</b>				
Gratuity	0.00	0.67	0.00	0.67
Accumulated leaves	7.43	2.91	2.16	8.18
Proposed Dividend	31.79	39.74	31.79	39.74
Income Tax	4.83	111.35	103.48	12.70
Corporate Dividend Tax	6.36	8.09	6.36	8.09
<b>Total</b>	<b>50.41</b>	<b>162.76</b>	<b>143.79</b>	<b>69.38</b>
<b>Grand Total</b>	<b>60.68</b>	<b>165.55</b>	<b>147.29</b>	<b>78.94</b>

### 39. Foreign currency exposure not hedged by derivative instrument or otherwise:

(₹ in crores)

Particulars	Currency	31 March 2016		31 March 2015	
		Foreign Currency	Indian Rupee	Foreign Currency	Indian Rupee
<b>Advances recoverable</b>					
For Goods and Services	EURO	0.01	0.25	0.00	0.04
	USD	0.01	0.66	0.01	0.64
For Capital Items	EURO	0.03	2.06	0.02	1.56
<b>Payables</b>					
For Goods and Services	EURO	0.04	2.67	0.02	1.06
	USD	0.03	1.73	0.32	20.21
Payables for Capital Expenditure	EURO	0.23	17.47	0.06	4.17
	USD	0.18	12.34	0.11	6.99
Buyers' Credit	USD	NIL	NIL	0.40	25.51

### 40. Dues to Small & Micro Enterprises #:

(₹ in crores)

Particulars	2015-16	2014-15
1. Principal amount outstanding	10.40	14.30
2. Interest due on (1) above and the unpaid interest	0.00	0.00
3. Interest paid on all delayed payments under MSMED Act	0.00	0.00
4. Payment made beyond the appointed date during the year	0.00	0.00
5. Interest due and payable for the period of delay other than (3) above	0.00	0.00
6. Interest accrued and remaining unpaid	0.00	0.00
7. Amount of further interest remaining due and payable in succeeding years	0.00	0.00

# The details of amounts outstanding to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 are as per available information with the Company.



## Notes on the consolidated financial statements

### 41. Additional Information pursuant to Para 5 of Part-II of Schedule III of the Companies Act, 2013

#### a) Particulars of Sales & Stocks (₹ in crores)

Particulars	Year Ended 31 March 2016	Year Ended 31 March 2015
i) Opening Stock		
Tiles	191.41	111.25
Sanitary ware & faucets	8.80	0.00
ii) Purchases		
Tiles	209.62	357.23
Sanitary ware & faucets	34.10	3.87
iii) Sales		
Tiles (Manufactured)	2358.26	1972.62
Tiles (Trading)	264.30	416.69
Sanitary ware & faucets	72.13	16.24
Power	1.24	1.58
iv) Closing Stock		
Tiles	222.20	191.41
Sanitary ware & faucets	26.21	8.80

#### b) Value of Imports on CIF basis: (₹ in crores)

Particulars	Year Ended 31 March 2016	Year Ended 31 March 2015
• Capital Goods	88.40	108.59
• Raw Materials	0.22	3.59
• Spares and Consumables	34.24	21.61
• Traded Goods	51.54	74.51

#### c) Expenditure in Foreign Currency (on accrual basis) : (₹ in crores)

Particulars	Year Ended 31 March 2016	Year Ended 31 March 2015
a) Commission of Export Sales	1.59	0.44
b) Others including travel etc.	4.20	3.18

#### d) Payment of Dividend in Foreign Currency pertaining to :

Particulars	F.Y. 2015-16	F.Y. 2014-15
• No of persons	15	15
• No of shares	31830	31830
• Amount in ₹	127320	111404

#### e) Earnings in Foreign Currency : (₹ in crores)

Particulars	2015-16	2014-15
FOB Value of Exports (₹)	25.20	50.96

#### f) Value of imported and indigenous raw material consumed and the percentage of each to total consumption:

Particulars	2015-16		2014-15	
	%	(₹ Crores)	%	(₹ Crores)
Imported	0.34%	2.27	0.77%	4.37
Indigenous	99.66%	666.08	99.27%	559.78



## Notes on the consolidated financial statements

42. The Company was hitherto charging depreciation on plant & machinery items taking a useful life of 18 years. Based on the internal technical evaluation, the company has revised useful lives of some items of plant and machinery from 18 years to 10 and 7 years as per detail below :

Particulars	Useful Life
Digital Printing Machine	7 Years
Cutting, Squaring and Polishing Lines	10 Years

Had there been no change, depreciation charge for the year would have been lower by ₹3.93 crores and profit for the year would have been higher by ₹3.93 crores.

43. The company has reclassified previous year figures to conform to this year's classification.

44. Disclosure as per Schedule III to the Companies Act, 2013

(₹ in crores)

Name of the entity	Net assets i.e. total assets minus total liabilities as at 31.03.2016		Share in profit or loss for the year 2015-16	
	As % of consolidated net assets	Amount (₹ in Crores)	As % of consolidated profit or loss	Amount (₹ in Crores)
A. Parent	73.39%	732.76	98.33%	230.07
B. Subsidiaries				
Indian				
Soriso Ceramic Pvt. Ltd	1.79%	17.84	1.62%	3.79
Jaxx Vittrified Pvt. Ltd	2.87%	28.62	-6.04%	-14.14
Vennar Ceramics Limited	2.93%	29.27	0.69%	1.61
Taurus Tiles Pvt. Ltd	1.80%	17.94	0.83%	1.94
Floera Ceramics Pvt Ltd	0.95%	9.49	-0.12%	-0.29
Cosa Ceramics Pvt. Ltd	5.42%	54.08	6.22%	14.54
Kajaria Bathware Pvt. Ltd	3.24%	32.33	-3.34%	-7.82
Foreign				
Kajaria Ceramics Kazakhstan LLP	0.00%	-0.01	-0.22%	-0.51
Minority Interests in all subsidiaries	7.62%	76.13	2.04%	4.78

### SIGNATURE TO THE NOTES 1 TO 44

In terms of our report of even date annexed

For and on behalf of the Board

For O. P. Bagla & Co.  
Chartered Accountants  
FRN No. 000018N

Ashok Kajaria  
Chairman & Managing Director  
(DIN: 00273877)

Chetan Kajaria  
Jt. Managing Director  
(DIN: 00273928)

Rishi Kajaria  
Jt. Managing Director  
(DIN: 00228455)

Atul Bagla  
Partner  
Membership No.: 91885  
Place: New Delhi  
Dated: 28th April, 2016

Ram Chandra Rawat  
Executive V.P. (A&T) & Company Secretary  
(FCS No. 5101)

Sanjeev Agarwal  
CFO



# Consolidated Cash Flow Statement

for the year ended 31 March 2016

(₹ in crores)

	Year ended 31 March 2016		Year ended 31 March 2015	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax		357.71		270.33
<i>Adjusted for :</i>				
Depreciation	72.62		55.88	
Interest Received	(1.23)		(1.56)	
Interest Paid	32.40		29.50	
Provision for ESOP	0.17		0.00	
Dividend Received	0.00		0.00	
Loss on sale of Fixed Assets	5.51	109.47	1.32	85.14
<b>Operating Profit before Working Capital Changes</b>		<b>467.18</b>		<b>355.47</b>
<i>Adjusted for :</i>				
Trade & Other Receivables	(77.26)		(60.12)	
Inventories	(80.85)		(110.23)	
Trade Payable	98.19	(59.92)	104.57	(65.78)
<b>Cash Generated from Operations</b>		<b>407.26</b>		<b>289.69</b>
Interest Paid	(32.40)		(29.50)	
Direct Taxes Paid	(103.57)		(79.92)	
Exceptional / Extraordinary items	0.00	(135.98)	0.00	(109.42)
<b>Net Cash from operating activities</b>		<b>271.29</b>		<b>180.27</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(273.78)		(269.58)	
Sale of Fixed Assets	7.44		5.00	
Purchase of Investments	0.00		0.00	
Sale of Investments	0.00		0.00	
Interest Received	1.23		1.56	
Dividend Received	0.00		0.00	
<b>Net Cash used in Investing Activities</b>		<b>(265.11)</b>		<b>(263.02)</b>



# Consolidated Cash Flow Statement

for the year ended 31 March 2016

(₹ in crores)

	Year ended 31 March 2016		Year ended 31 March 2015	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Share Capital / Application money	2.75		74.63	
Proceeds from contribution by minority shareholders	5.97		15.53	
Proceeds/ (Repayment) of Long Term Borrowings (Net)	48.47		11.27	
Proceeds / (Repayment) of Short Term Borrowings (Net)	(15.27)		16.95	
Dividend and Dividend Tax Paid	(38.15)		(30.95)	
<b>Net Cash used in Financing Activities</b>		<b>3.77</b>		<b>87.43</b>
<b>Net increase in Cash and Cash Equivalents</b>		<b>9.95</b>		<b>4.68</b>
Cash and Cash Equivalents as on 1.4.2015		9.80		5.12
<b>Cash and Cash Equivalents as on 31.3.2016</b>		<b>19.75</b>		<b>9.80</b>
<b>Components of cash and cash equivalents</b>				
Cash on hand		18.49		8.76
Balance in current account with banks		1.25		1.04
		<b>19.75</b>		<b>9.80</b>

**Notes:**

The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements.

Significant Accounting Policies - 1

In terms of our report of even date annexed

**For O. P. Bagla & Co.**  
Chartered Accountants  
FRN No. 000018N

**Atul Bagla**  
Partner  
Membership No.: 91885  
Place: New Delhi  
Dated: 28th April, 2016

**Ashok Kajaria**  
Chairman & Managing Director  
(DIN: 00273877)

**Ram Chandra Rawat**  
Executive V.P. (A&T) & Company Secretary  
(FCS No. 5101)

For and on behalf of the Board

**Chetan Kajaria**  
Jt. Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Jt. Managing Director  
(DIN: 00228455)

**Sanjeev Agarwal**  
CFO



## NOTES



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Ashok Kajaria	(Chairman & Mg. Director)
Mr. Chetan Kajaria	(Joint Managing Director)
Mr. Rishi Kajaria	(Joint Managing Director)
Mr. Dev Datt Rishi	(Director- Technical)
Mr. Basant Kumar Sinha	(Director- Technical)
Mr. Raj Kumar Bhargava	(Independent Director)
Mr. Ram Ratan Bagri	(Independent Director)
Mr. Debi Prasad Bagchi	(Independent Director)
Mr. H. Rathnakar Hegde	(Independent Director)
Mr. Sandeep Singhal	(Independent Director)
Mrs. Sushmita Shekhar	(Independent Director)

## KEY MANAGERIAL PERSONNELS

Mr. Ram Chandra Rawat	Executive V.P. (A&T) & Company Secretary
Mr. Sanjeev Agarwal	CFO

## COMMITTEE OF THE BOARD

### AUDIT COMMITTEE

Mr. Raj Kumar Bhargava	Chairman
Mr. Ashok Kajaria	Member
Mr. Ram Ratan Bagri	Member
Mr. H. Rathnakar Hegde	Member
Mr. Debi Prasad Bagchi	Member

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Ram Ratan Bagri	Chairman
Mr. Ashok Kajaria	Member
Mr. Chetan Kajaria	Member

### NOMINATION AND REMUNERATION COMMITTEE

Mr. Debi Prasad Bagchi	Chairman
Mr. Ashok Kajaria	Member
Mr. H. Rathnakar Hegde	Member
Mr. Ram Ratan Bagri	Member

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Sushmita Shekhar	Chairperson
Mr. Chetan Kajaria	Member
Mr. Rishi Kajaria	Member

## REGISTERED OFFICE

SF-11, Second Floor, JMD Regent Plaza,  
Mehrauli Gurgaon Road,  
Village Sikenderpur 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 Malutana, Tehsil-Thanagazi, District Alwar (Rajasthan) -301022.

## SUBSIDIARIES

1. Soriso Ceramics Private Limited
2. Jaxx Vitrified Private Limited
3. Vennar Ceramics Limited
4. Cosa Ceramics Private Limited
5. Taurus Tiles Private Limited
6. Kajaria Bathware Private Limited
7. Kajaria Ceramics Kazakhstan LLP
8. Floera Ceramics Private Limited

## AUDITORS

### STATUTORY AUDITORS

O.P.BAGLA & CO., Chartered Accountants

### INTERNAL AUDITORS

Ernst & Young LLP

### SECRETARIAL AUDITORS

Chandrasekaran Associates, Company Secretaries

## BANKERS

State Bank of India  
HDFC Bank  
IDBI Bank  
Canara Bank

## REGISTRAR & SHARE TRANSFER AGENT

MCS Share Transfer Agent Limited  
F-65 Okhla Industrial Area, 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



## ***Kajaria***

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