

***Kajaria***

**RESILIENT**

**KAJARIA  
CERAMICS  
LIMITED**

Annual Report  
2019-20



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TRAUMATIC TRAGEDIES AND ECONOMIC  
DOWNTURNS ARE IMPOSSIBLE TO  
PREDICT BUT ARE AS TRUE AS SUNRISE.

THEY GENERALLY COME UNANNOUNCED.

BUILDING RESILIENCE, HENCE, IS CRITICAL.

FOR WHEN  
THE SUN  
RISES  
YOU'D STILL  
BE PACING  
AHEAD.



No crisis, ever, is part of any Company's business plan.

BUT PROACTIVE ORGANISATIONS, SUCH AS KAJARIA, WHO HAVE, OVER THE YEARS, BUILT RESERVOIRS OF STRENGTH, WILL

**REBOUND  
FASTER**

THAN OTHERS, WHEN THE TIDE REVERSES.

MOREOVER, WHEN KAJARIA RESURGES, INSTEAD OF SETTling FOR THE NORMAL THAT PREVAILED BEFORE THE DISRUPTION - IT WILL ADAPT TO

**A NEW  
AND BETTER  
NORMAL**

THAT INCORPORATES THE OPPORTUNITIES THAT HAVE APPEARED WITH THE

**NEW  
SUNRISE.**

So where lies Kajaria's resilience?





# THE KAJARIA

# EDGE





## THE KAJARIA

## BRAND

A brand of the soil.

A brand that stands for innovation.

A brand that has truly imbibed the 'Make in India' more than three decades ago.

A brand that is endorsed by leading celebrities who stand for passion and dedication.

A brand that enjoys high visibility across every media platform –

physical, electronic and social.

A brand that inspires every Indian across the societal pyramid.

A brand that embodies the organisational resilience.

RECEIVED THE  
**SUPERBRAND**  
STATUS 11 TIMES IN  
SUCCESSION.

## THE KAJARIA

DEALER  
FAMILY

A family whose loyalty has grown with the generations.

A family that has grown every year over the last three decades.

A family where the shelf space has increased by leaps and bounds.

A family that grows not by invitation but by aspiration ... to connect with the brand.

A family, that by its sheer size – expansive and entrenched – showcases sheer resilience.

A DEALER FAMILY THAT IS THE  
**LARGEST** IN INDIA.

## THE KAJARIA

## POSITION

The largest product basket which addresses every price point.

Among the very few who have a multi-locational manufacturing presence which facilitates in a faster mind-to-market cycle.

An entrenched presence which is prudently balanced between urban and new-age construction hubs.

A strong Balance Sheet marked with a zero-debt position and an enviable working capital cycle.

**NO.1 TILE COMPANY**  
IN INDIA AND 9TH  
LARGEST TILE  
MANUFACTURER IN  
THE WORLD.



# RESILIENT INDIA

## THE RURAL ECONOMY IS LIKELY TO REMAIN RESILIENT

- Cumulative rainfall between June 1 and July 9 was 13% higher than the long period average, according to data by the Indian Meteorological Department.
- Area sown under kharif crops rose by 88.2% to 432.97 lakh hectares as on July 3.
- Incremental agricultural GDP is estimated to increase by over ₹3.4 lakh crore in FY21.

## COMMERCIAL ACTIVITY IS ABUZZ.

- Consumer non-durables output saw a growth of 14% in June 2020 from a contraction of 11.1% in May 2020.
- Consumer durables output contracted by 35.5% in June 2020 compared to a contraction of 69.4% in May 2020.

## INDUSTRIAL GROWTH IN THE FIRST QUARTER HAS BEEN BETTER THAN EXPECTED.

- The Index of Industrial Production contracted by 16.6% in June 2020 over last year (estimated contraction of 21%), compared to a contraction of 34% in May 2020.
- GST collections, an important barometer of industrial activity, have been strong.
- Gross GST revenue of ₹87,422 crore in July 2020 was 86% of the revenue recorded in July 2019; revenue from domestic transactions in July 2020, including collections from import of services, were 96% of revenues recorded in July of 2019.



# RESILIENT KAJARIA

MANUFACTURING FACILITIES ARE OPERATING AT 85% PLUS CAPACITY IN AUGUST, 2020.

ALMOST OUR ENTIRE DEALER BASE IS BACK IN BUSINESS; OUR COLLECTIONS HAVE BEEN HEALTHY.

OUR REVENUE IN JULY 2020 WAS 80% PLUS OF WHAT IT WAS IN THE SAME MONTH OF THE PREVIOUS YEAR.



OUR BUSINESS

# SNAPSHOT

(AS ON MARCH 31, 2020)

Tiles (capacity)			Bathware (capacity)		Plywood
Ceramic Wall & Floor	Polished Vitrified	Glazed Vitrified	Sanitaryware	Faucets	Asset-light model
28.10	22.40	22.50	7.50	10.00	
MSM	MSM	MSM	Lakh pieces	Lakh pieces	

Contribution to revenue		
93%	6%	1%



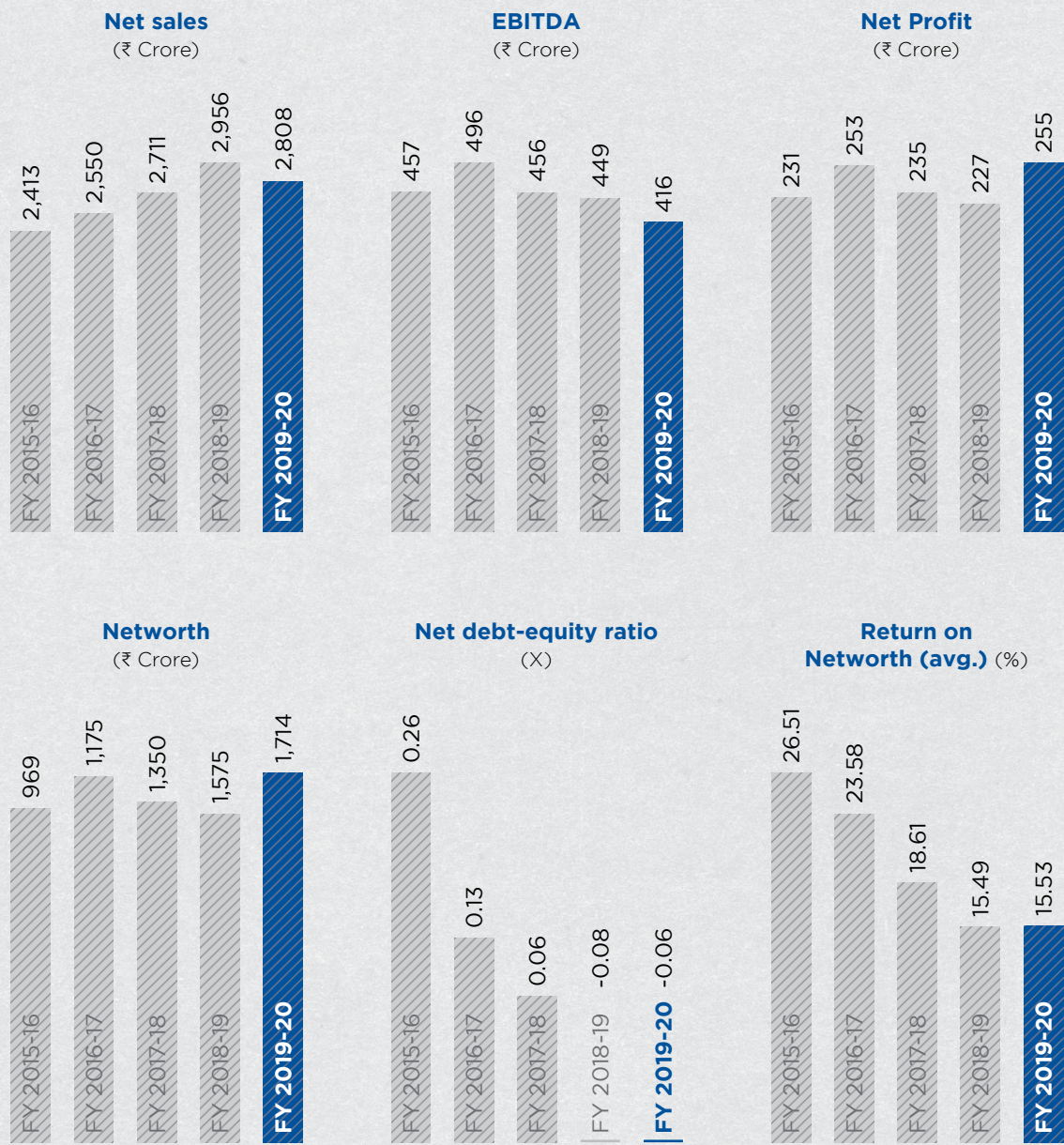
Shareholder Information

16.06  
Earnings per share (₹)

107.82  
Book value per share (₹)

3.00  
Dividend per share (₹)

KEY PERFORMANCE INDICATORS





THE MANAGEMENT

STATEMENT

Dear shareholders

It is with immense gratitude and hope that we ink these sheets with our thoughts. We hope that you and your loved ones are safe and doing well. Gratitude to all those who have contributed to build Kajaria to what it is today – a robust business enterprise that has overcome multiple challenges – yet continued to deliver sustainable performance. And hope for making Kajaria increasingly resilient over the coming years.

We lived upto our ethos of looking at challenges in the eye. We pushed harder even as strong headwinds persisted. The big positive of 2019-20 was that we got back to winning ways towards the tail end of the fiscal with a spurt in sales volume, but then the pandemic hit the Indian landmass.

The resilient India is not new to challenges. It has faced them, braved them and overcome them with stature and poise. Concurrently, the average Indian is braving the odds to give the Indian economy an all-out push. India's backbone, its rural economy, continues to thrive. Harvest has been good. Rainfall has been good. As a result, India has not experienced any supply shortages in farm produce or milk supplies. As a logical fallout, consumption in lesser-known towns has been picking up.

Moreover, commercial activity is happening. The services sector is in overdrive. The urban Indian is out on the streets. The people of India have accepted the pandemic as any other health ailment, which is here to stay for some time.

Our simple barometer of commercial activity is the GST collection. In the first three months of 2020-21, when the lockdown was the most stringent, India collected GST equivalent to its historic two-month average. So, when we look at this objectively, India appears to have lost normal business for a couple of months at worst. In business, these things happen.

India will resume its progressive journey, with a stronger stride. This is because the world is looking at India as an important base in the global supply chain cycle. This intent promises to create innumerable opportunities for India Inc. both over the medium and the long term.

Tiles sector has already been struggling over the past 3-4 years on account of issues like real estate sector slowdown, demonetisation, adoption of RERA, GST implementation and the NBFC funding crisis. The demand took a further hit in the month of March 2020 with the nationwide lockdown announced by the Centre due to sudden outbreak of Covid-19.

Exports have significantly opened up for tile players since the mid of the last financial year. This is largely attributed to a) USA imposing ADD on Chinese tiles exports and b) anti-Chinese sentiments. Further with Covid-19 impacting major exporters of tiles i.e. China, Italy and Spain, we believe the momentum in exports is going to elevate further. Moreover, the recent imposition



Ashok Kajaria  
Chairman & Mg. Director



Chetan Kajaria  
Joint Mg. Director



Rishi Kajaria  
Joint Mg. Director

of anti-dumping duty by Gulf Co-Operation Council (GCC) from June 2020 has witnessed limited impact so far.

Also, the pricing environment is likely to remain stable with Morbi players witnessing an increase in costs driven by higher labour costs due to labour migration post Covid-19 breakout.

From Kajaria's perspective, we are back to business. The company implemented necessary procedures to ensure continuity of operations with a safety-first emphasis. In this uncertain environment, our top priority is the health and safety of our people. Our plants are operating at 85-90% utilisation. Almost all our dealers are at work. Our collections have been strong enhancing our liquidity war chest.

Kajaria is a battle-hardened warship. It is a company that has delivered value to its stakeholders even as it weathered the challenges

of a beleaguered real estate ecosystem, the deepening NBFC crisis and demonetisation for years.

The pandemic has presented a rare but narrow window of opportunity to reflect, reimagine and reset our world. This health scare and the social distancing has brought to the fore digital transformation which is now business imperative. In aligning with the new normal, we are investing in SAP S/4 HANA Digital Core to streamline our business processes and enable knowledge-led decision-making across various functions. As such, even as we spread wide, we will emerge as a more cohesive and streamlined organisation.

While we have absorbed the reality that our financial performance in 2020-21 will be marginally lower than what it was in 2019-20, our determination to surge ahead will be in overdrive.

In closing, we would like to thank the Board for guiding us to execute our responsibilities in the

best possible manner. We would like to extend our appreciation to our team for their relentless efforts in facing and overcoming challenges to grow our respect and stature in the business world.

Our deep appreciation to our shareholders for their confidence and support. We also place on record our gratitude to our other stakeholders – vendors, dealers, retailers, customers, bankers and Central and State government authorities – for their consistent support and assistance in our journey. We solicit your continued co-operation in helping Kajaria move into a brighter future.

Warm regards  
The Management Team





MANAGEMENT

# DISCUSSION & ANALYSIS

## AN OVERVIEW OF THE ECONOMY

Economic growth slowed as India's GDP growth stood at 4.2% in 2019-20, against 6.1% in 2018-19. The fiscal deficit was higher at 4.6% of GDP, against the 3.8% provided in the Budget 2020.

The downward spiral was a continuing effect of adversities that emerged in earlier years. The slowdown in the global economy also played a defining role in holding back India's progress.

Healthy growth in agriculture and increased government expenditure partially arrested the slide in GDP growth. Agriculture growth bounced back at 4.0%, almost double the rate in 2018-19, and public administration, defence and other services saw a growth of 10.0%, compared with 9.4% in 2018-19.

But three components of demand slowed — consumption demand decelerated, while investments and exports were in the negative zone. Manufacturing and construction in 2019-20 showed poor growth numbers, at 0.03% and 1.3%, respectively — down from much higher numbers of 5.7% and 6.1% respectively — in the year-ago period. Gross fixed capital formation (GFCF), which indicates the level of investment activity in the economy, was down to less than 30% of real GDP in 2019-20.

Despite the slide, the nominal per capita net national income increased to ₹1,34,226 in 2019-20 against ₹1,26,521 in

2018-19. But eroding customer confidence deterred the average Indian from spending. As a result, private final consumption expenditure grew at a lower rate of 5.3% in 2019-20, against 7.2% in the previous year.

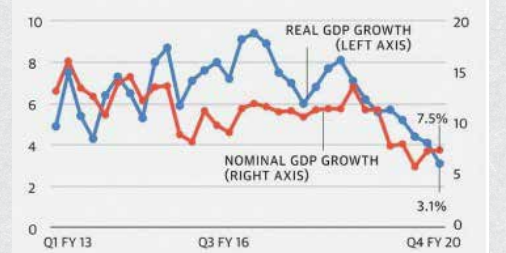
Amidst the gloom, there was a silver lining. India emerged as the fifth-largest world economy in 2019 with a gross domestic product (GDP) of US\$2.94 trillion. Moreover, its ranking in the World Bank's Ease of Doing Business Report improved by 14 places to 63.

The slowed economy was pushed to the edge by the outbreak of the Covid-19 pandemic towards the close of 2019-20. India enforced one of the longest and the strictest lockdowns in the world to contain the spread of the disease. It triggered severe demand-supply shocks and nixed the economy's incipient recovery with further job losses across sectors.

To ease the pressure on Indian enterprises, the RBI announced significant monetary easing initiatives which include a 115 bps cut in the repo rate since March 2020 and moratorium for loan repayment. The government announced a ₹20 lakh crore relief package aimed at providing a safety net for those hit the hardest by the Covid-19 lockdown — the urban poor, migrant labour and the rural masses. As such, experts see a silver lining and remain optimistic about a resurgence in Indian economy shortly.

### Downward spiral

India's real GDP growth rate slowed to 3.1% for the fourth quarter of FY 2020. Nominal GDP growth rate, at 7.5%, saw a marginal improvement compared to the previous quarter



### A significant booster shot

The government adopted one of the boldest initiatives to breathe life into the ailing economy — the single biggest reform in the last two decades.

It moderated the corporate tax rate to 22% from 30%. The new effective Corporate Income Tax (CIT) dropped to 25.17%, inclusive of a new lower surcharge of 10% and a cess of 4%. In doing so, the Government aligned India's CIT closer to the global average statutory CIT of 23.03%.

The impact of this tax rationalisation bolstered business profitability and liquidity. More importantly, this rate cut has positioned India as an attractive destination for global companies wanting to establish a reliable base in the Asian continent.



## THE TILE SECTOR

# GLOBAL TILE SECTOR

A slowdown – or at least lack of recovery – in many national economies, emerging geopolitical unrest and trade tensions, a widespread weakening of demand and consequent increase in international competition: the challenging international scenario that arose in 2018 and persists today has had a severe impact on the performance of the global ceramic tile industry.

World ceramic tile production and consumption dropped by 3.6% to 13,099 MSM and 3.6% to 12,818 MSM respectively (the first contraction in 20 years of reporting) on the back of a sluggish 2017.

Asia accounted for 68.6% of global output, dropping from 9,473 to 8,980 MSM (down 5.2% on 2017). This negative growth was determined by a sharp fall in production volumes in China, only partly offset by growth in India, Vietnam, Indonesia and Iran. The European continent produced a total of 1,984 MSM (15.1% of world production).

In Asia, demand contracted to 8,511 MSM (-5.6%), equivalent to 66.4% of global consumption. As for Europe, consumption grew in the European Union (from 1,009 to 1,034 MSM, +2.5%) but declined by 1.6% in non-EU Europe (from 565 to 556 MSM). Consumption remained stable in the Americas, with volumes of 1,168 MSM (+0.7%) in Central and South America and 565 MSM (-0.9%) in North America.

The stability in exports was a combined result of the contraction in exports from China (down 54 MSM), Italy and Mexico and growth in exports from three major exporting countries, Spain, Brazil and India. As for macro-regions, Asia saw a fall from 1,443 to 1,425 MSM (-1.2%) and accounted for 52% of world exports.

One of the most defining aspects of 2018 was the opposing fortunes of two giant producer countries: on the one hand the nightmare year experienced by the Chinese ceramic tile industry

(-11.2% production, -5.9% exports, -28% sales revenue); while on the other, the continued strong expansion of the Indian tile industry, which has seen further growth in production (+6% to 1,145 MSM) and an even more significant growth in exports (+20% to 274 MSM).

China, the world's biggest producer, consumer and exporter of ceramic tiles, experienced its first severe contraction in terms of production and consumption in 2018, while the fall in exports continued for the fifth consecutive year. This was the Chinese ceramic tile industry's worst year since the beginning of the century, caused by a combination of factors including a slowdown in economic growth, an increase in all cost items (including those deriving from new environmental regulations) and increased competition.



WORLD PRODUCTION			
	2018 (MSM)	% of world production	% var CY18/17
European Union (28)	1,366	10.4	0.3
Other Europe (incl. Turkey)	618	4.7	0.5
North America (incl. Mexico)	348	2.7	(3.9)
Central-South America	1,064	8.1	(0.9)
Asia	8,980	68.6	(5.2)
Africa	718	5.5	3.2
Oceania	5	0.0	0.0
<b>TOTAL</b>	<b>13,099</b>	<b>100.0</b>	<b>(3.6)</b>

WORLD CONSUMPTION			
	2018 (MSM)	% of world consumption	% var CY18/17
European Union (28)	1,034	8.1	2.5
Other Europe (incl. Turkey)	556	4.3	(1.6)
North America (incl. Mexico)	565	4.4	(0.9)
Central-South America	1,168	9.1	0.7
Asia	8,511	66.4	(5.6)
Africa	930	7.3	1.1
Oceania	54	0.4	1.9
<b>TOTAL</b>	<b>12,818</b>	<b>100.0</b>	<b>(3.6)</b>

(Source: Ceramic World Review, 2019)



# INDIAN

## TILE SECTOR

India is the 2nd largest manufacturer and consumer of ceramic tiles in the world. Till March 2018, the tile industry had been growing at a CAGR of 8-9%. Whereas, in the period of FY18, FY19 and FY20, the sector witnessed negative growth mainly due to demonetisation, a sluggish real estate market, subdued demand scenario and outburst of Covid-19, leading to significant production cuts.

However, the Morbi cluster, looked beyond the Indian shores. They exported their output to the Middle East and Europe. Moreover, the imposition of duty by the US on import of ceramic products from China, opened a big opportunity for the Morbi players – as such their exports have been surging.

The branded players remained focused on entrenching their distribution network in smaller towns which are emerging

as new age markets. They are likely to witness better times in a post Covid-19 environment. The level playing field (reduced price differential between branded and unbranded players after the implementation of GST, E-Way bill and ban of Coal gasifiers) along with sound Balance Sheets and stricter working capital discipline would enable them to recover faster.

Covid-19 has hindered operations of the tile sector as a whole. As the government has almost lifted the lockdowns across India, the branded players are getting back on their feet and striving hard to reach the pre Covid-19 levels.



### OVERALL INDUSTRY

1. Indian tile production is around 1,150 MSM as of CY2019.
2. The industry has been growing at a CAGR of 8-9%in the last 4-5 years, but has de-grown marginally in last 2-3 years.
3. National brands constitute about 45% of the industry.

### DOMESTIC INDUSTRY

Indian tile consumption was 780 MSM as of CY2019 - marginally up by 20 MSM over the previous year.

### EXPORTS

Export has grown from 228 MSM in CY2018 to 360 MSM in CY2019

## ABOUT THE

# COMPANY

Kajaria, the leader in the Indian tile industry, has a manufacturing presence across regions. The Company's presence straddles across the entire tile value chain – ceramic wall and floor tiles, polished and glazed vitrified tiles - providing customers with the widest choice in tiles across all price points.

In addition to tiles, Kajaria, through its subsidiary Kajaria Bathware has established a meaningful presence in the bathroom solutions (sanitaryware and faucets) which are marketed under the Kerovit brand.

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

In an otherwise cluttered market space, Kajaria's standout advantage is its expansive multi-format, multi-layered distribution network entrenched deep into the Indian landmass. A large section of this dealer network operates in Tier 2, 3 and

4 towns – the new age development hubs in India.

During the year, the Company continued to entrench itself deeper into these markets to cater to the smaller demand emerging out of lesser known pincodes. Kajaria continued to add new dealers, expand the presence of existing dealers and consolidate its relations with these frontline brand ambassadors to strengthen its dominance in the Indian tile market.







# CERAMIC

## WALL & FLOOR TILES

### THE BUSINESS

- Flagship business vertical.
- 15 sizes and more than 2000 SKUs.
- Manufactured in Gailpur (Rajasthan) and Vijayawada (Andhra Pradesh) and outsourced from quality-conscious vendors in Gujarat.
- Vertical-focused sales team is a competitive edge.
- Transferred manufacturing of some fast-moving sizes from Morbi to its Gailpur facility; this enabled the Company to cater to the Northern and Eastern markets better.

### Priorities for 2020-21

- Penetrate in smaller towns by expanding its dealer network.
- Development of exclusive showrooms with state of the art display.
- Introduce new products in existing and new sizes.





**POLISHED**

VITRIFIED TILES

## THE BUSINESS

- Manufacturing facilities in Malootana (Rajasthan), Morbi (Gujarat) and outsourced from quality-conscious vendors in Gujarat.
- Introduced more sizes in the well accepted value-plus basket which was completely shifted from in-house manufacturing to the outsourcing model. The Company sold out its one old unit, in Jaxx, in June 2020, having 2.60 MSM capacity, as the unit became operationally unviable.
- Focused on growing the Duratech outdoor tiles; introduced the Amazon and Sandune series which were accepted well by customers.

### Priority for 2020-21

Plans are afoot to increase penetration in smaller cities which would enable sales volumes to reach the pre Covid-19 levels.





**GLAZED**  
VITRIFIED TILES

## THE BUSINESS

- Dominant player in this product vertical in India.
- 15 sizes and more than 1,400+ SKUs.
- Manufactured at Gailpur (Rajasthan), Sikandrabad (Uttar Pradesh) and Srikalahasti (Andhra Pradesh); commenced operations at the manufacturing facility at Srikalahasti in South India in September 2019; it should improve the competitive edge in growing Kajaria's sales volume in South India.
- Launched Eternity Ultima range for premium showrooms.
- Launched the 15-mm thick, high-strength tile for outdoor applications – it was well received by customers.

### Priority for 2020-21

Full year of operations of the new manufacturing facility in Srikalahasti that will grow business in South India.





## THE BUSINESS

- Presence in the sanitaryware and faucets space is through its subsidiary Kajaria Bathware Pvt Ltd.
- Faucet manufacturing facility at Gailpur (Rajasthan) with a capacity of 10 lakh pieces p.a.; sanitaryware manufacturing facility at Morbi (Gujarat) with a capacity of 7.5 lakh pieces p.a.
- Marketed under the Kerovit brand; renowned youth icon Anushka Sharma is the brand ambassador for its products.
- Sales volumes and revenue remained stable through the year, except for March 2020 where the lockdown impeded dispatches for that month.
- Commissioned the second furnace which enhanced capacity by about 25%; installed a sophisticated glazing line with robotics to manage mundane activities.
- Opened new large display showrooms and consolidated the small showrooms into larger outlets for enhancing brand and product visibility.

### 2) Bathware

- Enhanced plant utilisation to about 75%.
- Strengthened the connect with plumbers, dealers, and architects for growing brand and product awareness.
- Introduced rain showers to enhance its product range; also launched thermostats which control water temperature at diverters.

### 1) Sanitaryware

- Enhanced plant utilisation to about 70%.
- Focused on marketing value added products such as the Smart Series and the Sensor-based touch-free ranges.

### Priority for 2020-21

Plan to launch the "Aurum Collection" which comprises four exclusive ranges in four appealing colours – it comprises the entire range of Faucets, Showers and Sanitaryware.



**Kajaria PLY**  
INDIA JAISA STRONG

**PLYWOOD**

## THE BUSINESS

- Operated by Kajaria Plywood Pvt. Ltd. (a subsidiary of Kajaria Ceramics Ltd.).
- Products include wood panel products viz. Plywood, Block Board and Flush Doors; product portfolio includes the premium Metallic Series (Platinum, Gold Maxx & Silver) and the affordable Pro Series (Pro 710 & Pro Build).
- Adopted the asset-light model; tied-up with un-organised & semi-organised manufacturers; executed manufacturing tie-ups at both Gandhidham & Surat in Gujarat as well as at Rudrapur in Uttarakhand.
- Products are marketed under the KajariaPLY brand; signed up with Bollywood superstar

Ranveer Singh as the brand ambassador.

- Commenced marketing and distribution operations in East India.
- Driving a program for training carpenters and contractors to use quality wood panel products with correct application.
- Entered the Flush Doors segment with 4 retail level sub-brands viz. Premier, Select, Superior & Classic to widen its portfolio.

### Priorities for 2020-21

- Plans to launch laminated doors for project business.
- To target the furniture OEM segment with new features viz. calibrated plywood in its premium metallic series product range.



ANALYSIS OF

FINANCIAL

STATEMENT

(Based on the consolidated financial performance)

March 2020. It would be the month all Indian enterprises would wish to forget. For the lockdown instituted towards the close of the month, ceased business activity completely, crippled revenue and erased the progress achieved during the year.

But for the tile industry which has braved the real estate slowdown for years, it appeared much more than a simple challenge. It was no different for Kajaria.

The patient perseverance over 11 months of the fiscal, which held volume and value growth in the positive zone, all of a sudden slipped into the negative territory. Only for the last two weeks of March 2020.

Statement of Profit & Loss

During the year, net sales stood at ₹2,808.01 crores as against ₹2,956.20 crore in FY19, a decline of 5.01% due to steep decline in sales volume by 89% in March 2020. The heart-warming growth of 10% (January-February average) in the initial months

of the Q4/2019-20 suddenly malformed into a heart-breaking drop.

EBITDA declined by 7.47% to ₹415.90 crore in FY20. EBITDA margins stood at 14.81% in FY20 as compared to 15.20% in FY19.

Interest cost increased from ₹15.59 crore in FY19 to ₹19.51 crore in FY20. Interest income increased from ₹12.93 crore in FY19 to ₹18.51 crore In FY20. Further, depreciation increased from ₹89.06 crore in FY19 to ₹108.09 crore in FY20 due to capitalisation of Srikalahasti plant of 5 MSM capacity (Andhra Pradesh), expansion of 1.50 lakh pieces per annum in sanitaryware (Morbi, Gujarat) and implementation of Ind AS-116 Leases.

Profit before tax and Profit after tax stood at ₹312.45 crores and ₹255.33 crores respectively. PAT Margin for the year stood at 9.09%. The improvement in PAT was owing to the reduction in corporate tax announced by the Government – an important measure to boost business sentiment.

Balance Sheet Analysis

Shareholders’ Fund increased from ₹1574.90 crore as on March 31, 2019 to ₹1714.27 crore as on March 31, 2020 – owing to addition of profit during the year. As a result, the book value per share increased from ₹99.05 to ₹107.82 over the same period.

Return on Net worth (avg.) improved marginally from 15.49% as on March 31, 2019 to 15.53% as on March 31, 2020 owing to an increase in net profit.

The healthy net cash balance at ₹234.97 crore as on March 31, 2020 positions Kajaria as a net debt free company. This showcases the strength of the Company’s Balance Sheet which can be utilised to garner liquidity in times of need.

The Fixed Assets balance moved northward from ₹1675.86 crore as on March 31, 2019 to ₹1878.54 crore as on March 31, 2020 mainly because of creation of Right to Use asset of ₹42 crore (Implementation of Ind AS-116 Leases, capitalisation of Srikalahasti plant at Andhra

Pradesh and expansion in Sanitaryware at Morbi.

The working capital faced some pressure as the cycle increased to 73 days as on March 31, 2020 from 58 days as on March 31, 2019. The sudden jump was on account of the skewed sales in the fourth quarter of FY20 impeding timely collections due to the lockdown.

Cash Flow Statement

Net cash from operating activities declined from ₹317.36 crore in FY19 to ₹224.43 crore in FY20 due to higher working capital. Further, we believe our strong cash-positive balance sheet and relatively resilient performance will help us tide over the challenging times well.

Internal Control & its Adequacy

Kajaria maintains a system of well-established practices and procedures for effective internal control of operations and other allied activities. The internal audit function is strengthened in consultation with statutory auditors and the Audit Committee for monitoring statutory compliances and operational aspects. Material controls and systems related issues are brought to the attention of the Audit Committee for periodic reviews and resolution.

Human Resources

Human capital is critical to Kajaria’s resilience. For it is their entrepreneurial spirit, nurtured over the years, that has enabled the Company to be a leader in its business space.

The recruitment policy is structured to make its talent pool the brightest and fittest in an increasingly dynamic marketplace. The HR team has devised a framework to constantly upgrade and sharpen the skills of this invaluable asset. The HR policy is devised to build a smarter workforce that stays tuned to the rapidly evolving business dynamics and infuse a culture of adaptability to changes, agility to work fast, and affinity to grow.

Kajaria believes in the concept of self-learning. It encourages its team members to identify areas of improvement and knowledge enhancement for sharpening their skill sets and enthusing them to perform better every day.

	FY20	FY19
Stability Ratios		
Debt Equity Ratio (x)	(0.06)	(0.08)
Interest Coverage Ratio (x)	17.01	24.28
Liquidity Ratios		
Current Ratio	2.74	2.34
Debtor Turnover Ratio (days)	52	59
Inventory Turnover Ratio (days)	67	50
Profitability Ratios		
Operating Profit Margin (%)	14.81	15.20
Net Profit Margin (%)	9.09	7.66

Net Profit margin improved from 7.66% in 2018-19 to 9.09% in 2019-20 due to a reduction in the Corporate Tax Rates.



## RISK MANAGEMENT

# COMBATING

## BUSINESS CHALLENGES

Risk Management is integral to the core philosophy and working of Kajaria. Prediction and mitigation of risks attain higher significance. As such, the Company has instituted an effective risk management framework to manage all material risks in consistence with its risk appetite.

### Competitive risk

**Competition could eat into emerging demand opportunities?**

Kajaria is a brand originating from the Indian soil. As such it has its roots in semi-urban and smaller cities - majority of its large and sprawling showrooms are located in Tier 2, 3 and 4 towns. As a result, Kajaria enjoys a competitive advantage in semi-urban areas over other branded tile manufacturers. Moreover, the strong brand

recall and its large and growing offering of aesthetically superior products has and continues to attract consumers – a reality which is reflected in the widening distribution network. The strength of its network is what keeps Kajaria progressing forward - the Company's sales volumes for all product verticals in July 2020 is about 80% plus of the level in the same month of the previous year.

### Cost risk

**How is the Company optimising cost to accommodate the partial revenue shortfall?**

The Company has implemented a slew of important measures that have trimmed its fixed and operating expenses. Moreover, the drop in crude prices globally has reduced the cost of gas – an important cost element in tile

making. These realities should assist the Company to remain profitable despite the prevailing challenges.

### Cash flow risk

**Will the company have enough cash to sail through the prevailing uncertainties?**

The Company's strong Balance Sheet – a zero debt position and a sizeable liquidity war chest – provides promise that the Company is able to manage any uncertainty. The promise is further strengthened by robust collection from the sales made during the current year.

# STATUTORY

## REPORTS



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

### KEY MANAGERIAL PERSONNEL

Mr. Ram Chandra Rawat	COO (A&T) & Company Secretary
Mr. Sanjeev Agarwal	CFO

### COMMITTEE OF THE BOARD

#### AUDIT COMMITTEE

Mr. Raj Kumar Bhargava	Chairman
Mr. Ashok Kajaria	Member
Mr. H. Rathnakar Hegde	Member
Mr. Debi Prasad Bagchi	Member

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

Mrs. Sushmita Singha	Chairperson
Mr. Ashok Kajaria	Member
Mr. Chetan Kajaria	Member

#### NOMINATION AND REMUNERATION COMMITTEE

Mr. Debi Prasad Bagchi	Chairman
Mr. Ashok Kajaria	Member
Mr. H. Rathnakar Hegde	Member
Mrs. Sushmita Singha	Member

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Sushmita Singha	Chairperson
Mr. Chetan Kajaria	Member
Mr. Rishi Kajaria	Member

#### RISK MANAGEMENT COMMITTEE

Mr. Ashok Kajaria	Chairman
Mr. Chetan Kajaria	Member
Mr. Dev Datt Rishi	Member
Mr. H. Rathnakar Hegde	Member
Mr. Ram Chandra Rawat	Member
Mr. Sanjeev Agarwal	Member

#### BUSINESS RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

Mr. Ashok Kajaria	Chairman
Mr. Chetan Kajaria	Member
Mr. Rishi Kajaria	Member
Dr. Rajveer Choudhary	Member
Mr. Bhupendra Vyas	Member
Mr. Rajeev Gupta	Member

### REGISTERED OFFICE

SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road,  
Village Sikanderpur Ghosi, Gurgaon 122001, Haryana  
Telephone: +91-124-4081281  
CIN: L26924HR1985PLC056150

### CORPORATE OFFICE

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

### WORKS

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

### SUBSIDIARIES

- Kajaria Bathware Private Limited
- Kajaria Plywood Private Limited
- Kajaria Tiles Private Limited (formerly known as Kajaria Floera Ceramics Private Limited)
- Jaxx Vitrified Private Limited
- Vennar Ceramics Limited
- Cosa Ceramics Private Limited

### AUDITORS

#### STATUTORY AUDITORS

Walker Chandiok & Co LLP

#### INTERNAL AUDITORS

Ernst & Young LLP

#### SECRETARIAL AUDITORS

Chandrasekaran Associates, Company Secretaries

### BANKERS

State Bank of India  
HDFC Bank  
IDBI Bank  
Canara Bank

### REGISTRAR & SHARE TRANSFER AGENT

MCS Share Transfer Agent Limited  
F-65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi-110020  
Ph. No.: +91-11-41406149-52  
Fax No.: + 91-11-41709881

### SHARES LISTED AT

National Stock Exchange of India Limited  
BSE Limited

## DIRECTORS' PROFILE

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

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

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

In his career spanning over 44 years, his vision and foresightedness as an entrepreneur, dynamic leadership, stead fasted determination, and global marketing acumen has seen the rise of Kajaria from what started as a 1 MSM tile fledging in 1988 into an industry leader and most respected tile brand in India.

He is the Chairman & Managing Director of Kajaria Ceramics Limited and is the Chairman of Risk Management Committee, Business Responsibility & Sustainability Committee and a member of Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee. Mr. Kajaria has held several important industry positions including President of PHD Chamber of Commerce, Chairman of the Indian Council of Ceramic Tile and Sanitaryware and member of the executive committee of Federation of Indian Chamber of Commerce and Industry.

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

As on 31st March, 2020, he is holding 1047004 shares of the Company.

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

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

Presently, He is the Chairman of the Indian Council of Ceramic Tiles and Sanitaryware ('ICCTAS'). He is also the Joint Managing

Director of Kajaria Ceramics Limited and a member of the Corporate Social Responsibility Committee, the Stakeholders Relationship Committee, the Risk Management Committee and the Business Responsibility & Sustainability Committee of the Company.

He started his journey at Kajaria Ceramics Limited in the year 2000 and has been instrumental in giving a new dimension to the Company by opening international standard tile showrooms across the country which has today become an industry trend.

Mr. Kajaria is spearheading the ceramic tile vertical. He is responsible for the first ever acquisition in the Company's history- acquiring a ceramic tile plant in Gujarat for feeding the Western and Southern markets in February 2011.

He spread the concept of value added tiles in the ceramic tile vertical using digital technology from Spain by displaying at dealers' showroom across the country. He had also led the acquisition of a ceramic tile plant in Vijayawada, Andhra Pradesh in April 2012, marking the Company's entry into the growing markets of South India. He has played a key role in making Kajaria Ceramics Limited a leading manufacturer of ceramic wall & floor tiles in India.

As on 31st March, 2020, he is holding 1339880 shares of the Company.

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

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

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

He is the Joint Managing Director of Kajaria Ceramics Limited and is a member of the Corporate Social Responsibility Committee and the Business Responsibility & Sustainability Committee.

Mr. Rishi Kajaria joined Kajaria Ceramics in the year 2003 and spearheads the vitrified tile vertical. Initially, he opted for trading vitrified tiles rather than joining the race of setting up capacities. After importing for 5 years, he decided to



manufacture them. The first production unit for vitrified tile was started in Sikandrabad in 2010. Subsequently, Kajaria Ceramics commissioned a huge expansion of vitrified tiles at Gailpur in 2011. The next capacity addition came through joint ventures in Morbi, Gujarat. With this strategy, he added capacity without any gestation period and acquired reach.

Today the total production capacity of vitrified tiles is 44.90 MSM per annum.

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

As on 31st March, 2020, he is holding 1805716 shares of the Company.

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

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

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

He was on the Board of the Company w.e.f. 14th May, 1993 and resigned on 30th April 2010. He was again appointed on the Board w.e.f. 14th January 2015 as Director-Technical and resigned from the post of 'Director-Technical' of the Company and continues to be Non-Executive Director of the Company effective from 1st July, 2017. He is member of the Risk Management Committee of the Company.

As on 31st March 2020, he holds 624 shares of the Company.

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

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

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

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

He is holding Directorships in various other public limited companies.

As on 31st March, 2020, he is holding 18592 shares of the Company.

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

Mr. H. Rathnakar Hegde is a Science Graduate.

He is an Independent Director and joined the Board of Directors of the Company on 17th January 2012. He is member of the Audit Committee, the Nomination & Remuneration Committee and the Risk Management Committee of the Company.

He has served the banking industry for four decades. His most recent position was as the Executive Director of the Oriental Bank of Commerce ('OBC'), a premier public sector bank in India. Mr. Hegde assumed his responsibilities at OBC on 16th May, 2008. Prior to this, Mr. Hegde held the position of General Manager (Credit, Human Resource, Treasury, and Marketing) at Vijaya Bank that was the culmination of 38 years of exemplary service in various capacities.

He also serves on the Boards of several companies.

As on 31st March, 2020, he does not hold any share of the Company.

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

Mr. Debi Prasad Bagchi, retired as Chief Secretary to the Government of Orissa. He is MA (Economics) and M.Phil. in Public Administration. He had served the Government of India as JS, AS and Secretary.

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

He has rich experience in General Administration, Management Strategy, Government Industry Relationship and Corporate Governance.

As on 31st March, 2020, he does not hold any share of the Company.

#### 8. Mrs. Sushmita Singha (DIN:02284266)

Mrs. Sushmita Singha, a post graduate in English from Patna University, has over 30 years of experience in the industry, international organizations and development sector. She has a Diploma in Urban Town Planning from the Human

Settlement Management Institute (HSMI), New Delhi and a Certification Course in Enhancement of Managerial Capability from the Indian Institute of Management (IIM), Lucknow.

She is an Independent Director and joined the Board of the Company on 30th March, 2015. She is the Chairperson of the Corporate Social Responsibility Committee & the Stakeholders Relationship Committee and a member of the Nomination & Remuneration Committee of the Company.

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

Presently she is Director & CEO of Aculina Solutions. She is also an honorary member of BRICS Chamber of Commerce and serves on the Boards of other companies.

As on 31st March, 2020, she does not hold any share of the Company.



## DIRECTOR’S REPORT

Dear Shareholders,

Your Directors are pleased to present the 34th Annual Report together with the audited financial statements of your Company for the financial year ended 31st March 2020.

### FINANCIAL RESULTS

The Company’s financial performance for the year ended on 31st March 2020 is summarized below: (₹ in Crores)

Particulars	Standalone		Consolidated	
	Year ended 31st March 2020	Year ended 31st March 2019	Year ended 31st March 2020	Year ended 31st March 2019
Revenue from Operations	2572	2726	2808	2956
Profit Before Other Income, Exceptional Items, Depreciation, Interest and taxes	376	400	416	449
Profit before Tax	339	373	312	358
Tax Expense	60	127	59	129
Profit After Tax (before Minority interest)	279	246	253	229
Minority Interest	-	-	(2)	2
Profit After Tax (after Minority interest)	279	246	255	227

### FINANCIAL HIGHLIGHTS AND STATE OF AFFAIRS OF THE COMPANY

Kajaria shone as one of the bright stars in an otherwise lackluster ecosystem for the tile sector. Our efforts to swim against the tide arrested our decline – our revenue contracted by about 6% while the Profit before Tax was a lower by 8%. Net profit, on the other hand, upped by 13% owing to the introduction of the new tax regime which reduced the Company’s tax liability.

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

### OUTLOOK

The onset of Fiscal 2020-21 has been anything but promising. The pandemic has paused our fast paced world giving us a much needed breather to rethink our part and to draw the contours of a sustainable business strategy that encompasses all business stakeholders.

The Government’s efforts to infuse liquidity into an otherwise parched business world, has helped in improving sentiments. Having said that, we remain hopeful that demand would resurface as we near the festive season. Our optimism rests on the reality that almost all our dealers are back in business. Volumes are

definitely resurfacing as every Indian has come to terms with the coronavirus – as any other health issue which is here to stay. They are already doing their bit to move the wheels of the economy. Also, we are convinced that the unrelenting efforts the Indian pharmaceutical world will, very soon, develop a solution that will neutralize the adversities of this virus infusing fresh confidence into the Indian populous.

We expect to sail through the subdued first half of the current year comfortably. This is owing to our strengths namely our reach, range, recognition and respect which will allow us to capitalise on opportunities as and when they emerge.

Moreover, India’s medium-term prospects appear promising for she is now being increasingly looked upon as a critical keg in the global supply chain universe. This suggests that global majors could consider establishing a base in India in the near term. This, when it happens would brighten the prospects for real estate sector and the domestic tile industry.

### DIVIDEND

The Board of Directors of the Company had declared Interim Dividend of ₹3/- (i.e. 300%) per equity share for the year ended 31st March, 2020 at their meeting held on 10th February, 2020 and accordingly, during the year 2019-20, the Company had

paid the Interim Dividend for the year ended 31st March, 2020 aggregating to ₹47.69 crores (excluding Corporate Dividend Tax of ₹9.80 crores). The said Interim Dividend deemed to be Final Dividend for the financial year ended March 31, 2020. In view of same, your Directors have not recommended final dividend for the financial year ended on 31st March 2020.

### CONSOLIDATED FINANCIAL STATEMENTS

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

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

### HOLDING, SUBSIDIARIES, ASSOCIATE, JOINT VENTURE COMPANIES AND THEIR PERFORMANCE

During the year under review, no new company has become or ceased as subsidiary of the Company. A report on performance and financial position (Form AOC-1) of each of the subsidiaries as per the Companies Act, 2013 is provided as Annexure-1.

### SHARE CAPITAL

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

During the year 2019-20, the Company’s paid up share capital has been increased by issue of 6,900 equity shares of Re. 1/- each pursuant to the Kajaria Ceramics Employee Stock Option Plan 2015. Accordingly, the paid up share capital of the Company, as on 31st March, 2020, was 15,89,57,200 equity shares of Re. 1 each.

The Company has not issued shares with differential voting rights or sweat equity shares during the year 2019-20. As on 31st March, 2020, none of the Directors of the Company hold any instruments convertible into equity shares of the Company.

### EMPLOYEE STOCK OPTION SCHEME

Kajaria Ceramics Employee Stock Option Plan 2015 (‘The ESOP Plan 2015’) was approved by the shareholders of the Company on 7th September, 2015 for issue and allotment of options exercisable into not more than 10,62,000\* equity shares of Re. 1 each (Originally the ESOP Plan 2015 was for 5,31,000 equity shares of ₹2 each) to eligible employees of the Company and its subsidiaries. The ESOP Plan 2015 is administered by the Nomination and Remuneration Committee of the Board of Directors of the Company. On 20th October 2015, the Nomination and Remuneration Committee of the Company had granted 4,58,000\* equity shares of Re. 1 each (‘Stock option’) to the employees of the Company and its subsidiaries. 1,26,000 equity shares of Re. 1 each (29,000 equity shares during the year 2019-20, 44,000 equity shares during the year 2018-19, 13,000 equity shares during the year 2017-18 and 40,000 equity shares during the year 2016-17) had been forfeited due to resignation/death of ESOP Option holders. Details regarding the ESOP Plan 2015 are given at Note No. 43 to the financial statements.

During the year under review, there are no material changes in the ESOP Plan 2015 and the same is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 (‘ESOP Regulations’). The disclosures under Regulations 14 of ESOP Regulations is uploaded on the Company’s website viz.: [https://www.kajariaceramics.com/pdf/disclosure\\_pursuant\\_to\\_reg\\_14\\_of\\_sebi\\_sbeb\\_reg\\_2014\\_for\\_fy\\_2019\\_20.pdf](https://www.kajariaceramics.com/pdf/disclosure_pursuant_to_reg_14_of_sebi_sbeb_reg_2014_for_fy_2019_20.pdf)

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

### TRANSFER TO RESERVES

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

### DIRECTORS’ RESPONSIBILITY STATEMENT

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



DIRECTOR'S REPORT

CONTD.

- i) In the preparation of the annual accounts for the year ended on 31st March, 2020, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2020 and of the profit of the Company for the period ended 31st March, 2020;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis;
- v) The Company is following up the proper Internal financial controls and such internal financial controls are adequate and are operating effectively; and
- vi) The Company has devised proper systems to ensure the Compliance with the provisions of all the applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

RELATED PARTY TRANSACTIONS

For all related party transactions, prior omnibus approvals of the Audit Committee and the Board of Directors, as may be required under the applicable laws, are usually obtained on

yearly basis, which are of a foreseen and repetitive nature and such approval is in the interest of the Company. The transactions entered into, pursuant to the omnibus approvals so granted, are placed before the Audit Committee by way of a statement giving details of all related party transactions for its review. All related party transactions are disclosed in Note No. 40 to the financial statements. Material related party transactions with subsidiaries which are at arm's length price are disclosed in Form AOC-2 annexed as Annexure- 2. The Related Party Transactions Policy is uploaded on the Company's website i.e. <https://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf>

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

The Corporate Social Responsibility ('CSR') Policy may be accessed on the Company's website i.e. [https://www.kajariaceramics.com/pdf/CSR\\_Policy.pdf](https://www.kajariaceramics.com/pdf/CSR_Policy.pdf)

Your Company strives to make a difference in the lives of people with a special focus on neighbouring and local areas of the Company's manufacturing locations. Your Company has implemented various CSR programmes / projects which made positive impacts mainly in the areas of health, sanitation, conservation of natural resources, social relief, promoting sports, Welfare of Armed Forces, Rural Development and education, etc. During the year under review, the CSR programmes initiated by the Company includes taking steps for Swachh Bharat, preventive health care, constructing sanitation facilities in the schools, etc. near the manufacturing facilities, contributing to the education and social economic development of under privileged children and for rural area development. These CSR initiatives are implemented directly and through various trusts / societies / NGOs. These projects are also in accordance with Schedule VII of the Companies Act, 2013.

The Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as Annexure-3, forming part of this Report. The Company

has incurred CSR expenditure of ₹5.98 Crores during the financial year 2019-20, being about 76.67% in the required expenditure on CSR. The shortfall was due to non-identification of appropriate projects/programmes as the Company is looking for a long-term projects/programmes which will benefit to the society at large in line with the intend of laws for which CSR provisions have been made in the statute.

SCHEME OF AMALGAMATION

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

RISK MANAGEMENT

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

A Risk Management Policy in terms of provisions of Section 134(3) (n) of the Companies Act, 2013 is in place and is uploaded on the Company's website i.e. [https://www.kajariaceramics.com/pdf/Risk\\_Management\\_Policy.pdf](https://www.kajariaceramics.com/pdf/Risk_Management_Policy.pdf)

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

INTERNAL CONTROLS WITH RESPECT TO FINANCIAL STATEMENTS

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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



DIRECTOR'S REPORT

CONTD.

The second term of Mr. Raj Kumar Bhargava and Mr. Debi Prasad Bagchi as the Independent Directors of the Company have been started from 1st August, 2019 as approved by the shareholders of the Company by passing the Special Resolutions on 11th March, 2019, through Postal Ballot:

The second term of Mr. H. Rathnakar Hegde as the Independent Director of the Company has been started from 1st April, 2019 as approved by the shareholders of the Company at the 32nd Annual General Meeting held on 27th August, 2018.

The second term of Mrs. Sushmita Singha as the Independent Director of the Company started from 30th March, 2020 as approved by the shareholders of the Company at the 33rd Annual General Meeting held on 26th August, 2019.

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

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

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

PERFORMANCE EVALUATION

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

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

NOMINATION AND REMUNERATION POLICY

On the recommendation of the Nomination and Remuneration Committee, the Board has framed a policy for selection and appointment of Directors, Senior Management including Key Managerial Personnel and other Senior Management and their remuneration. The Nomination and Remuneration Policy includes the criteria for determining qualification, positive attributes, independence, etc. is placed on the Company's website, i.e. [https://www.kajariaceramics.com/pdf/Nomination\\_Remuneration\\_Policy.pdf](https://www.kajariaceramics.com/pdf/Nomination_Remuneration_Policy.pdf)

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

STATUTORY AUDIT

M/s Walker ChandioK & Co LLP, Chartered Accountants, (Firm Registration Number 001076N/N500013), the Statutory Auditors of the Company has given their report on the financial statements of the Company for the financial year ended 31st March, 2020, which forms part of the Annual Report. There is no qualification, reservation, adverse remark, comments, observations or disclaimer given by the Statutory Auditors in their report. There were no frauds reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013.

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

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

M/s Walker ChandioK & Co LLP, Chartered Accountants are eligible to continue as the Statutory Auditors of the Company

for the remaining term in accordance with the provisions of the Companies Act, 2013 read with rules made thereunder and applicable laws.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Chandrasekaran Associates, Company Secretaries, Delhi were appointed as the Secretarial Auditors, to undertake the Secretarial Audit of the Company for the year ended 31st March 2020. The Report of the Secretarial Audit is annexed herewith as Annexure 5.

There are no qualifications, reservations, adverse remarks, comments, observations or disclaimer made by the Secretarial Auditors in their report. There were no frauds reported by the Secretarial Auditors under Section 143(12) of the Companies Act, 2013.

As on 31st March, 2020, the Company has one material unlisted subsidiary - JaxxVitrified Private Limited ('Jaxx') as per the provisions of Regulation 16(1)(c) of the Listing Regulations. Pursuant to the provisions of Regulation 24A of the Listing Regulations, Secretarial Audit Report of Jaxx for the year ended 31st March, 2020 issued by Ms. Dhara Patel, Company Secretary, Ahmedabad, forms part of the Directors Report as Annexure 5A.

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

EXTRACT OF ANNUAL RETURN

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

COMPLIANCE OF THE SECRETARIAL STANDARDS

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees and Investments, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes Nos. 6,7 and 38 to the Financial Statements.

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

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

MEETINGS OF BOARD

The Board of Directors of the Company met 5 (five) times during the financial year 2019-20 on 10th May, 2019, 23rd July, 2019, 26th August, 2019, 23rd October, 2019 and 10th February, 2020. Details of the meetings of the Board of Directors held during the financial year 2019-20 and attendance thereof is disclosed in the Corporate Governance Report.

AUDIT COMMITTEE

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

VIGIL MECHANISM

The Company has established a Vigil Mechanism for the Directors and Employees of the Company by adopting the Whistle Blower Policy to report about the genuine concerns, unethical behaviour, fraud or violation of Company's Code of Conduct and leakage/ suspected leakage of Unpublished Price Sensitive Information with respect to the Company. The Whistle Blower Policy may be accessed on the website of the Company i.e. [https://www.kajariaceramics.com/pdf/whistel\\_blowing\\_policy.pdf](https://www.kajariaceramics.com/pdf/whistel_blowing_policy.pdf)

MAINTENANCE OF COST RECORDS

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

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL), ACT, 2013

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



DIRECTOR'S REPORT CONTD.

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, Contractual, Temporary and Trainees) are covered under this Policy. The Company has not received any sexual harassment complaints during the year 2019-20.

PARTICULARS OF EMPLOYEES

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

DEPOSITS

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

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

CAUTIONARY STATEMENT

Statements in this 'Director's Report' & 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations including raw material/

fuel availability and its prices, cyclical demand and pricing in the Company's principle markets, changes in the Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

APPRECIATION AND ACKNOWLEDGEMENT

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

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

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

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

For and on behalf of the Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: August 7, 2020

ANNEXURE - 1
AOC-1 (ANNUAL PERFORMANCE OF SUBSIDIARIES)
(Pursuant to first provision of sub-section (3) of section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Table with 13 columns: Name of the Subsidiary Company, Date since when subsidiary were acquired, 15/01/2012, 09/04/2012, 17/10/2012, 15/05/2014, 23/09/2015, 05/06/2018, and 13 rows of financial data for subsidiaries like Jaxx Vittrified Private Limited, Vennar Ceramics Limited, Cosa Ceramics Private Limited, Kajaria Bathware Private Limited, Kajaria Tiles Private Limited, and Kajaria Plywood Private Limited.

\*Consolidated figures including performance of its subsidiary Kajaria Sanitaryware Private Limited. The Company holds 100% (85% on diluted basis) equity shares of Kajaria Bathware Private Limited.
\*\* Name changed to Kajaria Tiles Private Limited from Kajaria Floera Ceramics Private Limited.
Note:
1. There is no Associate or JV Company other than those mentioned above.
2. Kajaria Tiles Private Limited had commenced operations, during the year 2019-20.

For & on behalf of Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877
Chetan Kajaria
Joint Managing Director
DIN: 00273928
Rishi Kajaria
Joint Managing Director
DIN: 00228455
Ram Chandra Rawat
COO (A&T) & Company Secretary
(FCS No. 5101)
Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: August 7, 2020



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 31.03.2020

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

2. Details of material contracts or arrangement or transactions at arm's length basis as on 31.03.2020

Sl. No.	Name(s) of the Related Party and Nature of Relationship	Nature of Contract / Arrangement / Transactions	Duration of the Contract / Arrangement / Transactions	Salient terms of Contract / Arrangement / Transactions	Date of Approval by the Board, if any	Amount paid as advance (Rupees in Crores)	Total Amount (Rupees in Crores)
1	Jaxx Vitrified Private Limited (Subsidiary)	Purchase/sale of tiles, etc.	Continuous in nature and not for a specific period	In ordinary course of business	10.05.2019	NIL	245.08

For and on Behalf of Board

Ashok Kajaria

Chairman & Managing Director

DIN: 00273877

Place: New Delhi

Date: August 7, 2020

ANNEXURE - 3

ANNUAL REPORT ON CSR ACTIVITIES

- A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the weblink to CSR policy and project and programs:**  
  
In compliance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, the Company has framed a Corporate Social Responsibility Policy ("CSR Policy") which is uploaded on the website of the Company i.e. [https://www.kajariaceramics.com/pdf/CSR\\_Policy.pdf](https://www.kajariaceramics.com/pdf/CSR_Policy.pdf)  
  
Your Company strives to make a difference in the lives of people with a special focus on neighbouring and local areas of the Company's manufacturing locations. Your Company has implemented various CSR programmes / projects which made positive impacts mainly in the areas of health, sanitation, conservation of natural resources, social relief, promoting sports, Welfare of Armed Forces, Rural Development and education, etc. The CSR programmes initiated by the Company includes taking steps for Swachh Bharat, preventive health care, constructing sanitation facilities in the schools, etc. near the manufacturing facilities, contributing to the education and social economic development of under privileged children and for rural area development. These CSR initiatives are implemented directly and through various trusts / societies / NGOs.
- The composition of CSR committee:**  
  
Please refer to the Corporate Governance Report for the composition of Corporate Social Responsibility Committee ("CSR Committee") of the Company.
- Average net profit of the Company for the last three financial years:**  
  
₹390.23 Crores
- Prescribed CSR expenditure (two percent of the amount as in item 3 above):**  
  
₹7.80 Crores
- Details of CSR spent during the financial year 2019-20:**

a) Total amount to be spent for the financial year	₹7.80 Crores
b) Total amount spent during the financial year	₹5.98 Crores
c) Amount unspent, if any	₹1.82 Crores
d) Manner in which the amount spent during the financial year is detailed below:	

(₹ in lakhs)

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub-heads: (1) direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period	Amount spend direct or through implementing agency*
1	Swachh Bharat: Construction / Renovation of Toilets in Government Schools/Institution, etc.	CL-i.- Sanitation	Sikandrabad (U.P.) Gailpur (Rajasthan) Malootana (Rajasthan)	45.00 70.00 40.00	17.00 70.00 38.00	17.00 70.00 38.00	Direct



(₹ in lakhs)

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub-heads: (1) direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period	Amount spend direct or through implementing agency*
2	Social Relief	CI-i- Preventive Healthcare, eradicating poverty and malnutrition`		200.00	200.00	200.00	Direct/ Through Trusts
3	Safe Drinking Water	CI- iv- Conservation of natural resources		70.00	18.00	18.00	Direct / Through Trusts
4	Education	CI-ii- Promoting Education / Vocational Skills / Training		200.00	177.00	177.00	Direct / Through Trusts
5	Welfare of Armed Forces	CI- vi- Measures/contribution for benefits of armed forces veterans, war widow and their dependents		55.00	52.00	52.00	Contribution to Government fund
6	Sports Development	CI-vii- Promoting sports including training		50.00	5.00	5.00	Through Trusts
7	Rural Development	CI. x- Rural Development projects/activities		50.00	21.00	21.00	Direct / Through Trusts
Grand Total				780.00	598.00	598.00	-

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

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

The Company has incurred CSR expenditure of ₹5.98 Crores during the financial year 2019-20, being about 76.67% of ₹7.80 Crores, to be spent during the financial year 2019-20. The shortfall of 23.33% in the required expenditure on CSR was due to non-identification of appropriate projects/programmes as the Company is looking for a long-term projects/programmes which will benefit to the society at large in line with the intend of laws for which CSR provisions have been made in the statute.

#### 7. Responsibility Statement:

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

Place: New Delhi  
Date: August 7, 2020

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

**Sushmita Singha**  
**Chairperson, CSR Committee**  
(DIN: 02284266)

## ANNEXURE - 4

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

#### I. Ratio of remuneration of each Executive Director to the median remuneration of Employees of the Company for the financial year 2019-20, the percentage increase in remuneration of Chairman & Managing Director, Joint Managing Directors, Executive Director, Company Secretary and CFO during the financial year 2019-20:

Sl. No.	Name of Director / KMP	Designation	Ratio of Remuneration of each Director to median remuneration of employees	Percentage increase in Remuneration
1	Mr. Ashok Kajaria (DIN: 00273877)	Chairman & Managing Director	94:1	8.53%
2	Mr. Chetan Kajaria (DIN: 00273928)	Joint Managing Director	93:1	-1.58%
3	Mr. Rishi Kajaria (DIN: 00228455)	Joint Managing Director	93:1	-1.58%
4	Mr. Ram Chandra Rawat (FCS 5101)	COO (A&T) & Company Secretary	Not Applicable	-2.36%
5	Mr. Sanjeev Agarwal	CFO	Not Applicable	-3.36%

Note:

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

#### II.

Sl. No.	Particulars	Details
1	% increase in the median remuneration of employee in the financial year 2019-20	7%
2	Total number of permanent employees on the rolls of the Company as on 31st March, 2020 (on standalone basis)	2521
3	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2019-20 and its comparison with the percentile increase in remuneration of Executive Directors and justification thereof	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2019-20 was 4.87%. Whereas, there was no average increase in remuneration of Executive Directors.

#### III. Affirmation that the remuneration is as per the remuneration policy of the Company:

Remuneration is as per the Nomination and Remuneration Policy of the Company.

**For and on behalf of Board**  
**Ashok Kajaria**  
**Chairman & Managing Director**  
DIN: 00273877

Place: New Delhi  
Date: August 7, 2020



## NOMINATION AND REMUNERATION POLICY

### 1. PREAMBLE

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

This Policy is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The Policy reflects the Company’s objectives for good corporate governance as well as sustained long term value creation for shareholders.

This Policy applies to Directors, Senior Management including Key Managerial Personnel (‘KMPs’) of the Company.

### 2. OBJECTIVES

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

### 3. DEFINITIONS

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

‘The Board’ means Board of Directors of the Company.

‘Director’ means a Director appointed to the Board of the Company.

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

‘Key Managerial Personnel’ in relation to a Company means:

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

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

‘Policy’ means Nomination and Remuneration Policy of the Company.

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

### 4. APPLICABILITY

The Policy is applicable to:

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

### 5. CONSTITUTION OF COMMITTEE

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

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

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

The terms of reference of the Committee will, inter-alia, include the following:

1. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director’s performance;
2. Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
3. While formulating the policy as above said, to ensure that:
  - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
  - (c) Remuneration to Directors, Key Managerial Personnel and Senior Management (one level below the functional heads including the Company Secretary and Chief Financial Officer) involves a balance between fixed and incentive pay reflecting short and

long-term performance objectives appropriate to the working of the company and its goals.

4. Recommending the Board, all remuneration, in whatever form, payable to senior management including the Company Secretary and the Chief Financial Officer;
5. Formulating the criteria for evaluation of Independent Directors and the Board of Directors of the Company;
6. To extend or continue the term of appointment of Independent Director, on the basis of performance evaluation of Independent Directors;
7. Devising a policy on diversity of Board of Directors;
8. To formulate the detailed terms and conditions of the Kajaria Ceramics Employee Stock Option Plan 2015 (‘ESOP Plan 2015’) including the following:
  - a. issuing and allotment of equity shares [including share certificate(s)] of the Company to the ESOP holders and all matters related thereto, from time to time, pursuant to the ESOP Plan 2015;
  - b. signing, execution and submission of necessary documents/papers for the listing of equity shares of the Company with the stock exchanges or other concerned authority(ies) and all matters related thereto;
  - c. making a fair and reasonable adjustment to the number of options and to the exercise price, in case of rights issues, bonus issues and other corporate actions;
  - d. approval of list of employee(s) of the Company and/or its subsidiary(ies) [including quantum of ESOP grant] to whom ESOP options are to be granted under ESOP Plan 2015;
  - e. determining the procedure for winding up of the ESOP Plan 2015;
  - f. other matters which may be relevant for administration of ESOP Plan 2015, from time to time.
9. To do all other acts as may be delegated by the Board of Directors of the Company or prescribed by law, from time to time.



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

### Appointment criteria and qualifications:

- 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.
- The Company shall not appoint or continue the employment of any person as Managing Director/Whole time Director, who has attained the age of 70 years provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- The Company shall not appoint a person or continue the Directorship of any person as a Non-executive Director who has attained the age of 75 years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

### Term / Tenure:

- 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.
- Independent Director:
  - 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.

- 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.
- Subject to the applicable provisions of the Listing Regulations and the Act, at the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.

### 3. KMPS / Senior Management:

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

### Performance Evaluation:

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

The major criteria for performance evaluation are as follows:

- Role & Accountability:
  - Application of knowledge for rendering advice to management for resolution of business issues.
  - Active engagement with the management and attentiveness to progress of decisions taken.
  - Fulfillment of Independence criteria by Independent Directors, as specified under the Act / the Listing Regulations.
- Objectivity:
  - Appraisal of issues.
  - Own recommendations given professionally without tending to majority or popular views.

- Leadership & Initiative:
  - Heading department / section/ Board Committees.
  - Driving any function or identified initiative based on domain knowledge and experience.
- Personal Attributes:
  - Commitment to role & fiduciary responsibilities.
  - Active participation.
  - Proactive, strategic and lateral thinking.

### Removal:

Due to reasons for any disqualification mentioned in the Act or the Listing Regulations or any other applicable Act, rules/ regulations or in accordance with the contract of service / letter of appointment, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMPS or Senior Management Personnel.

### Retirement:

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

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

### General:

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

percentage/slabs/conditions as per the provisions of the Act & the Listing Regulations.

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

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

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

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

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

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

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

#### 1. Salary & Perquisites:

The Whole-time Director/Managing Director ('MD')/Joint Managing Director ('JMD'), KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the



## ANNEXURE - 5

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

To,  
The Members,  
**Kajaria Ceramics Limited**

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 ('the Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the "Act") and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws

framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable
- (vi) As confirmed and certified by the Management, there is no Law specifically applicable to the Company based on the sectors/businesses.

Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to PF, pension scheme, medical expenses, re- imbursement of gas electricity and water expenses, HRA, Club fees, etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be subject to approvals of shareholders of the Company and compliance of the Act & the Listing Regulations.

#### 2. Commission:

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

#### 3. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its MD/JMD/Whole-time Director(WTD), subject to compliance of the applicable provisions of the provisions of the Act/ the Listing Regulations.

#### 4. Provisions for excess remuneration:

If any MD/JMD/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed in the Act and/or not in compliance of the applicable provisions of the Act, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted under the Act/ the Listing Regulations.

#### 5. Stock Options:

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

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

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

##### 1. Sitting Fees:

The Non-executive/Independent Director may receive

remuneration by way of fees for attending meetings of the Board or Committee(s) of the Company, as approved by the Board, from time to time, which will be subject to the limits prescribed under the Act.

#### 2. Stock Options:

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

### 9. SEVERANCE ARRANGEMENTS

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

### 10. DISCLOSURE

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

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

### 11. EFFECTIVE DATE

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

### 12. REVIEW / AMENDMENT

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



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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board/Committee Meetings. Agenda and detailed notes on agenda were sent in advance (and at a shorter notice for which necessary approvals obtained, if any) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

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

- a) The Board of the Directors of the Company in its meeting held on August 26, 2019, passed a resolution to approve the Scheme of Amalgamation amongst Kajaria Tiles Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited), (Wholly-owned Subsidiary Company/Transferor

Company) and Kajaria Ceramics Limited, (Holding Company/Transferee Company) and their respective shareholders and creditors' ('Scheme') on a going concern basis, with effect from April 1, 2019 or such other date as may be approved by the competent authority. The Company has received the order dated February 03, 2020 from the National Company Law Tribunal, Chandigarh Bench, Chandigarh with respect to the first motion application filed by the Company.

**For Chandrasekaran Associates  
Company Secretaries**

**Rupesh Agarwal  
Managing Partner**  
Membership No. A16302  
Certificate of Practice No. 5673  
UDIN: A016302B000319110

Date: 05.06.2020  
Place: Delhi

**Note:**

- (i) This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report
- (ii) Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., provided by way of electronic mode by the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.
- (iii) This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to Financial Year 2019-20. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

**ANNEXURE - A TO SECRETARIAL AUDIT REPORT**

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

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

- 5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of Management. Our examination was limited to the verification of procedures on random test basis.
- 6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For Chandrasekaran Associates  
Company Secretaries**

**Rupesh Agarwal  
Managing Partner**  
Membership No. A16302  
Certificate of Practice No. 5673  
UDIN: A016302B000319110

Date: 05.06.2020  
Place: Delhi



## ANNEXURE - 5A

### SECRETARIAL AUDIT REPORT OF JAXX VITRIFIED PRIVATE LIMITED

**DHARA PATEL**

Company Secretary

C-3 / 204, Anushruti Tower, Next to Muktidham Derasar,  
Thaltej Cross Road, Ahmedabad - 380 054.  
Cell: +91 96874 16858 Email : csdharapatel@gmail.com

**FORM NO. MR-3**

**Secretarial Audit Report**

for the financial year ended March 31, 2020

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

To,  
The Members,  
**JAXX VITRIFIED PRIVATE LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by JAXX VITRIFIED PRIVATE LIMITED (hereinafter called the Company). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 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:

I 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, 2020 and made available to me, according to the provisions of :

- The Companies Act, 2013 ("the Act") and the rules made thereunder;
- The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- The Management has identified that the Real Estate (Regulation and Development) Act, 2016 as specifically law applicable to the Company. Having regard to the compliance system prevailing in the Company, we further report that on the examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has complied with the same.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

I report that, during the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines and Standards mentioned above.

I further report that:

The compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes 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 Board meetings, the agenda and detailed notes on agenda are 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, based upon notices shown to me.

As per the minutes of the meetings duly recorded and signed by the Chairman shown to me, the decisions of the Board were unanimous and no dissenting views have been recorded.

Based on the information provided and the representation made by the Company, in my opinion there are adequate systems and

## 'ANNEXURE A'

To,  
The Members  
JAXX VITRIFIED PRIVATE LIMITED

My report of even date is to be read along with this letter.

- 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.
- I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for our opinion.
- I have not verified the correctness and appropriateness of financial records and books of Accounts of the Company.
- Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

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.

During the audit period, there were no specific events / actions / major decisions / activities in pursuance of the above Laws, Rules and Regulations, Guidelines, etc., having a major bearing on the Company affairs.

**Dhara Patel**  
**Company Secretary**

ACS – 29198 / C.P.No. – 10979  
UDIN : A029198B000482937

Place : Ahmedabad  
Date : 21.07.2020

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

- 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 procedure on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy of effectiveness with which the management has conducted the affairs of the Company.

**Dhara Patel**  
**Company Secretary**

ACS – 29198 / C.P.No. – 10979  
UDIN : A029198B000482937

Place : Ahmedabad  
Date : 21.07.2020



## ANNEXURE - 6

### FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN  
As on financial year ended on March 31, 2020  
Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management & Administration) Rules, 2014

#### I. REGISTRATION AND OTHER DETAILS:

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

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

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

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate Company	% of Shares held	Applicable Section
1.	Jaxx Vitrified Private Limited \$ S.No. 72/P1 & 72/P2, Near Max Ceramic Morbi, G'Dham Highway, Tal Morbi, Timbdi, Gujarat- 363642	U26933GJ2010PTC062933	Subsidiary	87.37%	2(87)
2.	Cosa Ceramics Private Limited, S. No. 774P1, Near GSPC Gas Terminal Lakhdirpar Road, Ghuntu, Gujarat- 363642	U26933GJ2010PTC063444	Subsidiary	51%	2(87)
3.	Vennar Ceramics Limited Sitha Nilayam, No. 6-3-347/21, Dwarkapuri Colony, Panjagutta, Hyderabad- 500082, Telangana	U26919TG1994PLC031858	Subsidiary	51%	2(87)

S. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate Company	% of Shares held	Applicable Section
4.	Kajaria Bathware Private Limited # J-1/B-1 (Extn.), Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi- 110044	U26943DL2013PTC252495	Subsidiary	100%	2(87)
5.	Kajaria Tiles Private Limited ** SF-11, Second floor, JMD Regent Plaza, Mehrauli Gurgaon Road Village Sikanderpur Ghosi Gurgaon, Haryana- 122001	U26933HR2014PTC081026	Subsidiary	100%	2(87)
6.	Kajaria Plywood Private Limited @ J-1/B-1 (Extn.), Mohan Co-operative Industrial Estate, Mathura Road, New Delhi- 110044	U36109DL2017PTC324260	Subsidiary	97.89%	2(87)

\$ During the year 2019-20, the Company has additionally acquired 5% equity shares of Jaxx Vitrified Private Limited and accordingly, the shareholding of the Company in Jaxx Vitrified Private Limited increased to 82.37% to 87.37%.

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

\*\* During the year 2019-20, the name of Kajaria Floera Ceramics Private Limited has been changed to Kajaria Tiles Private Limited.

@ During the year 2019-20, the Company has subscribed 1.64% equity shares of Kajaria Plywood Private Limited pursuant to the Right issue and accordingly, the shareholding of the Company in Kajaria Plywood Private Limited increased 96.25% to 97.89%.

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### (a) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April 2019]				No. of Shares held at the end of the year [As on 31st March 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
a) Individual/ HUF	10955364	0	10955364	6.89	10955364	0	10955364	6.89	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other: Trust									
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)^	12933973	0	12933973	8.14	12933973	0	12933973	8.14	0.00
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)*	25867947	0	25867947	16.27	25867947	0	25867947	16.27	0.00
RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust)#	25867947	0	25867947	16.27	25867947	0	25867947	16.27	0.00
Sub- Total (A)(1)	75625231	0	75625231	47.58	75625231	0	75625231	47.58	0.00



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April 2019]				No. of Shares held at the end of the year [As on 31st March 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRI's - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Others - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub- Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoters (A) = (A)(1) + (A)(2)	75625231	0.00	75625231	47.58	75625231	0.00	75625231	47.58	0.00
(B) Public Shareholding									
(1) Institutions									
a) Mutual Funds	16082815	71300	16154115	10.16	22930221	71300	23001521	14.47	4.31
b) Banks / FIs	18937	11880	30817	0.02	1000	5880	6880	0.00	-0.02
c) Central Govt.	678353	0.00	678353	0.43	678353	0.00	678353	0.43	0.00
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	200000	0.00	200000	0.13	209529	0.00	209529	0.13	0.00
g) Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (Specify): (a) Foreign Portfolio Investors)	41262051	0	41262051	25.96	36783496	0	36783496	23.14	-2.82
(b.) Alternate Investment Funds	0	0	0	0.00	449605	0	449605	0.28	0.28
Sub-total (B)(1)	58242156	83180	58325336	36.69	61052204	77180	61129384	38.46	1.76
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	5468382	19000	5487382	3.45	4164377	17000	4181377	2.63	-0.82
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	14701160	1263472	15964632	10.04	13521104	1100294	14621398	9.20	-0.84
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2285862	0	2285862	1.44	2165862	0	2165862	1.36	-0.08

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April 2019]				No. of Shares held at the end of the year [As on 31st March 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (Specify):									
i. NBFCs Registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
ii. Trust & Foundation	1852	0	1852	0.00	890	0	890	0.00	0.00
iii. Cooperative Societies	5000	0	5000	0.00	5000	0	5000	0.00	0.00
iv. Educational Institutions	0	0	0	0	0	0	0	0.00	0.00
v. Non Resident Indians	808041	29870	837911	0.53	754256	28870	783126	0.49	-0.04
vi. Foreign Companies	0	0	0	0	0	0	0	0.00	0.00
vii. Investor Education & Protection Fund Authority**	417094	0.00	417094	0.26	444932	0	444932	0.28	0.02
Sub-total (B)(2)	23687391	1312342	24999733	15.73	21056421	1146164	22202585	13.96	-1.77
Total Public Shareholding (B)=(B)(1)+ (B)(2)	81929547	1395522	83325069	52.42	82108625	1223344	83331969	52.42	0.00
(C) Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A)+(B)+(C)	157554778	1395977	158950300	100	157733856	1223344	158957200	100.00	0.00

\*\* The voting rights on 444932 equity shares are frozen pursuant to the provision of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016

^ Trustee of Versha Kajaria Family Private Trust has been changed from ‘Mr. Ashok Kajaria and Mr. Rishi Kajaria in their capacity as the joint trustees of the Versha Kajaria Family Private Trust’ to ‘VK Trustees Private Limited in its capacity as sole trustee of the Versha Kajaria Family Private Trust’.

\* Name of the Trustee of Chetan Kajaria Family Private Trust has been changed from ‘Professional Home Solutions Private Limited’ to ‘CK Trustees Private Limited’.

# Trustee of Rishi Kajaria Family Private Trust has been changed from ‘Mrs. Versha Kajaria and Mr. Chetan Kajaria in their capacity as the joint trustees of the Rishi Kajaria Family Private Trust’ to ‘RK Trustees Private Limited in its capacity as sole trustee of the Rishi Kajaria Family Private Trust’.

**(b) Shareholding of Promoter & Promoter Group:**

S. No.	Shareholder's Name	Shareholding at the beginning of the year (1st April, 2019)			Shareholding at the end of the year (31st March, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Ashok Kumar Kajaria	1047004	0.66	0.00	1047004	0.66	0.00	0.00
2.	Versha Devi Kajaria	1777014	1.12	0.00	1777014	1.12	0.00	0.00
3.	A.K. Kajaria (HUF)	1967750	1.24	0.00	1967750	1.24	0.00	0.00
4.	Chetan Kajaria	1339880	0.84	0.00	1339880	0.84	0.00	0.00



S. No.	Shareholder's Name	Shareholding at the beginning of the year (1st April, 2019)			Shareholding at the end of the year (31st March, 2020)			% 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	
5.	Rishi Kajaria	1805716	1.14	0.00	1805716	1.14	0.00	0.00
6.	Rasika Kajaria	570000	0.36	0.00	570000	0.36	0.00	0.00
7.	Shikha Kajaria	600000	0.38	0.00	600000	0.38	0.00	0.00
8.	Kartik Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
9.	Parth Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
10.	Raghav Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
11.	Vedant Kajaria	450000	0.28	0.00	450000	0.28	0.00	0.00
12.	Chetan Kajaria (HUF)	42000	0.03	0.00	42000	0.03	0.00	0.00
13.	Rishi Kajaria (HUF)	6000	0.00	0.00	6000	0.00	0.00	0.00
14.	VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)^	12933973	8.14	0.00	12933973	8.14	0.00	0.00
15.	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)*	25867947	16.27	0.00	25867947	16.27	0.00	0.00
16.	RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust)#	25867947	16.27	0.00	25867947	16.27	0.00	0.00
TOTAL		75625231	47.58	0.00	75625231	47.58	0.00	0.00

- ^ Trustee of Versha Kajaria Family Private Trust has been changed from 'Mr. Ashok Kajaria and Mr. Rishi Kajaria in their capacity as the joint trustees of the Versha Kajaria Family Private Trust' to 'VK Trustees Private Limited in its capacity as sole trustee of the Versha Kajaria Family Private Trust'
- \* Name of the Trustee of Chetan Kajaria Family Private Trust has been changed from 'Professional Home Solutions Private Limited' to 'CK Trustees Private Limited'.
- # Trustee of Rishi Kajaria Family Private Trust has been changed from 'Mrs. Versha Kajaria and Mr. Chetan Kajaria in their capacity as the joint trustees of the Rishi Kajaria Family Private Trust' to 'RK Trustees Private Limited in its capacity as sole trustee of the Rishi Kajaria Family Private Trust'

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

S. No.	Name of Promoters & person belongs to Promoter Group	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	75625231	47.58	----	----
	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.)	----	----	75625231	47.58
	At the end of the year	75625231	47.58	75625231	47.58

\* There is no change in promoter/promoter group shareholding during the F.Y 2019-20

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

S. No.	Name & Category	Shareholding		Date	Increase/decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2019 to 31st March 2020)	
		No. of shares at the beginning (1st April 2019)/end of the year (31st March 2020)	% of total shares of the Company				No. of shares	% of total Shares of the Company
1.	GOVERNMENT PENSION FUND GLOBAL (IN30005410076881)	7113342	4.48	01-04-2019				
				04-10-2019	-6708	Sale	7106634	4.47
				11-10-2019	-26244	Sale	7080390	4.45
				18-10-2019	-79553	Sale	7000837	4.40
				25-10-2019	-11515	Sale	6989322	4.40
				15-11-2019	225000	Purchase	7214322	4.54
				22-11-2019	32000	Purchase	7246322	4.56
				29-11-2019	12060	Purchase	7258382	4.57
				20-12-2019	230940	Purchase	7489322	4.71
				31-01-2020	-125000	Sale	7364322	4.63
		7364322	4.63	31-03-2020				
2.	MIRAE ASSET LARGE CAP FUND* (IN3001670127652)	0	0.00	01-04-2019				
				20-09-2019	9362	Purchase	9362	0.01
				27-09-2019	115911	Purchase	125273	0.08
				04-10-2019	50526	Purchase	175799	0.11
				11-10-2019	414084	Purchase	589883	0.37
				18-10-2019	444193	Purchase	1034076	0.65
				25-10-2019	225353	Purchase	1259429	0.79
				01-11-2019	207040	Purchase	1466469	0.92
				08-11-2019	526529	Purchase	1992998	1.25
				15-11-2019	950138	Purchase	2943136	1.85
				22-11-2019	92310	Purchase	3035446	1.91
				29-11-2019	14833	Purchase	3050279	1.92
				13-12-2019	109143	Purchase	3159422	1.99
				27-12-2019	151283	Purchase	3310705	2.08
				31-12-2019	92358	Purchase	3403063	2.14
				20-03-2020	160783	Purchase	3563846	2.24
		3563846	2.24	31-03-2020				
3.	KOTAK EMERGING EQUITY SCHEME (IN300152430012592)	1408354	0.89	01-04-2019				
				26-07-2019	375000	Purchase	1783354	1.12
				02-08-2019	203022	Purchase	1986376	1.25
				09-08-2019	60550	Purchase	2046926	1.29
				16-08-2019	47346	Purchase	2094272	1.32
				23-08-2019	50000	Purchase	2144272	1.35



S. No.	Name & Category	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2019 to 31st March 2020)			
		No. of shares at the beginning (1st April 2019)/end of the year (31st March 2020)	% of total shares of the Company				No. of shares	% of total Shares of the Company		
				30-08-2019	38105	Purchase	2182377	1.37		
				06-09-2019	50000	Purchase	2232377	1.40		
				20-09-2019	-104536	Sale	2127841	1.34		
				27-09-2019	-45464	Sale	2082377	1.31		
				25-10-2019	-25495	Sale	2056882	1.29		
				01-11-2019	35832	Purchase	2092714	1.32		
				08-11-2019	49273	Purchase	2141987	1.35		
				22-11-2019	66644	Purchase	2208631	1.39		
				29-11-2019	32605	Purchase	2241236	1.41		
				06-12-2019	28181	Purchase	2269417	1.43		
				20-12-2019	31326	Purchase	2300743	1.45		
				27-12-2019	130000	Purchase	2430743	1.53		
				31-12-2019	10998	Purchase	2441741	1.54		
				28-02-2020	64600	Purchase	2506341	1.58		
				06-03-2020	89657	Purchase	2595998	1.63		
				13-03-2020	1035	Purchase	2597033	1.63		
				20-03-2020	75000	Purchase	2672033	1.68		
				27-03-2020	109321	Purchase	2781354	1.75		
				2815820	1.77	31-03-2020	34466	Purchase		
		4.	FRANKLIN TEMPLETON INVESTMENT FUNDS (IN30343810004305)	2536040	1.60	01-04-2019				
				12-04-2019	-160918	Sale	2375122	1.49		
				21-06-2019	-1307	Sale	2373815	1.49		
				17-01-2020	-29650	Sale	2344165	1.47		
				24-01-2020	-44165	Sale	2300000	1.45		
		2300000	1.45	31-03-2020						
5.	J P MORGAN FUNDS (IN30343810006522)	2723577	1.71	01-04-2019						
				12-04-2019	-38460	Sale	2685117	1.69		
				26-04-2019	-93340	Sale	2591777	1.63		
				03-05-2019	-86510	Sale	2505267	1.58		
				10-05-2019	-122450	Sale	2382817	1.50		
				24-05-2019	-57430	Sale	2325387	1.46		
				31-05-2019	-18240	Sale	2307147	1.45		
				29-11-2019	29530	Purchase	2336677	1.47		
				27-12-2019	18664	Purchase	2355341	1.48		
				20-03-2020	-30101	Sale	2325240	1.46		
				27-03-2020	-33493	Sale	2291747	1.44		
		2291747	1.44	31-03-2020						

S. No.	Name & Category	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2019 to 31st March 2020)			
		No. of shares at the beginning (1st April 2019)/end of the year (31st March 2020)	% of total shares of the Company				No. of shares	% of total Shares of the Company		
6.	FRANKLIN INDIA SMALLER COMPANIES FUND# (IN30014210769487)	0	0.00	01-04-2019						
				13-12-2019	1980000	Purchase	1.25			
		1980000	1.25	31-03-2020						
7.	HDFC LIFE INSURANCE COMPANY LIMITED (IN30016710142910)	1849999	1.16	01-04-2019						
				05-04-2019	50001	Purchase	1900000	1.20		
				10-05-2019	65329	Purchase	1965329	1.24		
				17-05-2019	2736	Purchase	1968065	1.24		
				24-05-2019	-3127	Sale	1964938	1.24		
				31-05-2019	-70767	Sale	1894171	1.19		
				21-06-2019	5829	Purchase	1900000	1.20		
				28-06-2019	25000	Purchase	1925000	1.21		
				12-07-2019	25000	Purchase	1950000	1.23		
				19-07-2019	1002	Purchase	1951002	1.23		
				26-07-2019	148998	Purchase	2100000	1.32		
				06-09-2019	8479	Purchase	2108479	1.33		
				13-09-2019	-8479	Sale	2100000	1.32		
				20-09-2019	-25000	Sale	2075000	1.31		
				27-09-2019	-26286	Sale	2048714	1.29		
				08-11-2019	1286	Purchase	2050000	1.29		
				10-11-2019	-25000	Sale	2025000	1.27		
				20-03-2020	-175000	Sale	1850000	1.16		
				1850000	1.16	31-03-2020				
		8.	FRANKLIN INDIA PRIMA FUND* (IN30014210769433)	0	0.00	01-04-2019				
						13-12-2019	1743720	Purchase	1743720	1.10
				1743720	1.10	31-03-2020				
9.	L AND T MUTUAL FUND TRUSTEE LTD- L AND T MID CAP FUND (IN30005410064151)	1399600	0.88	01-04-2019						
				31-05-2019	77100	Purchase	1476700	0.93		
				19-07-2019	87600	Purchase	1564300	0.98		
				09-08-2019	42715	Purchase	1607015	1.01		
				16-08-2019	59285	Purchase	1666300	1.05		
				18-10-2019	10000	Purchase	1676300	1.05		
				25-10-2019	10000	Purchase	1686300	1.06		
		1686300	1.06	31-03-2020						



S. No.	Name & Category	Shareholding		Date	Increase/decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2019 to 31st March 2020)	
		No. of shares at the beginning (1st April 2019)/end of the year (31st March 2020)	% of total shares of the Company				No. of shares	% of total Shares of the Company
10.	KOTAK FUNDS- INDIA MIDCAP FUND (IN30014210753517)	1453650	0.91	01-04-2019				
				12-04-2019	-15000	Sale	1438650	0.91
				26-07-2019	186792	Purchase	1625442	1.02
				30-08-2019	12529	Purchase	1637971	1.03
				07-02-2020	-67750	Sale	1570221	0.99
				14-02-2020	-56214	Sale	1514007	0.95
		1514007	0.95	31-03-2020				
11.	GOLDMAN SACHS INDIA LIMITED (IN30016710044058)#	1661272	1.05	01-04-2019				
				13-12-2019	-63387	Sale	1597885	1.01
				28-02-2020	-34793	Sale	1563092	0.98
				06-03-2020	-42885	Sale	1520207	0.96
				13-03-2020	-41829	Sale	1478378	0.93
				20-03-2020	-48001	Sale	1430377	0.90
		1430377	0.90	31-03-2020				
12.	FRANKLIN INDIA SMALLER COMPANIES FUND# (IN30016710016878)	1980000	1.25	01-04-2019				
				13-12-2019	-1980000	Sale	0	0.00
		0	0.00	31-03-2020				
13.	FRANKLIN TEMPLETON MUTUAL FUND A/C FRNKFIN INDIA PRIMA FUND# (IN30016710010936)	1743720	1.10	01-04-2019				
				13-12-2019	-1743720	Sale	0	0.00
		0	0.00	31-03-2020				

\* Not in the list of top ten shareholders as on March 31, 2019. The same has been reflected above since the shareholder was one of the top 10 shareholders as on March 31, 2020.

# Ceased to be in the list of top 10 shareholders as on March 31, 2020. The same was reflected above since the shareholder was one of the top ten shareholders as on March 31, 2019.

(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 2019 to 31st March 2020)	
		No. of shares at the beginning (1st April 2019) / end of the year (31st March 2020)	% of total shares of the Company				No. of shares	% of total Shares of the Company
1.	Mr. Ashok Kajaria Chairman & Managing Director (DIN: 00273877)	1047004	0.66	01-04-2019	-	-	1047004	0.66
		1047004	0.66	31-03-2020				

S. No.	Name	Shareholding		Date	Increase/decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2019 to 31st March 2020)	
		No. of shares at the beginning (1st April 2019) / end of the year (31st March 2020)	% of total shares of the Company				No. of shares	% of total Shares of the Company
2.	Mr. Chetan Kajaria Joint Managing Director (DIN: 00273928)	1339880	0.84	01-04-2019	-	-	1339880	0.84
		1339880	0.84	31-03-2020				
3.	Mr. Rishi Kajaria Joint Managing Director (DIN: 00228455)	1805716	1.14	01-04-2019	-	-	1805716	1.14
		1805716	1.14	31-03-2020				
4.	Mr. Dev Datt Rishi Non-Executive Director (DIN: 00312882)	624	0.00	01-04-2019	-	-	624	0.00
		624	0.00	31-03-2020				
5.	Mr. Raj Kumar Bhargava Independent Director (DIN: 00016949)	18592	0.01	01-04-2019	-	-	18592	0.01
		18592	0.01	31-03-2020				
6.	Mr. Debi Prasad Bagchi Independent Director (DIN: 00061648)	0	0.00	01-04-2019	-	-	0	0.00
		0	0.00	31-03-2020				
7.	Mr. H. Rathnakar Hegde Independent Director (DIN : 05158270)	0	0.00	01-04-2019	-	-	0	0.00
		0	0.00	31-03-2020				
8.	Mrs. Sushmita Singha Independent Director (DIN: 02284266)	0	0.00	01-04-2019	-	-	0	0.00
		0	0.00	31-03-2020				
9.	Mr. Ram Chandra Rawat COO (A & T) & Company Secretary (FCS No. 5101)	0	0.00	01-04-2019	-	-	0	0.00
		0	0.00	31-03-2020				
10.	Mr. Sanjeev Agarwal CFO	0	0.00	01-04-2019	-	-	0	0.00
		0	0.00	31-03-2020	-	-	0	0.00

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

(₹In Crores)				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	14.94	0.00	0.00	14.94
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>14.94</b>	<b>0.00</b>	<b>0.00</b>	<b>14.94</b>
Change in Indebtedness during the financial year				



Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
* Addition	34.32	0.00	0.00	34.32
* Reduction	2.67	0.00	0.00	2.67
<b>Net Change</b>	<b>31.65</b>	<b>0.00</b>	<b>0.00</b>	<b>31.65</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	46.59	0.00	0.00	46.59
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>46.59</b>	<b>0.00</b>	<b>0.00</b>	<b>46.59</b>

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

S. No.	Particulars of Remuneration	Name of Chairman/MD/WTD/ Manager			Total Amount (₹in Lakhs) per annum
	Chairman/MD/WTD	Mr. Ashok Kajaria	Mr. Chetan Kajaria	Mr. Rishi Kajaria	
1.	Gross salary (Per Annum)				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	297.70	459.55	459.55	1216.80
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	69.10	27.70	27.70	124.50
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00
4.	Commission as % of profit - others, specify	0.00	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00	0.00
	<b>Total (A)</b>	<b>366.80</b>	<b>487.25</b>	<b>487.25</b>	<b>1341.30</b>

Overall Ceiling as per Act: ₹3233 Lakhs (being 10% of the profit of the Company calculated as per Section 198 of the Companies Act, 2013.

(B) Remuneration to other directors

S. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹in Lakhs) per annum
		Mr. Raj Kumar Bhargava	Mr. Debi Prasad Bagchi	Mr. H. Rathnakar Hegde	Mr. Dev Datt Rishi	Mrs. Sushmita Singha	
<b>1</b>	<b>Independent Directors</b>						
	Fee for attending Board / Committee meetings	3.00	3.40	3.60	-	2.50	12.50
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>3.00</b>	<b>3.40</b>	<b>3.60</b>	<b>-</b>	<b>2.50</b>	<b>12.50</b>
<b>2</b>	<b>Other Non-Executive Directors</b>						
	Fee for attending Board / Committee meetings	0.00	0.00	0.00	1.70	0.00	1.70
	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
	<b>Total (2)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.70</b>	<b>0.00</b>	<b>1.70</b>
	<b>Total (B)=(1+2)</b>	<b>3.00</b>	<b>3.40</b>	<b>3.60</b>	<b>1.70</b>	<b>2.50</b>	<b>14.20</b>
	<b>Total Managerial Remuneration</b>						<b>1335.50</b>
	Overall Ceiling as per the Act	₹3524 Lakhs (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

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Ram Chandra Rawat, COO (A&T) & Company Secretary	Mr. Sanjeev Agarwal, CFO	Total Amount (₹in Lakhs) per annum
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	161.90	161.49	323.39
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	0.40	0.80
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission - as % of profit - others, specify	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	Employer Contribution to Provident Fund	4.43	4.43	8.86
	Variable Pay / incentive	0.00	0.00	0.00
	<b>Total</b>	<b>166.73</b>	<b>166.32</b>	<b>333.05</b>

VI. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board

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

Place: New Delhi  
Date: August 7, 2020



ANNEXURE - 7

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

A. CONSERVATION OF ENERGY

(i) Energy conservations measures taken

The manufacturing plants of the Company have continued their efforts to reduce the specific energy consumption and the same is monitored in order to minimize wastage and facilitate optimum utilization of energy. The initiatives are being planned and implemented. Maintenance and repairs of all equipment and machineries are carried out timely to ensure optimum energy efficiency. Apart from regular practices and measures for energy conservation, some of the key measures taken to enhance energy conservation during the financial year 2019-20 are as follows:

- Maintaining Power Factor near to Unity for effective utilization of Grid power and reduction of apparent energy consumption. Utilization of planned switching and effective use of VFD's with blowers resulting in reduction of apparent as well as active energy consumption.
- Air leakage audit conducted and the air leakage arrested.
- Installation of BEE (Bureau of Energy Efficiency) certified electrical items and equipment along with latest generation energy-efficient lighting (i.e. LED) with sensor and variable frequency drives in order to conserve energy and also drive down costs.
- Initiation of Energy Management System (EMS) software development, which will generate real-time data and help to monitor, analyze, & report and also compare the power consumption across all plants of the Company.
- Maintaining heat recovery system at Gailpur & Malootana (Rajasthan) and Sikandrabad (U.P.) plants to attain considerable fuel savings by allocating the exhaust heat of kilns to vertical/horizontal driers. Some of heat recovery blowers are equipped with VFD to get the maximum efficiency.
- Installation of Natural ventilators in Press area.

- Auto switching on and off of conveyors, blowers, etc., when not in use.

(ii) Utilising alternate sources of energy

a. Solar Energy:

During the financial year 2019-20, The Company has installed 1.914 MW rooftop solar project at Gailpur (Rajasthan) plant of the Company.

With the commissioning of the above project, total installed rooftop solar energy capacity is now 6.31 MW at Gailpur & Malootana (Rajasthan) and Sikandrabad, (U.P.) plants of the Company.

For the financial year 2019-20, the solar project has generated about 63.90 Lakhs units, which is about 5.46% of electricity consumption across all the plants of the Company.

b. Wind Energy:

The Company is utilizing wind turbines at Gailpur (Rajasthan) plant to produce green energy. During the financial year 2019-20, the wind turbine project generated about 42.63 Lakhs units, which is about 3.64% of electricity consumption across all the plants of the Company.

(iii)Capital investment on energy conservation equipments

The Company has spent ₹25.46 Lakhs on energy conservation equipments, during the financial year 2019-20.

B. TECHNOLOGY ABSORPTION

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

(i) Major efforts made towards technology absorption

- The Company has fully adopted the latest technology available for producing tiles putting the Company in the same league as other manufacturers in the Chinese and European markets.
- The Company's R&D and technical experts constantly visit international markets to identify and keep pace with the latest technologies available.
- The R&D Unit at Gailpur & Malootana (Rajasthan) and Sikandrabad (U.P) plants has continuously maintained the recognition from the Department of Scientific and Industrial Research (DSIR).

(ii) Benefits derived through such efforts

- The production capacity at Gailpur (Rajasthan) plant of the Company enhanced through its continuous value generation process by way of formulation, re-engineering, sourcing efficiency, process optimization, searching of new raw material / techniques.
- Technology absorption efforts have not only allowed the Company to develop new products but also improve its existing ones and reduce the cost of products.
- The Company has developed a culture of staying informed about the latest developments in related technology as well as constantly updating our equipment and processes. Such innovations have led the Company to be in the forefront amongst its competitors.

(iii) Technology imported

No technology has been imported during the last three years.

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

(₹in Crores)

Particulars	2019-20	2018-19
a) Capital	0.05	0.26
b) Recurring	18.34	18.22
<b>Total</b>	<b>18.39</b>	<b>18.48</b>
Total R&D expenditure as a percentage of total turnover	0.72%	0.68%

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange earned in terms of actual inflow during the financial year 2019-20 was ₹32.39 Crores (equivalent value of various currencies).

Foreign exchange outgo in terms of actual outflow during the financial year 2019-20 was ₹10.31 Crores (equivalent value of various currencies).

For and on behalf of the Board

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

Place: New Delhi  
Date: August 7, 2020



## ANNEXURE - 8

### NAME OF EMPLOYEES OF THE COMPANY

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

(a) Top Ten Employees in terms of Remuneration drawn including the Employees who was in receipt of remuneration exceeding ₹1.02 crores per annum, who was employed throughout the financial year 2019-20:

Sl. No.	Name	Age	Designation	Qualification	Experience	Date of commencement of employment	Remuneration for the financial year 2019-20 (₹in Lakhs)	Particular of last employment
1.	Mr. Ashok Kajaria	72	Chairman & Managing Director	B.SC, BSME, UCLA (California), USA	44	01.01.1987	490.00	Managing Director -Kajaria Exports Limited
2.	Mr. Chetan Kajaria	45	Joint Managing Director	B. Engg. (Petrochem), Pune University, MBA from Boston College (USA)	20	15.01.2000	486.85	Managing Director - Kajaria Plus Limited
3.	Mr. Rishi Kajaria	42	Joint Managing Director	B.Sc. in Business Administration from Boston University (USA)	16	26.07.2003	486.85	Director - Kajaria Infotech Limited
4.	Mr. Ram Chandra Rawat	64	COO (A&T) & Company Secretary	M. Com. FCA, FCS	40	14.07.1987	161.90	Chief Accounts Officer - RCS Vanaspati Limited
5.	Dr. Rajveer Choudhary	66	Chief Operating Officer (Gailpur Plant)	M.A., PH.D	38	03.08.1998	163.42	VP - Venus Sugars Limited
6.	Mr. Sanjeev Agarwal	56	CFO	B.Com., FCA	33	09.02.1994	161.49	Dy. Manager- Finance Orissa Synthetics Limited
7.	Mr. Pankaj Sethi	49	COO (Marketing)	BE - Civil Engg.	28	01.04.2003	202.28	Regional Manager -Kajaria Infotech Limited
8.	Mr. Bhupendra Vyas	62	COO (Marketing)	MMS	39	01.08.2016	181.57	Executive Director- City Tiles Limited
9.	Mr. G P Nirmal	59	Sr. VP (I & E)	B. Com. (Hons)	41	01.08.1997	112.66	Sr. Manager – Kajaria Exports Limited
10.	Mr. Vivek Goyal	51	VP (Marketing)	PGDBA – Marketing	29	01.05.2000	155.29	DGM- Marketing – Kajaria Plus Limited
11.	Mr. Gautam Seth	46	VP (Marketing)	BE- Mech. Engg.	21	01.09.2009	144.42	VP – Marketing Kajaria Plus Limited
12.	Mr. Amit S Jain	44	GM (Marketing)	PGDBA – Marketing	20	01.08.2000	106.60	Auditing- B. S. Sharma & Consultancy
13.	Mr. Bal Mukund Sharma	44	GM (Marketing)	PGDBM	22	17.01.2005	117.02	Asst. Manager (Sales)- Kajaria Tiles (Aust) Private Limited

(b) No employee was in receipt of remuneration exceeding ₹8.50 Lakhs per month, who was employed for a part of financial year 2019-20.

(c) During the financial year 2019-20, no employee was in receipt of remuneration exceeding the remuneration drawn by the Managing Director or Whole-Time Director of the Company.

#### Note:

- Remuneration includes salary, allowances, and perquisites but excludes Gratuity Fund and Personal Accident Insurance as the same is paid for the Company as whole.
- 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.
- Mr. Ashok Kajaria, Mr. Chetan Kajaria and Mr. Rishi Kajaria, hold equity shares of the Company, which is disclosed in Annexure-6 of the Directors' Report.
- None of the above referred employees, except as mentioned in Note No. 3 above, hold equity shares of the Company.
- Mr. Ashok Kajaria, Chairman & Managing Director is father of Mr. Chetan Kajaria and Mr. Rishi Kajaria, Joint Managing Directors, of the Company. Except this, no employee is relative of any Directors of the Company.

For and on behalf of the Board

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

Place: New Delhi  
Date: August 7, 2020



## REPORT ON CORPORATE GOVERNANCE

### THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

### THE CORPORATE GOVERNANCE PHILOSOPHY OF THE COMPANY IS BASED ON THE FOLLOWING PRINCIPLES:

- Appropriate composition of the Board;
- Timely disclosure of material and financial information to the Board and Stakeholders;
- Systems and processes are in place to ensure financial control and compliance of applicable laws; and
- Proper Business Conduct by the Board, Committees, Senior Management and Employees.

### BOARD OF DIRECTORS

The Company firmly believes that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance in order to bring objectivity

and transparency in the Management. The Board of Directors alongwith their Committees are entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has vested with the requisite powers, authorities and duties.

### SELECTION OF THE BOARD

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

### COMPOSITION

The Board has an optimum combination of Executive and Non-Executive Directors including Independent Directors and Woman Director as required under the applicable legislations. The Board consists of eminent individuals from the Industry, management, technical, financial and marketing, etc. The Company is managed by the Board of Directors in co-ordination with their Committees and the Senior Management team. As on 31st March, 2020, the Company has Eight (8) Directors on its Board, out of which Three (3) are Executive Directors, One (1) is Non-executive Non-Independent Director and Four (4) are Non-executive Independent Directors including one (1) Woman Non-executive Independent Director. The Board, on recommendation of the Nomination and Remuneration Committee periodically evaluates the need for change in composition and size of the Board of Directors of the Company.

The details of composition of the Board, category of Directorship, number of Directorships in other companies, Chairmanship/ Membership of the Committee of each Director in other Companies, attendance of the Directors at Board Meetings and last Annual General Meeting as on 31st March 2020 are given below:

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

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

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

# The second term of Mr. Raj Kumar Bhargava and Mr. Debi Prasad Bagchi as the Independent Directors of the Company started from 1st August, 2019 as approved by the shareholders of the Company by passing the Special Resolutions on 11th March, 2019, through Postal Ballot:

^^ The second term of Mr. H. Rathnakar Hegde as the Independent Director of the Company started from 1st April, 2019 as the as approved by the shareholders of the Company at the 32nd Annual General Meeting held on 27th August, 2018.

@ The second term of Mrs. Sushmita Singha as the Independent Director of the Company started from 30th March, 2020 as the as approved by the shareholders of the Company at the 33rd Annual General Meeting held on 26th August, 2019.

\$ Promoter Group

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

During the year 2019-20, none of the Independent Director resigned from the office before the expiry of his/her tenure.

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



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

### CATEGORY OF DIRECTORSHIP IN OTHER COMPANIES LISTED ON RECOGNIZED STOCK EXCHANGE(S):

Name of other companies listed at the recognized Stock Exchange(s) in which the Directors of the Company hold position of Directorship (alongwith category of Directorship), as on 31st March, 2020, are as under:

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

\* Excluded the Directorship held in Kajaria Ceramics Limited.

### NUMBER OF SHARES HELD BY INDEPENDENT DIRECTORS/NON-EXECUTIVE DIRECTOR

The details of equity shares of the Company held by the Independent/Non-Executive Directors as on 31st March, 2020 are as under:

Sr. No.	Name of Independent /Non-executive Directors	Category	No. of equity shares of ₹1 each of the Company held as on 31st March, 2020
1.	Mr. Raj Kumar Bhargava	Non-executive & Independent Director	18592
2.	Mr. Dev Datt Rishi	Non-executive Director	624

No other Independent Directors, hold any share of the Company 31st March, 2020.

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

### BOARD MEETINGS

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

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

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

During the financial year 2019-20, five (5) Board Meetings were held, at least one in every calendar quarter and the gap between two consecutive Board Meetings did not exceed one hundred and twenty (120) days. The dates on which the Board Meetings were held, are as follows:

10th May, 2019, 23rd July, 2019, 26th August, 2019, 23rd October, 2019 and 10th February, 2020.

### POST MEETING FOLLOW UP MECHANISM

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

### BOARD SUPPORT

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

### SEPARATE MEETING FOR INDEPENDENT DIRECTORS

The Independent Directors of the Company meet once in a financial year without the presence of non-Independent Directors and Management Personnel. Such Meeting reviews the performance of Non-Independent Directors and the Board as a whole, reviews the performance of Chairman of the Board, access the quality, quantity and timeliness of the flow of information between management and the Board that is necessary to effectively and reasonably perform its duties. A meeting of Independent Directors was held on 26th June, 2020.

### FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

At the time of appointment and re-appointment of Independent Directors, a formal letter of appointment is given to him/her, which, inter-alia, explains the role, functions, duties and responsibilities expected from him/her as an Independent Director of the Company. The Independent Director is also explained in detail the nature, business model of the industry and compliances under the Companies Act, 2013, the Listing Regulations and other

relevant rules & regulations. The Chairman & Managing Director also has one to one discussion with the newly appointed Director to familiarize him/her with the Company's Operations. The Board Members are provided with necessary documents, reports and policies to enable them to familiarize with the Company's Procedures and Practices. Periodic presentations are made at the Board and its Committee Meetings on the Company's Business, performance and other relevant updates.

The familiarization program alongwith details thereof has been uploaded on the Company's website at <https://www.kajariaceramics.com/pdf/FamiliarisationProgrammeforIndependentDirectors.pdf> / [https://www.kajariaceramics.com/pdf/Details\\_of\\_Familiarisation\\_Programme\\_for\\_Independent\\_Directors.pdf](https://www.kajariaceramics.com/pdf/Details_of_Familiarisation_Programme_for_Independent_Directors.pdf)

### AUDIT COMMITTEE

During the year 2019-20, the Committee met five (5) times i.e. 10th May, 2019, 23rd July, 2019, 26th August, 2019, 23rd October, 2019 and 10th February, 2020. The composition of the Committee and details of meetings attended by the Directors are as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Raj Kumar Bhargava	Non-executive & Independent	Chairman	5
Mr. Ashok Kajaria	Executive	Member	5
Mr. H. Rathnakar Hegde	Non-executive & Independent	Member	5
Mr. Debi Prasad Bagchi	Non-executive & Independent	Member	5

The Committee's Composition meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The Members of the Committee are financially literate and possess sound knowledge of accounts, audit, internal controls and financial management expertise.

Mr. Ram Chandra Rawat, COO (A&T) & Company Secretary of the Company acts as the Secretary of the Audit Committee. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company held on 26th August, 2019.

### TERMS OF REFERENCE OF AUDIT COMMITTEE

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



- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - Recommendation for the appointment, remuneration, terms of appointment of the Auditors of the Company and reviewing & monitoring the auditor's independence and performance and effectiveness of the audit processes;
  - Approval for payment to the Statutory Auditors for any other permitted services rendered by Statutory Auditors;
  - Reviewing and examining, with the management, the annual financial statements and the Auditors' report thereon, before submission to the Board for approval, with particular reference to:
    - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;
    - Changes, if any, in accounting policies and practices and reasons for the same;
    - Major accounting entries involving estimates based on the exercise of judgment by management;
    - Significant adjustments made in the financial statements arising out of audit findings;
    - Compliance with listing and other legal requirements relating to financial statements;
    - Disclosure of any related party transactions;
    - Modified opinion(s) in the draft Auditors' report.
  - Reviewing, with the management, the quarterly financial results before submission to the Board for approval;
  - Reviewing and monitoring, with the management, the statement of uses / application of funds raised through an issue/public offers (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - Approval (including omnibus approval) or any subsequent modification of transactions of the Company with related parties / statement of related party transactions;
  - Scrutiny of inter-corporate loans and investments;
  - Valuation of undertakings or assets of the Company, wherever it is necessary;
  - Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems including evaluation of internal financial controls and risk management system and discussion with internal auditors any significant findings and follow up there on;
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - Review the functioning of the Whistle Blower Policy (Vigil Mechanism);
  - Approval of appointment of Chief Financial Officer ('CFO') after assessing the qualifications, experience & background, etc. of the candidate;
  - Reviewing the utilization of loans and/or advances from/ investment by the Company in its subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
  - Review of Management discussion and analysis of financial condition and results of operations and Management letters / letters of internal control weaknesses issued by the statutory auditors;

- Review of Internal audit reports relating to internal control weaknesses and the appointment, removal and terms of remuneration of the Internal Auditors;
- Review of Financial statement, in particular, investments made by the subsidiary company(s); and
- Any other role/functions as may be delegated by the Board of Directors of the Company or prescribed by law, from time to time.

### NOMINATION AND REMUNERATION COMMITTEE

During the year 2019-20, the Committee met two (2) times i.e. 10th May, 2019 and 10th February, 2020. The composition of the Committee is as follows:

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

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

The Chairman of the Nomination and Remuneration Committee was present in the last Annual General Meeting of the Company held on 26th August 2019.

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

- 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;

- While formulating the policy as above said, to ensure 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 including the Company Secretary and Chief Financial Officer) involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- Recommending the Board, all remuneration, in whatever form, payable to senior management including the Company Secretary and the Chief Financial Officer;
- Formulating the criteria for evaluation of Independent Directors and the Board of Directors of the Company;
- To extend or continue the term of appointment of Independent Director, on the basis of performance evaluation of Independent Directors;
- Devising a policy on diversity of Board of Directors;
- To formulate the detailed terms and conditions of the Kajaria Ceramics Employee Stock Option Plan 2015 ('ESOP Plan 2015') including the following:
  - issuing and allotment of equity shares [including share certificate(s)] of the Company to the ESOP holders and all matters related thereto, from time to time, pursuant to the ESOP Plan 2015;
  - signing, execution and submission of necessary documents/papers for the listing of equity shares of the Company with the stock exchanges or other concerned authority(ies) and all matters related thereto;
  - making a fair and reasonable adjustment to the number of options and to the exercise price, in case of rights issues, bonus issues and other corporate actions;



- d. approval of list of employee(s) of the Company and/or its subsidiary(ies) [including quantum of ESOP grant] to whom ESOP options are to be granted under ESOP Plan 2015;
  - e. determining the procedure for winding up of the ESOP Plan 2015;
  - f. other matters which may be relevant for administration of ESOP Plan 2015, from time to time.
9. To do all other acts as may be delegated by the Board of Directors of the Company or prescribed by law, from time to time.

### RISK MANAGEMENT COMMITTEE

During the year 2019-20, one (1) meeting of the Risk Management Committee was held on 10th February, 2020. The composition of the Committee and details of meeting attended by the Directors / members of this Committee are as follows:

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

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

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

- Identifying, assessing and mitigating the existing as well as potential risk (including strategic, financial, operational and compliance risks) to the Company and to recommend the strategy to the Board to overcome them.
- Assisting the Board in framing, implementing and monitoring the risk management plan for the Company and reviewing

and guiding the risk policy.

- Developing risk management policy, system and framework for the Company.
- Perform such activities related to this policy as requested by the Board of Directors or to address issues relating to any significant subject within its terms of reference.
- Carry out function which shall specifically cover cyber security and any other function as may be prescribed by law, from time to time.

### PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out the annual performance evaluation of the Board as a whole, its Committees and all Directors including the Chairman, in line with the criteria specified in the Nomination and Remuneration Policy and as per the recommendation of the Nomination and Remuneration Committee of the Company. The exercise was carried out through a structured evaluation process covering various aspects of the Board, its Committees, Chairman and all Directors’ functioning such as composition of Board and its Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc. The Directors expressed their satisfaction with the evaluation process and performance of the Board, its Committees and the Directors including the Chairman. The Independent Directors also evaluated the performance of Non-Independent Directors, the Chairman and Board as a whole. They also assessed the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### REMUNERATION

#### A. Remuneration to Independent / Non-executive Director

The Independent / Non-executive Directors are paid remuneration by way of sitting fees for each meeting of the Board and Committee of Directors attended by them. The total amount of sitting fees paid during the financial year 2019-20 was ₹14.20 Lakhs. The Independent/Non-executive Directors do not have any pecuniary relationship or transactions with the Company. The criteria of making payment to Independent / Non-executive

Directors are disclosed in the Nomination and Remuneration Policy of the Company. The said Policy is given as Annexure- 4 to the Directors Report and is also disclosed on the website of the Company [https://www.kajariaceramics.com/pdf/nomination\\_remuneration\\_policy.pdf](https://www.kajariaceramics.com/pdf/nomination_remuneration_policy.pdf)

The details of remuneration paid to Independent / Non-executive Directors during the financial year ended 31st March 2020 is as under:

S. No.	Name of Independent / Non-Executive Director	Sitting Fees (₹ in Lakhs)
1	Mr. Raj Kumar Bhargava	3.00
2	Mr. Debi Prasad Bagchi	3.40
3	Mr. H. Rathnakar Hegde	3.60
4	Mr. Dev Datt Rishi	1.70
5	Mrs. Sushmita Singha	2.50

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

#### B. Remuneration to Executive Directors

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

The details of remuneration paid to Executive Directors during the year ended 31st March 2020 is as under:

(₹ in Crores)					
S. No.	Name of Directors	Fixed Component		Performance Linked Incentive	Total
		Salary	Perquisites & other Benefits	Commission	
1.	Mr. Ashok Kajaria	2.98	1.92	-	4.90
2.	Mr. Chetan Kajaria	4.87	-	-	4.87
3.	Mr. Rishi Kajaria	4.87	-	-	4.87

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

### STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee is responsible for the satisfactory redressal of investor’s grievances and recommends measures for overall improvement in the quality of investor’s services. During the year 2019-20, the Committee met five (5) times i.e. 15th April, 2019, 8th July, 2019, 26th August, 2019, 3rd October, 2019 and 7th January, 2020.

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

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mrs. Sushmita Singha	Non-executive & Independent	Chairperson	2
Mr. Ashok Kajaria	Executive	Member	5
Mr. Chetan Kajaria	Executive	Member	5

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

During the year 2019-20, 18 shareholders related complaints were received. 1 complaint was remained pending at the beginning of the year 2019-20. All these 19 complaints were duly addressed/ disposed, during the year 2019-20. Other than that, none of the complaints were pending, except the cases where the Registrar & Share Transfer Agent is constrained by dispute or legal impediment or due to incomplete or non-submission of documents by the shareholders.



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

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the year 2019-20, the Committee met one (1) times i.e. 9th May, 2019. The composition of the Committee and details of meetings attended by the Directors are as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mrs. Sushmita Singha	Independent	Chairperson	1
Mr. Chetan Kajaria	Executive	Member	1
Mr. Rishi Kajaria	Executive	Member	1

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

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

- (b) Recommend the amount of expenditure to be incurred on the CSR activities; and
- (c) Monitor the Corporate Social Responsibility Policy of the Company, from time to time.

CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR POLICY) OF THE COMPANY

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

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

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

BUSINESS RESPONSIBILITY & SUSTAINABILITY COMMITTEE

During the year 2019-20, the Committee met one (1) time i.e. 9th May, 2019. The composition of the Committee is as follows:

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

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

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

MANAGEMENT COMMITTEE

The Company has a Management Committee of Board of Directors set up to, inter-alia, oversee routine operations that arise in the normal course of the business such as decision on banking related matters, delegation of operational powers, authorisation for various acts / under statutes, etc. The Committee comprises of three Executive Directors of the Company. The Committee functions under the guidance/supervision of the Board and the minutes of meetings of this Committee are also placed before the Board.

ETHICS / GOVERNANCE POLICIES

1. Code of Business Conduct and Ethics

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

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

The Code has been circulated to all the Directors and Senior Management Personnel. All members of the Board and Senior Officers have affirmed compliance to the Code as on 31st March, 2020.

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

2. Insider Trading Code

As per the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (including amendments thereto), the Company has adopted the Code of Conduct for Prevention of Insider Trading and the Code of Fair Disclosure. The Code of Conduct for Prevention of Insider Trading is applicable to all Designated Persons as defined in the above Code, who are expected to have access to unpublished Price Sensitive Information relating to the Company. The Company Secretary of the Company is the Compliance officer for ensuring/monitoring the adherence to the said code/regulations.

3. Material Subsidiary Policy

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

4. Related Party Transaction Policy

In compliance with the Listing Regulations and the Companies Act, 2013, the Company has adopted Related Party Transaction Policy. This Policy is available at Company's website at <https://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf>

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

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

5. Dividend Distribution Policy

Pursuant to the Regulation 43A of the Listing Regulations, the Company has adopted the Dividend Distribution Policy. The said



policy is uploaded at the Company's website i.e. [https://www.kajariaceramics.com/pdf/Dividend\\_Distribution\\_Policy.pdf](https://www.kajariaceramics.com/pdf/Dividend_Distribution_Policy.pdf). The details of the said policy are given as **Annexure-A**.

6. Risk Management Policy

The Company has adopted the Risk Management Policy and the same is uploaded at the Company's website i.e. [https://www.kajariaceramics.com/pdf/Risk\\_Management\\_Policy.pdf](https://www.kajariaceramics.com/pdf/Risk_Management_Policy.pdf)

7. Business Responsibility Report

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

GENERAL BODY MEETINGS

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

Year	Date	Time	Venue	Details of Special Resolutions Passed, if any.
2018-19	26th August, 2019	3:00 p.m.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana – 122001	<ul style="list-style-type: none"><li>Re-appointment of Mrs. Sushmita Singha as an Independent Director of the Company</li></ul>
2017-18	27th August, 2018	3:00 p.m.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana – 122001	<ul style="list-style-type: none"><li>Re-appointment of Mr. Chetan Kajaria as Joint Managing Director of the Company</li><li>Re-appointment of Mr. Rishi Kajaria as Joint Managing Director of the Company</li><li>Re-appointment of Mr. H. Rathnakar Hegde as an Independent Director of the Company</li></ul>
2016-17	10th August, 2017	3:00 p.m.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana – 122001	<ul style="list-style-type: none"><li>To amend and adopt new Articles of Association of the Company.</li></ul>

b) Special Resolution passed through Postal Ballot:

During the year 2019-20, no Special Resolution has been passed through Postal Ballot.

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

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

d) Procedure for Postal Ballot:

- In compliance with Regulation 44 of the Listing Regulations read with Sections 108, 110 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and the Secretarial Standard on General Meetings ('SS-2'), the Company provides facility for casting votes by way of e-voting and/or postal ballot to all its shareholders. The Company engages the services of National Securities Depository Limited ('NSDL') for the purpose of providing

e-voting facility to all its shareholders. The shareholders will have the option to vote either by physical ballot or e-voting.

- The Company dispatches postal ballot notices and postal ballot form along with postage prepaid business reply envelopes to its shareholders whose names appear on the Register of Members / List of Beneficiaries as on the Cut-off date. The Postal Ballot Notice is sent to the shareholders in electronic form at the e-mail addresses registered with their depository participants (in case of electronic shareholding) / the Company's Registrar and Share Transfer Agents (in case of physical shareholding). Physical copy of notice is sent to the shareholders, whose email is not registered or who has requested for physical copy of notice. The Company also publishes a notice in the newspaper(s) declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and other applicable rules and regulations.

- Voting rights are reckoned on the paid-up value of the shares registered in the names of the shareholders as on the cut-off date. Shareholders desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the Scrutiniser on or before the closure of the voting period. Shareholders desiring to exercise their votes by electronic mode are requested to vote before the closure of the voting period.
- In compliance with the applicable laws, the Scrutiniser submits his report to the Chairman or a person authorised by the Chairman, after the completion of scrutiny, and consolidated results of the voting by postal ballot and e-voting are announced by the Chairman or a person authorised by the Chairman to do the same. The results are also displayed at the Company's Registered Office & the Corporate Office and also on the Company's website i.e. [www.kajariaceramics.com](http://www.kajariaceramics.com), besides being communicated to the Stock Exchange(s), within the prescribed timeline.
- 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 2019-20, there are no materially significant transactions with the related parties' viz. Promoters, Directors or the Management, their subsidiaries or relatives that had potential conflict with the Company's Interest.

Suitable disclosure as required by Indian Accounting Standard ('Ind AS-24') has been made under Note No. 40 of the Financial Statements. The Related Party Transaction Policy is available on the Company's Website: <https://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf>

- b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchange(s) or the SEBI or any statutory authority, on any matter related to Capital Markets, during last three years:

The Company has complied with all the requirements of the Listing Agreements with the Stock Exchange(s) as well as regulations and guidelines of the SEBI. No penalties have been imposed or stricture has been issued by the SEBI, the Stock

Exchange(s) or any Statutory Authorities on matters relating to Capital Markets during the last three years.

c) Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) and 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy with vigil mechanism for the Directors and Employees of the Company to report to the management about the genuine concerns, unethical behaviour, fraud or violation of Company's Code of Conduct, leakage or suspected leakage of Unpublished Price Sensitive Information with respect to the Company. The mechanism provides for adequate safeguards against victimization of employees and directors who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. No complaint has been received during the year 2019-20.

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

- d) A certificate on compliance with the conditions of the Corporate Governance under the Listing Regulations issued by Mr. Rupesh Agarwal, Managing Partner of M/s Chandrasekaran Associates, Company Secretaries, Delhi, forms part of this report.
- e) In accordance with the SEBI's Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, the Annual Secretarial Compliance Report for the year 2019-20 has been issued by Mr. Rupesh Agarwal, Managing Partner of M/s Chandrasekaran Associates, Company Secretaries, Delhi, which forms part of this report.
- f) A certificate issued by Mr. Rupesh Agarwal, Managing Partner of M/s Chandrasekaran Associates, Company Secretaries, Delhi that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI/the Ministry of Corporate Affairs or any such statutory authority, which forms part of this report.



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

- They meet the criteria of independence as provided in Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Companies Act, 2013.
- They are not aware of any circumstances or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence as provided under the Listing Regulations.

Accordingly, in the opinion of the Board of the Company, all Independent Directors of the Company fulfill the conditions/ criteria specified in the Listing Regulations read with the Companies Act, 2013 and they are also independent of the management.

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

h) During the year 2019-20, the Board of the Company had accepted all recommendations of the Committee(s) of the Board of the Company.

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

The Company has adopted the Policy for Prevention of Sexual Harassment at the Workplace is available on the website of the Company at [https://www.kajariaceramics.com/pdf/prevention\\_of\\_sexual\\_harassment\\_at\\_workplace.pdf](https://www.kajariaceramics.com/pdf/prevention_of_sexual_harassment_at_workplace.pdf)

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

- Number of complaints filed during the year 2019-20 : Nil
- Number complaints disposed of during the year 2019-20 : Nil

- Number of complaints pending as on end of the year 2019-20 : Nil

j) Details all credit ratings obtained by the Company along with any revisions thereto during year 2019-20, for all debt instruments of the Company or any fixed deposit programme or any scheme or proposal of the Company involving mobilization of funds, whether in India or abroad:

During the year 2019-20, the Company has not issued any debt instruments or fixed deposit programme/scheme and no proposal of mobilization of fund by the Company. Thus, the Company has not obtained Credit rating for the above said purpose.

k) During the year 2019-20, total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to M/s. Walker ChandioK & Co LLP, Chartered Accountants, the Statutory Auditors of the Company and all entities in the network firm/network entity of which the Statutory Auditors is a part:

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

Sr. No.	Particulars	₹ in Lakhs (exclusive of applicable taxes)
1	Audit Fee of Financial Statements (Standalone & Consolidated) for the financial year 2019-20 including Limited Review	65.00
2	Other Services and out of pocket expenses	8.10
Total		73.10

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

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

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

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

Sr. No.	Name of Entity belongs to Promoter/Promoter Group of the Company	Category	Nature of Transaction during the financial year 2019-20	Amount of Transaction during the financial year 2019-20 (₹ in Crores)
1	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust) #	Promoter Group	Dividend Paid*	15.52
2	RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust) \$	Promoter Group	Dividend Paid*	15.52

# During the year 2019-20, name of Trustee has been changed to CK Trustees Private Limited from Professional Home Solutions Private Limited.

\$ During the year 2019-20, Trustees of Rishi Kajaria Family Private Trust have been changed from Mrs. Versha Kajaria and Mr. Chetan Kajaria (former joint trustees of the Rishi Kajaria Family Private Trust) to RK Trustees Private Limited in its capacity as the sole trustee of the Rishi Kajaria Family Private Trust.

\* Includes Final Divided for the year ended 31st March, 2019 and Interim Dividend for the year ended 31st March, 2020.

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

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

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

- a. **The Board:** The Company has appointed an Executive Chairman, being the promoter of the Company.
- b. **Shareholders’ Rights:** As the quarterly, half yearly and annual financial results are published in the newspapers and are also posted on the Company’s website, the same are not being sent separately to each household of the shareholders.
- c. **Modified opinion(s) in Audit Report:** The Audit Reports on the Financial Statements (Standalone & Consolidated) for the year ended 31st March, 2020, do not contain any modified opinion.



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

**o) CEO / CFO Certificate**

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

**p)** During the year 2019-20, the Company has not raised any fund through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of Listing Regulations.

**MEANS OF COMMUNICATION**

**Quarterly, Half-Yearly & Annual Financial Results:**

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

**Investor Release**

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

**GENERAL SHAREHOLDERS INFORMATION**

Notice relating to the 34th Annual General Meeting is sent to the members at their registered address/email address available with the Depositories / the Company.

**Date, time and venue of the 34th Annual General Meeting ('AGM')**

Day & Date

:

Monday, 28th September 2020

Time

:

3.00 p.m.

Venue

:

Registered Office of the Company will be deemed as the venue of the Annual General Meeting.

Dates of Book closure

:

Tuesday, 22nd September, 2020

to

Monday, 28th September, 2020

(Both days Inclusive)

Financial Year

:

April 1 to March 31

**Financial Calendar (Tentative)**

First Quarter Results :

1st week of August, 2020

Second Quarter / Half Yearly Results :

4th week of October 2020

Third Quarter / Nine Months Results :

4th week of January 2021

Fourth Quarter / Annual Results for the year ending 31st March 2021 :

2nd week of May, 2021

**Dividend history for the last 5 years is as under:**

Year	Dividend Rate (%)	In per Share (Face value of ₹2/- upto F.Y. 2015-16 and ₹1/- from F.Y. 2016-17)	Dividend Amount (₹ in Crores)
2018-19	300	₹ 3.00	47.69
2017-18	300	₹ 3.00	47.69
2016-17	300	₹ 3.00	47.68
2015-16	250	₹ 5.00	39.73
2014-15	200	₹ 4.00	31.79

During the year 2019-20, the Company has also paid Interim Dividend@₹3 per shares (i.e. 300%), aggregating to ₹47.69 crores.

**Unpaid / Unclaimed Dividend:**

The entire unpaid / unclaimed dividend up to the financial year 2012-13 has been transferred to Investor Education and Protection Fund ('IEPF'). No claims will lie against the Company in respect of unclaimed amount so transferred.

The unclaimed dividend declared in respect of the financial year 2013-14 will be due to be transferred to the Investor Education and Protection Fund as per the applicable laws.

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

The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 including

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

Accordingly, the Company had transferred total 508182 equity shares of Re. 1/- each, in respect of which dividend had not been claimed by the shareholders for 7 consecutive years or more (i.e. During the year 2020-21: 54470 equity shares, During the year 2019-20: 36618 equity shares, During the year 2018-19: 53362 equity shares and during the year 2017-18: 363732 equity shares) to IEPF Authority.

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

**Market Price Data:** Monthly High and Low quotation of shares traded on BSE/ NSE during the year 2019-20:

Month	BSE		NSE	
	High	Low	High	Low
April, 2019	634.05	581.15	635.00	581.00
May, 2019	648.85	544.75	649.65	543.15
June, 2019	648.00	559.05	648.60	559.10
July, 2019	599.40	450.40	599.60	450.00
August, 2019	509.00	453.90	505.00	451.05
September, 2019	605.75	442.75	605.70	443.00
October, 2019	579.40	539.00	580.00	537.55
November, 2019	574.95	507.60	574.65	507.10
December, 2019	542.00	501.00	539.90	501.20
January, 2020	590.00	522.50	590.00	520.40
February, 2020	594.15	518.10	595.95	517.10
March, 2020	554.20	330.00	554.00	332.30

**Listing on Stock Exchanges:**

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

Listing fees for the financial year 2020-21 have been paid by the Company within the stipulated time.

Stock Code

:

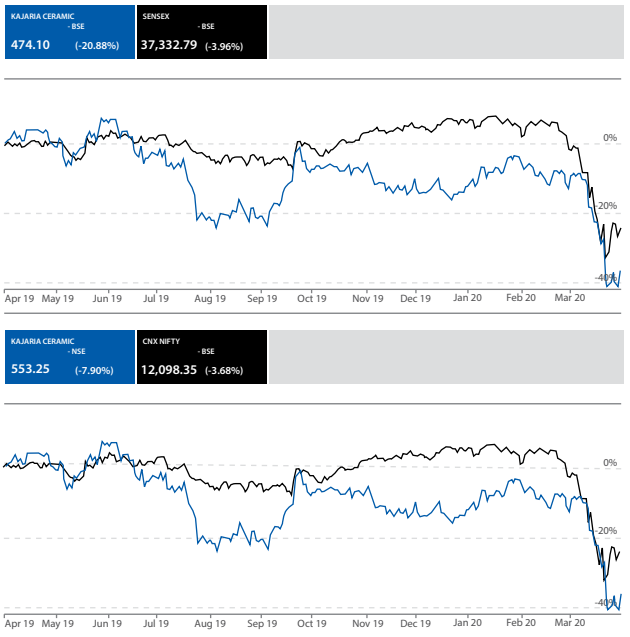
500233 (BSE) / KAJARIACER (NSE)

ISIN

:

INE217B01036

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



**Registrar & Share Transfer Agent**

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

MCS Share Transfer Agent Limited

F- 65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi–110020

Phone No.: +91-11-41406149-52, Fax No.: +91-11-41709881

E-mail ID: [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com)

**Share Transfer System**

MCS Share Transfer Agent Limited is the Registrar and Share Transfer Agent ('RTA') for handling the share registry work relating to shares held in physical and electronic format at single point. The applications and request received by the Company/the Registrar and Share Transfer Agent for the transfer of shares held in physical



form are processed and the share certificate for the same are sent to the transferee within the stipulated period. A summary of all the share transfers, etc. processed by the RTA and approved by the Stakeholders Relationship Committee is placed before the Board of Directors, from time to time.

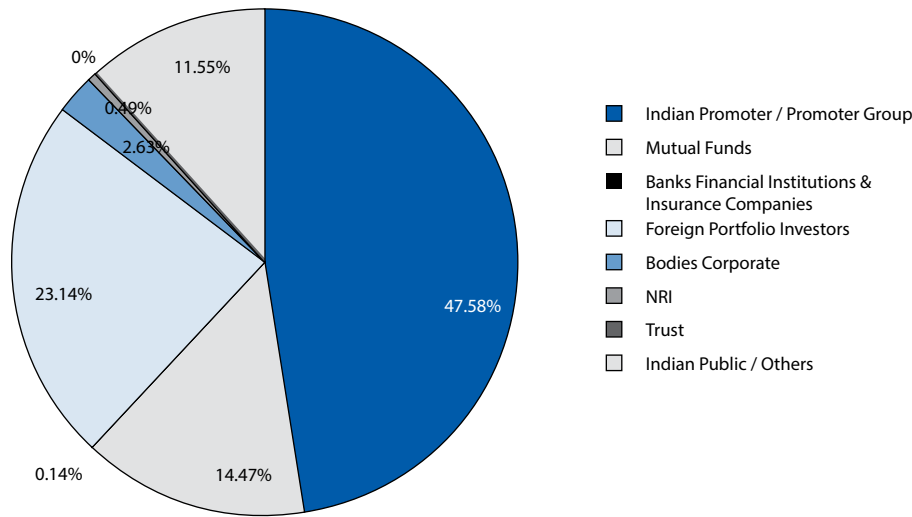
Pursuant to the amendment in the Regulation 40 of the Listing Regulations, with effect from 1st April, 2019, any request for

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

Shareholding Pattern as on 31.03.2020

Category	No. of Shares Held	Percentage of Shareholding
<b>Promoters/Promoter Group:</b>		
Indian Promoter / Promoter Group	75625231	47.58
<b>Institutional Investors &amp; Others:</b>		
Mutual Funds	23001521	14.47
Banks, Financial Institutions & Insurance Companies	216409	00.14
Foreign Portfolio Investors	36783496	23.14
Bodies Corporate	4181377	02.63
NRI	783126	00.49
Trust	890	00.00
Indian Public /Others	18365150	11.55
<b>Total</b>	<b>158957200</b>	<b>100.00</b>

Shareholding Pattern as on 31/03/2020



Distribution of shareholding as on 31.03.2020

Category Range	No. of Shareholders		No. of shares	
	Total	% of shareholders	Total	% of share capital
1-500	60101	90.88	5765112	03.63
501-1000	3126	04.73	2396436	01.51
1001-2000	1503	02.27	2280038	01.43
2001-3000	491	00.74	1252249	00.79
3001-4000	227	00.34	810757	00.51
4001-5000	154	00.23	711643	00.45
5001-10000	243	00.37	1722005	01.08
10001 and above	291	00.44	144018960	90.60
<b>Total</b>	<b>66136</b>	<b>100.00</b>	<b>158957200</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 Securities Depository Limited (‘NSDL’) and Central Depository Services (India) Limited (‘CDSL’). As at 31st March 2020, 157733856 equity shares out of 158957200 equity shares of the Company, forming 99.23% of the Company’s paid up capital is held in dematerialised form. The status of shares held in demat and physical format is given below:

Particulars	No. of Shares	%
<b>Shares in Demat Form</b>		
NSDL	150288962	94.55
CDSL	7444894	4.68
<b>Shares in Physical Form</b>	1223344	0.77
<b>Total</b>	<b>158957200</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 year 2019-20.

Other Information

- a) Corporate Identification Number (CIN):  
L26924HR1985PLC056150
- b) Reconciliation Audit for Share Capital as on 31st March, 2020

Reconciliation Audit for Share Capital is carried out at every quarter and the report thereon is submitted to the Stock Exchanges and

is also placed before the Board of the Company. The said Report, inter-alia, confirms that the total listed and paid up capital of the Company is an agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and in physical form.

Foreign Exchange Risk & Hedging Activities

There is no foreign currency loan outstanding as on 31st March 2020. The details of foreign currency exposure as on 31st March 2020 is provided in Note No. 48 of the Financial Statements. All import liabilities are unhedged because cost of forward premium was higher. However, all import liabilities are paid on the due date. There is no commodity price risk and commodity hedging risk during the FY 2019-20.

Plant Locations

The plants of the Company are located as under:

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

Subsidiary Companies

As on 31st March, 2020, the Company has one material unlisted subsidiary - Jaxx Vitrified Private Limited (‘Jaxx’) as per the provisions of Regulation 16(1)(c) of the Listing Regulations. Pursuant to the provisions of Regulation 24A of the Listing Regulations, Secretarial Audit Report of Jaxx for the year ended 31st March, 2020 issued by Ms. Dhara Patel, Company Secretary, Ahmedabad, forms part of the Directors Report.

Address for Correspondence

i. Registered Office:

Kajaria Ceramics Limited  
SF-11, Second Floor,  
JMD Regent Plaza,  
Mehrauli Gurgaon Road,  
Village Sikanderpur Ghosi,  
Gurgaon, Haryana-122001  
Telefax: +91 - 124 - 4081281



ii. Corporate Office:

Kajaria Ceramics Limited  
J-1/B-1 (Extn.), Mohan Co-operative Industrial Estate,  
Mathura Road, New Delhi - 110044  
Phone: +91 - 11 - 26946409  
Fax: +91 - 11 - 26946407

Email ID for Investors

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

Declaration related to code of conduct to Directors/ Senior Management

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

For and on behalf of the Board

Ashok Kajaria  
Chairman & Managing Director  
DIN: 00273877

Place : New Delhi  
Date : August 7, 2020

CEO & CFO CERTIFICATE

To,  
The Board of Directors of  
Kajaria Ceramics Limited

Dear Sirs,

This is to certify that:

- A. We have reviewed financial statements and the cash flow statement of Kajaria Ceramics Limited for the year ended 31st March, 2020 and that to the best of our knowledge and belief we state that:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2020, which are fraudulent, illegal or in violation of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
- significant changes in internal control over financial reporting during the year ended 31st March, 2020;
  - significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - instances to significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi  
Date : June 26, 2020

Ashok Kajaria  
Chairman & Managing Director

Sanjeev Agarwal  
CFO



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

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

We have examined all relevant records of **Kajaria Ceramics Limited** ("the Company") for the purpose of certifying of all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March 2020. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For Chandrasekaran Associates  
Company Secretaries

**Rupesh Agarwal**  
Managing Partner  
Membership No. ACS 16302  
Certificate of Practice No. 5673  
UDIN: A016302B000558514

Date: 07.08.2020  
Place: Delhi

SECRETARIAL COMPLIANCE REPORT OF KAJARIA CERAMICS LIMITED  
FOR THE YEAR ENDED MARCH 31, 2020

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

We M/s. Chandrasekaran Associates have examined:

- (a) All the documents and records made available to us and explanation provided by Kajaria Ceramics Limited. ("the listed entity"),
- (b) The filings/ submissions made by the listed entity to the stock exchanges,
- (c) Website of the listed entity,
- (d) Any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2020 ("Review Period") in respect of compliance with the provisions of :

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, Circulars, Guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), Rules made thereunder and the Regulations, Circulars, Guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable during the year under review.
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 to the extent applicable;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable during the year under review;
- (g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013; Not Applicable during the year under review;
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable;
- (j) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- (k) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009.

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

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

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



- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my/our examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

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

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

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended March 31, 2019.	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
		NIL		

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

For Chandrasekaran Associates  
Company Secretaries

Rupesh Agarwal  
Managing Partner  
Membership No. A16302  
Certificate of Practice No. 5673  
UDIN: A016302B000319198

Date: 05.06.2020  
Place: Delhi

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

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

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

For Chandrasekaran Associates  
Company Secretaries

Rupesh Agarwal  
Managing Partner  
Membership No. A16302  
Certificate of Practice No. 5673  
UDIN: A016302B000558492

Date: 05.06.2020  
Place: Delhi



ANNEXURE - A  
 DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

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

2. PURPOSE AND REGULATORY FRAMEWORK

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

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

3. CONCEPT OF DIVIDEND

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

4. TYPES OF DIVIDEND

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

• Interim Dividend

Interim dividend is the dividend declared by the Board between two Annual General Meetings as and when considered appropriate. The Board shall have the absolute power to declare interim dividend during the financial year, as and when deemed

fit. The Act authorises the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.

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

• Final Dividend

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

5. DIVIDEND DECLARATION

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

- I. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
- II. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.
- III. Out of I and II both.

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

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

6. PARAMETER / FACTOR GOVERNING DECLARATION OF DIVIDEND

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

o External Factors:

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

- o Economic Scenario - The Board shall endeavour to retain a larger portion of profits to build up reserves, in case of adverse economic scenario.
- o Market Scenario - The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.
- o Regulatory Restrictions / Obligations - In order to ensure compliance with the applicable laws, the Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend.

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

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

- o Agreements with Lenders / Debenture Trustees - The decision of dividend pay-out may also be affected by the restrictions and covenants contained in the agreements entered into with the lenders or Debenture Trustees of the Company from time to time.
- o Other Factors - Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

o Internal Factors:

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

- o Outlook of the Company in line with business plan
- o Profitability;

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

7. FINANCIAL PARAMETERS FOR DECLARING DIVIDEND

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

The Board shall endeavor to maintain the Dividend Payout Ratio (Dividend including Dividend Distribution Tax / Profit After Tax) between 20-25% of Consolidated Profit After Tax.

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

8. UTILISATION OF RETAINED EARNINGS

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

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

9. CIRCUMSTANCES IMPACTING DIVIDEND PAYMENT

The decision regarding Dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among



shareholders and amount of profit to be retained in the business.

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

### 10. PARAMETERS FOR VARIOUS CLASSES OF SHARES

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

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

### 11. DISCLOSURE

This Dividend Distribution Policy shall be disclosed in the Annual

Report of the Company and on the Company's website [www.kajariaceramics.com](http://www.kajariaceramics.com).

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

### 12. EFFECTIVE DATE

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

### 13. REVIEW / AMENDMENT

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

## ANNEXURE - B BUSINESS RESPONSIBILITY REPORT FOR 2019-20

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L26924HR1985PLC056150
2	Name of the Company	Kajaria Ceramics Limited ("the Company")
3	Registered Office	SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana- 122001
4	Website	<a href="http://www.kajariaceramics.com">www.kajariaceramics.com</a>
5	E-mail id	<a href="mailto:investors@kajariaceramics.com">investors@kajariaceramics.com</a>
6	Financial Year Reported	2019-20
7	Sector(s) that the Company is engaged in (Industrial Activity code wise)	23913 (Manufacturing Ceramic Products)
8	List three key products that Company manufactures (as Per Balance Sheet)	The Company operates in only one segment i.e. Ceramic / Vitrified Tiles
9	Total Number of Locations where business activity is undertaken by the Company	
a)	Number of International locations (provide details of major 5)	1
b)	Number of National Locations	54

#### Manufacturing units:

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

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

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

#### 10. Markets served by the Company:

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

- 2

Total Turnover (Gross) (Rs.)

-

2571.80 Crores
- 3

Total Profit/(Loss) After Taxes (PAT) (Rs.)

-

278.80 Crores
- 4

Total spending on Corporate Social Responsibility (CSR) for the financial year 2019-20 is Rs. 5.98 Crores which is about 2.14% of PAT.
- 5

List of activities in which the expenditure in 4 above has been incurred

-

Refer Annexure 3 of the Directors' Report for the financial year 2019-20.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

- 1

Paid-up Capital (Rs.)

-

15.90 Crores



## SECTION C: OTHER DETAILS

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

As on 31st March, 2020, the Company had 6 subsidiaries and 1 step down subsidiary. The details of the subsidiaries have been disclosed in the Annual Report for the financial year 2019-20.

## 2. Do the subsidiary company / companies participate in BR initiative of the parent company? if yes, then indicate the number of such subsidiary company(s):

None of the subsidiary companies, directly or indirectly, participate in BR initiatives of the Company.

## 3. Do any other entity / entities (e.g. Suppliers, Distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? if yes then indicate the percentage of such entity / entities (Less than 30%, 30-60%, More than 60%).

No

## SECTION D: BR INFORMATION

## 1. Details of Directors responsible for BR

(a) Details of the Director responsible for implementation of the BR policies

1. DIN : 00273877

2. Name : Mr. Ashok Kajaria

3. Designation : Chairman & Managing Director

(b) Details of BR Head

S. No.	Particulars	Details
1.	DIN	00273877
2.	Name	Mr. Ashok Kajaria
3.	Designation	Chairman & Managing Director
4.	Telephone Number	+91-11-26946409
5.	E-mail id	investors@kajariaceramics.com

## 2. Principle-Wise (as per NVGs) BR Policy / Policies

## (a) Details of compliance (Reply Y/N)

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy for...	Yes, the Company has policy for all the principles.								
2.	Has the policy being formulated in consultation with the relevant stakeholders	All the policies have been formulated in consultation with the Management of the Company.								
3.	Does the policy conform to any national / international standards? if yes, specify	Yes, as stipulated by the applicable provisions of the regulations of the Securities and Exchange Board of India. The Company has also adopted various standard specified by the International Organization for Standardization (ISO) as under: <ul style="list-style-type: none"><li>ISO 9001:2008 for Quality Management System</li><li>ISO 14001:2015 for Environmental Management System</li><li>OHSAS 18001:2007 for Occupational Health &amp; Safety Management System</li><li>SA 8000:2008 for Social Accountability Standards</li><li>ISO 22000:2005 for Preparation &amp; Serving of Vegetarian Food/Non-Alcoholic Beverages for employees &amp; visitors in its canteen</li><li>ISO 50001:2011- Energy Conservation</li><li>Membership: India Green Building Council (IGBC)</li><li>CE Certified Product</li><li>BISL: ISI Certified product (IS15622/2017)</li></ul>								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO/ appropriate Board Director?	All the policies have been approved by the Board and have been signed by the Chairman & Managing Director of the Company.								
5.	Does the Company have a specified committee of the Board / Director / official to oversee the implementation of the policy?	The Company has constituted a Business Responsibility & Sustainability Committee ("BRS Committee") to oversee the implementation of the policy.								

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6.	Indicate the link for the policy to be viewed online?	<a href="https://www.kajariaceramics.com/pdf/BusinessResponsibilityPolicy.pdf">https://www.kajariaceramics.com/pdf/BusinessResponsibilityPolicy.pdf</a>								
7.	Has the policy been formally communicated to all the relevant internal and external stakeholders?	Communication is on-going process. For this purpose, the Policy has been posted on the Company's website for information of all the internal and external stakeholders of the Company.								
8.	Does the Company have in house structure to implement the policy/ policies	Yes, the Company has necessary structure in place to implement the policies.								
9.	Does the company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy/ policies?	Yes, the Company has necessary grievance redressal mechanism, to address the grievance of the relevant stakeholder.								
10.	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	As a part of compliance with ISO Standards adopted by the Company, an external agency evaluates the implementation of ISO Standards. However, the Company has not carried out independent audit / evaluation of working of the BR Policy by an internal or external agency as of now.								

## 3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of Directors or CEO to access the BR performance of the Company. Within 3 months, 3 months – 6 months, annually more than 1 year.

The BRS Committee usually oversees the BR performance of the Company on annual basis.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The BR report is published on annual basis. The Company has started publishing the BR report from F.Y. 2016-2017. The BR report for F.Y. 2019-20 may be accessed through the Company's website link [https://www.kajariaceramics.com/pdf/Business\\_Responsibility\\_Report\\_2019-20.pdf](https://www.kajariaceramics.com/pdf/Business_Responsibility_Report_2019-20.pdf).

SECTION E: PRINCIPLE WISE PERFORMANCE  
PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

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

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

Our philosophy is based on the trusteeship, transparency

and accountability. We believe that it is imperative for us to manage our business affairs in the fairest and transparent manner with a firm commitment to our values. Any business without ethics cannot win the trust of the stakeholders.

The policy relating to ethics, bribery and corruption is applicable only to the Company. The Company's Code of Business Conduct and Ethics affirms its commitment to the highest standards of integrity and ethics. The copy of the same is available on the website of the Company at <https://www.kajariaceramics.com/pdf/CodeofBusinessConductEthics.pdf>. Compliance with these principles is an essential element in your Company's business success.

Your Company also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices, leak of Unpublished Price Sensitive Information with respect to the Company, etc. The copy of the same is available on the website of the Company at [https://www.kajariaceramics.com/pdf/whistel\\_blowing\\_policy.pdf](https://www.kajariaceramics.com/pdf/whistel_blowing_policy.pdf). Your Company has provided dedicated e-mail address, Whistle officer: [whistleofficer@kajariaceramics.com](mailto:whistleofficer@kajariaceramics.com) Chairman of the Audit Committee: [chairmanauditcommittee@kajariaceramics.com](mailto:chairmanauditcommittee@kajariaceramics.com)

Though the Company encourages and expects the parties associated with its value chain partners like dealers, vendors, supplier, contractors, employees, etc. to follow the Code of Business Conduct and principles envisaged in the policy while their interactions with Kajaria Ceramics Limited.



2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so provide the details thereof in about 50 words or so.

During the financial year 2019-20, 18 shareholder complaints were received by the Company and 1 shareholder complaint was pending at the beginning of the financial year 2019-20. All these 19 complaints were duly resolved and thus, no compliant is pending as on 31st March, 2020.

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

PRINCIPLE 2: PRODUCT LIFE CYCLE SUSTAINABILITY

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

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

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

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

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

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

2. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Also provide details thereof, in about 50 words or so.

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

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

Further, the Company gives preference in selection of vendors for procurement of raw material, who comply with the various principles of sustainability. Majority of suppliers of raw material are located within a radius of 200 Km of the manufacturing units of the Company which helps to minimize transportation. Engagement of Transporters are done based on conditions like young vehicles, need for drivers to carry pollution certificates and drivers & support staff to always carry safety kits, etc. The Company continuously strives for load and route optimization to ensure fuel and environmental efficiency of the fleets.

3. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

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

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

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

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

In the said direction, it has installed Effluent Treatment Plant ("ETP") and filter processes at all of its plants and whatever, liquid and solid waste is generated, the same is being recycled

and reused in the process. The current waste generation is less than 5% of the total production, majority of which is recycled.

PRINCIPLE 3: EMPLOYEE WELL-BEING

Business should promote the well-being of all employees

1. Please indicate the total number of employees:

The total numbers of permanent employees were 2521 as on 31st March 2020.

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

The total temporary/contractual/casual employees were 1185 as on 31st March 2020.

3. Please indicate the number of permanent women employees:

There were 84 women employees as on 31st March 2020.

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

There was 1 permanent employee with disabilities as on 31st March 2020.

5. Do you have an employee association that is recognised by management?

We respect the right of employees to free association without fear of reprisal, discrimination, intimidation or harassment. A small section of the employees at Sikandrabad (U.P.) plant have formed a representative group.

6. What percentage of your permanent employees is members of this recognized employee association?

Less than 10%

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.

We believe that our human capital is one of the most valuable resources to tap the perennial growth of the business.

The Company prohibits child labour, forced labour and involuntary labour in all units. It is ensured that no person below the age of eighteen years is employed in the workplace.

The Company is fully compliant with the prevailing laws on the prevention of sexual harassment of women at workplace. The policy for the prevention of sexual harassment at the workplace is available on the website of the Company at

[https://www.kajariaceramics.com/pdf/prevention\\_of\\_sexual\\_harassment\\_at\\_workplace.pdf](https://www.kajariaceramics.com/pdf/prevention_of_sexual_harassment_at_workplace.pdf). No, complaints relating to sexual harassment were received during the financial year 2019-20.

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

o Permanent employees	:	53%
o Permanent women employees	:	51%
o Casual/ Temporary / Contractual employees	:	59%
o Employees with disabilities	:	100%

PRINCIPLE 4: STAKEHOLDERS ENGAGEMENT

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

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

Yes

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

There are no identified disadvantaged, vulnerable & marginalized stakeholders.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details, in about 50 words or so.

Not Applicable

PRINCIPLE 5: HUMAN RIGHTS

Business should respect and promote human rights.

1. Does the policy of the Company on human rights cover only the company or extend to the group / joint ventures / suppliers / contractors / NGOs / others?

The policy is applicable only to the Company. The Policies and their implementation are directed towards adherence to applicable laws and to uphold the spirit of human rights.

2. How many stakeholder's complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Nil



### PRINCIPLE 6: ENVIRONMENT

Business should respect, protect and make efforts to restore the environment.

1. **Does the policy related to Principle 6 cover only the company or extend to the group / joint ventures / suppliers / contractors / NGOs / others?**

The policy is applicable to the Company and its subsidiaries.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming etc.? Y/N. if yes, please give hyperlink for webpage etc.**

In order to address the global environmental issues like climate change, global warming, the Company has embedded many facets related to respecting and protecting environment in its operations and processes.

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

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

4. **Does the company have any project related to clean development mechanism? If so, provide details hereof, in about 50 words or so. Also if yes, whether any environmental compliance report is filed?**

The Company does not have any specific project related to clean development mechanism but it has installed Effluent Treatment Plant ("ETP") and filter processes at all of its plants and whatever, liquid and solid waste is generated, the same is being recycled and reused in the process.

Further, all the plants of the Company are based on the principle of minimal environment footprint.

5. **Has the company undertaken any other initiatives on-clean technology, energy efficiency and renewable energy, etc. Y/N. if yes, please give hyperlink for web page, etc.**

The Company has undertaken various initiatives on clean technology, energy efficiency and renewable energy like installation of roof top solar plant in the factory & wind turbine to generate green energy.

Further, it has also installed heat recovery systems and latest generation energy lighting and equipment, to save energy and fuel cost. The Company has also commissioned Rain

Water harvesting projects within the plant and nearby villages.

6. **Are the emission / waste generated by the Company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

Yes, Emission / waste generated by the Company are within the permissible limits given by CPCB/SPCB for the financial year 2019-20.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of the financial year.**

Nil

### PRINCIPLE 7: POLICY ADVOCACY

Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your company a member of any trade and chamber or association? if yes, name only those major ones that your business deals with:**

The Company is member of following trade chambers, associations and forums:

- i. Federation of Indian Chamber of Commerce and Industry
- ii. PHD Chamber of Commerce
- iii. Indian Council of Ceramic Tile and Sanitaryware
- iv. Bhiwadi Manufacturers Association
- v. Sikandrabad Industries Association
- vi. Indian Industry Association
- vii. Bhiwadi Chamber of Commerce and Industries

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

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

### PRINCIPLE 8: INCLUSIVE GROWTH

Business should support inclusive growth and equitable development

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

The Company supports inclusive growth and equitable development through its Corporate Social Responsibility (CSR) programmes. The Company has aligned its CSR programmes/ initiatives/ activities with the requirements of Companies Act, 2013. The Company's CSR activities are being monitored by the Corporate Social Responsibility Committee constituted by the Board.

The details and impact of the CSR programmes/ initiatives/ activities taken by the Company in the recognized fields are detailed in the CSR annexure attached to the Annual Report of the Company.

2. **Are the programmes / projects undertaken through in house team / own foundation / external NGO/ government structure/ any other organisation?**

The Company carries such programmes/ initiatives/ activities directly as well as indirectly and strives to ensure a better quality of life for the people while contributing towards a strong economy. All our CSR efforts stem from our well-articulated Corporate Social Responsibility (CSR) Policy and focus on some of the key priorities of the communities.

Assistance of external agencies / expert may be taken as and when required.

3. **Have you done any impact assessment of your initiative?**
- No formal impact assessment of the initiatives has been undertaken by the Company.

4. **What is your company's direct contribution to community development projects- Amount in Rs. and details of the projects undertaken.**

Details of amount spent by the Company by way of CSR Programmes towards the development of the Community have been provided in Annexure 3 of the Directors' Report for the financial year 2019-20.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

The Company undertakes CSR activities after assessing the needs of the community. Further, all CSR activities are rolled out directly to the society. The Company believes that they will benefit the society at large.

This helps in increased reach as well as ensuring the adoption

of initiative by communities. Project teams track the reach and take necessary steps to make it successful.

### PRINCIPLE 9: CONSUMER VALUE

Business should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as on the end of the financial year.**

The Company is dedicated to delivering products that satisfy the unmet needs of the consumers. The Company value customer satisfaction as one of its greatest assets. Therefore, it has put in place effective redressal mechanism for addressing customer complaints and handling consumer cases. The system has been created keeping the interest of customers, so that minimum hassles are caused to him/her. The system is periodically reviewed by management team as well. The Company regularly organizes feedback and awareness programs for its customers across various locations. Further all the dealers are advised to ensure that the customer complaints are redressed in the shortest possible time. The Company has also provided Toll Free Number facility to entertain the customer complaints and the Company always endeavors to resolve the complaints at the earliest.

The numbers of such cases are insignificant in comparison to the numbers of customers in fold.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A.**

Customers have access to the Company's website which provides host of information on products and services. In addition, information is disseminated to the customers through display board, exhibitions, catalogue, advertisements etc. The Company also displays all information as mandated by the regulators to ensure full compliance with relevant laws.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on the end of financial year. If so, provide the details thereof, in about 50 words.**

No

4. **Did your company carry out any consumer survey / consumer satisfaction trends?**

No



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INDEPENDENT AUDITOR’S REPORT  
 To the Members of Kajaria Ceramics Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying standalone financial statements of Kajaria Ceramics Limited (the ‘Company’), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the

Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

4. We draw attention towards Note 54 of the accompanying standalone financial statements, which describes the effects of uncertainties relating to Covid-19 pandemic outbreak on the Company’s operations and management’s evaluation of its impact on the accompanying standalone financial statements as at the balance sheet date, the extent of which is significantly dependent on future developments. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

■ INDEPENDENT AUDITOR’S REPORT CONTD.

To the Members of Kajaria Ceramics Limited

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>We refer to the Company’s significant accounting policies in note 3D(b) and the revenue related disclosures in note 26 of the standalone financial statements.</p> <p>The Company recognises revenue from sale of goods when it satisfies its performance obligation, in accordance with the principles of Ind AS 115, Revenue from Contracts with Customers, by transferring the control of goods to its customers at the time of dispatch evidenced by acknowledgement of receipt of goods by the transporter.</p> <p>Further, Ind AS 115 requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers, determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations.</p> <p>Owing to the volume of sales transactions, size of distribution network and varied terms of contracts with customers, revenue is determined to be an area involving significant risk and requires significant auditor attention. Accordingly, this matter has been determined as a key audit matter for current year audit.</p>	<p>Our audit procedures, related to revenue recognition, included, but were not limited to, the following:</p> <p>a) Assessed the design and tested operating effectiveness of Company’s controls (including the automated controls) around revenue recognition (including rebates / discounts);</p> <p>b) Assessed the appropriateness of Company’s identification of performance obligations in its contracts with customers, its determination of transaction price, and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115;</p> <p>c) Scrutinized sales ledgers to verify completeness of sales transactions;</p> <p>d) On a sample basis, tested the revenue recognized including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches and approved incentives / discounts schemes;</p> <p>e) Tested the appropriateness of accruals for various rebates and discounts as at the year-end;</p> <p>f) Assessed the revenue recognized with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level;</p> <p>g) Circularized balance confirmations to a sample of customers and reviewed the reconciling items, if any; and</p> <p>h) Tested the related disclosures made in notes to the standalone financial statements in respect of the revenue from operations for appropriateness in accordance with the requirements of the applicable accounting standards.</p>
<p><b>Recoverability of investments made and loans given to certain subsidiaries</b></p> <p>As disclosed in note 6 to the accompanying standalone financial statements, the Company has a carrying value of Rs. 42.32 crores as at 31 March 2020 in respect of its investment in two of its subsidiary companies and has outstanding long-term loans recoverable from such subsidiaries aggregating to INR 145.05 crores as on such date.</p>	<p>Our audit work included, but was not restricted to, performing the following procedures:</p> <p>a) Obtained an understanding of the management’s process, and evaluated design and tested operating effectiveness of controls on identification of indicators of impairment of the carrying value of investment and recoverability of loans under Ind AS 36 ‘Impairment of assets’;</p> <p>b) Assessed the professional competence, objectivity and capabilities of the specialist used by the management for performing required valuations to estimate the recoverable value of the investment in such subsidiary companies;</p>



■ INDEPENDENT AUDITOR'S REPORT CONTD.

To the Members of Kajaria Ceramics Limited

Key audit matter	How our audit addressed the key audit matter
Considering the continued losses recorded over the years by aforementioned subsidiary companies, the management has identified that indicators exist that requires the management to test the carrying value of such loans and investments for possible impairment.	c) Involved auditor's experts to assess the appropriateness of the valuation model used by the management and to test reasonability of the valuation assumptions used therein relating to discount rates, risk premium, industry growth rates, etc., including the impact of COVID-19 on such assumptions;
Management's assessment of the recoverable amount of investments in and loans given to these subsidiary companies requires estimation and judgement around assumptions used in the Discounted Cash Flow valuation model adopted by the Company for the purpose. The principal driver of recoverable value is the estimated growth in the operations of the subsidiary and ability to generate cash profits in the future. The key assumptions supporting management's assessment of such fair valuation include, but are not limited to, the estimated future financial performance, capital expenditure and the discount rates applied.	d) Tested the future business projections, used for performing above said valuations, for the subsidiary from the business plans approved by the board of directors of the subsidiary company, and ensured its consistency with our understanding of future business plans of the subsidiary companies obtained through interviews with both operating and senior management;
Changes to assumptions could lead to material changes in estimated recoverable amounts, resulting in impairment of the investment in subsidiary companies. Complexity involved in such assumptions and estimates increased in the current year due to the impact of COVID-19 pandemic outbreak on the Company's operations as disclosed in Note 54 to the accompanying financial statements.	e) Assessed operating and capital costs included in the cash flow forecasts for consistency with current operating costs and forecast production;
	f) Performed sensitivity analysis on management's calculated recoverable value for key assumptions such as growth rates during explicit period, terminal growth rate and the discount rate used in the valuations performed;
	g) Tested the arithmetical accuracy of the valuation workings performed by the management expert;
Considering the significance of the amounts involved, and auditor attention required to test the appropriateness of accounting estimate that involves high estimation uncertainty and significant management judgement, this matter has been determined to be a key audit matter for the current year audit.	h) Tested the disclosures made in note 6 for appropriateness in accordance with the requirements of the accounting standards.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially

■ INDEPENDENT AUDITOR'S REPORT CONTD.

To the Members of Kajaria Ceramics Limited

inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

8. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast



## INDEPENDENT AUDITOR’S REPORT CONTD.

To the Members of **Kajaria Ceramics Limited**

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

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

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its

directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

- As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
- Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
  - we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - 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;
  - the standalone financial statements dealt with by this report are in agreement with the books of account;
  - in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - the matter described in paragraph 4 under the Emphasis of Matter section, in our opinion, may have an adverse effect on the functioning of the Company;
  - on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
  - we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 26 June 2020 as per Annexure II expressed unmodified opinion; and

## INDEPENDENT AUDITOR’S REPORT CONTD.

To the Members of **Kajaria Ceramics Limited**

- with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - the Company, as detailed in note 38(b)(iii) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
  - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
  - there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and

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

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

**Neeraj Sharma**  
**Partner**  
**Membership No.: 502103**  
**UDIN: 20502103AAAABC4089**

Place: New Delhi  
Date: 26 June 2020



ANNEXURE I TO THE INDEPENDENT AUDITOR’S REPORT

of even date to the members of Kajaria Ceramics Limited, on the standalone financial statements for the year ended 31 March 2020

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

- (i)

(a)

The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets comprising of property, plant and equipment, capital work-in-progress, right-of-use assets, other intangible assets and intangible assets under development.
- (b)

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

The title deeds of all the immovable properties (which are included under the head ‘property, plant and equipment’ and ‘right-of-use assets’) are held in the name of the Company.
- (ii)

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

The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a)

in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company’s interest.

(b)

for the loans outstanding at the beginning of the year, the schedule of repayment of principal had been
- stipulated wherein the principal amounts were repayable on demand and which were renewed during the year for a stipulated period. Further, with regards to the loan renewed / granted during the year and outstanding as at the year end, the schedule of repayment of principal and payment of interest has been stipulated and the principal amount is not due for repayment currently however, the receipts of the interest are regular;
- (c)

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

In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments and guarantees. According to the information and explanations given to us, in our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act in respect of security.
- (v)

In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi)

The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company’s products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)

(a)

Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, goods and services tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b)

The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:
- Statement of Disputed Dues
- | Name of the statute                        | Nature of dues         | Amount (₹) in crores | Amount paid under protest (₹) in crores | Period to which the amount relates | Forum where dispute is pending                    |
|--|------------------------|----------------------|---|------------------------------------|---|
| Central Excise Act, 1961                   | Excise duty            | 0.02                 | -                                       | Financial Year (“FY”) 2012-2015    | Central Excise and Service Tax Appellate Tribunal |
| Finance Act, 1994                          | Service tax            | 2.77                 | 0.21                                    | FY 2012-2015                       | Central Excise and Service Tax Appellate Tribunal |
| Finance Act, 1994                          | Service tax            | 1.54                 | 0.19                                    | FY 2010-2017                       | Appellate authorities till Commissioner level     |
| Income Tax Act, 1961                       | Income-tax             | 2.52                 | -                                       | FY 1990-2000                       | High Court  |
| Income Tax Act, 1961                       | Income-tax             | 0.38                 | 0.38                                    | FY 2009-2014                       | Income Tax Appellate Tribunal                     |
| Income Tax Act, 1961                       | Income-tax             | 0.13                 | -                                       | FY 2016-2017                       | Appellate authorities till Commissioner level     |
| Income Tax Act, 1961                       | Income-tax             | 0.05                 | 0.05                                    | FY 2017-2018                       | Appellate authorities till Commissioner level     |
| Sales tax laws                             | Central sales tax      | 0.05                 | 0.05                                    | FY 2012-2017                       | Appellate authorities till Commissioner level     |
| Sales tax laws                             | Value added tax        | 0.66                 | 0.33                                    | FY 2012-2017                       | Appellate authorities till Commissioner level     |
| The Delhi Goods and Services Tax Act, 2017 | Goods and services tax | 0.01                 | 0.01                                    | FY 2019-20                         | Assistant commissioner of commercial tax          |
- (viii)

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

the financial statements etc., as required by the applicable Ind AS.

(ix)

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

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(x)

No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xi)

Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

(xii)

In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii)

In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in

Place: New Delhi  
Date: 26 June 2020
- For Walker ChandioK & Co LLP  
Chartered Accountants  
Firm’s Registration No.: 001076N/N500013
- Neeraj Sharma  
Partner  
Membership No.: 502103  
UDIN: 20502103AAAABC4089
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ANNEXURE II TO THE INDEPENDENT AUDITOR’S REPORT

of even date to the members of Kajaria Ceramics Limited on the standalone financial statements for the year ended 31 March 2020

Independent Auditor’s Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the ‘Act’)

1. In conjunction with our audit of the standalone financial statements of Kajaria Ceramics Limited (the ‘Company’) as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor’s Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Neeraj Sharma  
Partner  
Membership No.: 502103  
UDIN: 20502103AAAABC4089

Place: New Delhi  
Date: 26 June 2020



## STANDALONE BALANCE SHEET

as at 31 March, 2020

(Amount in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non- Current Assets</b>			
(a) Property, plant and equipment	4	654.28	706.81
(b) Capital work-in-progress		8.39	0.49
(c) Right-of-use assets		38.36	-
(d) Other intangible assets	5	1.77	2.16
(e) Intangible assets under development		0.95	-
(f) Financial assets			
(i) Investments	6	124.21	116.88
(ii) Loans	7	430.35	263.43
(g) Non-current tax assets (net)	8	2.31	0.02
(h) Other non-current assets	9	0.40	1.83
		<b>1,261.02</b>	<b>1,091.62</b>
<b>Current Assets</b>			
(a) Inventories	10	311.68	281.16
(b) Financial assets			
(i) Investments	11	9.80	-
(ii) Trade receivables	12	347.80	410.01
(iii) Cash and cash equivalents	13	11.75	18.99
(iv) Bank balances other than (iii) above	14	208.12	228.90
(v) Loans	7	3.15	4.30
(vi) Other financial assets	15	0.93	0.23
(c) Other current assets	9	41.04	12.28
		<b>934.27</b>	<b>955.87</b>
<b>Total Assets</b>		<b>2,195.29</b>	<b>2,047.49</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	15.90	15.90
(b) Other equity	17	1,714.06	1,550.08
		<b>1,729.96</b>	<b>1,565.98</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	8.02	7.13
(ii) Lease liabilities	19	20.40	-
(b) Provisions	20	21.32	3.05
(c) Deferred tax liabilities (net)	21	69.65	102.33
(d) Other non-current liabilities	22	2.05	2.59
		<b>121.44</b>	<b>115.10</b>
<b>Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	34.25	2.67
(ii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises; and		11.60	12.68
- Total outstanding dues of creditors other than micro enterprises and small enterprises		161.66	216.62
(iii) Lease liabilities	19	13.46	-
(iv) Other financial liabilities	24	72.15	71.00
(b) Other current liabilities	22	46.18	43.88
(c) Provisions	20	4.59	15.30
(d) Current tax liabilities (net)	25	-	4.26
		<b>343.89</b>	<b>366.41</b>
<b>Total Liabilities</b>		<b>465.33</b>	<b>481.51</b>
<b>Total Equity and Liabilities</b>		<b>2,195.29</b>	<b>2,047.49</b>

See accompanying notes forming part of these standalone financial statements. 1-54  
As per our report of even date attached

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

**Neeraj Sharma**  
Partner  
Membership No. 502103

Place: New Delhi  
Date: 26 June 2020

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

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

**Chetan Kajaria**  
Joint Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Joint Managing Director  
(DIN: 00228455)

**Sanjeev Agarwal**  
Chief Financial Officer

For and on behalf of the Board of Directors

## STANDALONE STATEMENT OF PROFIT & LOSS

for the year ended 31 March, 2020

(Amount in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>INCOME</b>			
Revenue from operations	26	2,571.80	2,726.07
Other income	27	50.56	34.81
<b>TOTAL INCOME (I)</b>		<b>2,622.36</b>	<b>2,760.88</b>
<b>EXPENSES</b>			
Cost of materials consumed	28	468.03	513.54
Purchases of stock-in-trade		840.02	865.99
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(24.24)	(31.46)
Employee benefits expense	30	265.20	264.04
Finance costs	31	8.53	3.39
Depreciation and amortisation expense	32	78.85	63.45
Other expenses	33	646.64	713.60
<b>TOTAL EXPENSES (II)</b>		<b>2,283.03</b>	<b>2,392.55</b>
<b>Profit before exceptional items and tax (I-II)</b>		<b>339.33</b>	<b>368.33</b>
Exceptional items (income)	39	-	(4.78)
<b>Profit before tax</b>		<b>339.33</b>	<b>373.11</b>
<b>Tax expense:</b>	34		
Current tax		93.20	129.34
Deferred tax		(32.67)	(2.13)
<b>Profit for the year</b>		<b>278.80</b>	<b>245.90</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to statement of profit or loss			
- Re-measurement of defined benefit plans		(0.88)	0.21
- Income-tax relating to items that will not be reclassified to statement of profit or loss		0.22	(0.07)
<b>Total other comprehensive income for the year, net of tax</b>		<b>(0.66)</b>	<b>0.14</b>
<b>Total comprehensive income for the year (comprising profit and other comprehensive income for the year)</b>		<b>278.14</b>	<b>246.04</b>
<b>Earnings per equity share (face value of ₹1 each)</b>	<b>35</b>		
- Basic (in ₹)		17.54	15.47
- Diluted (in ₹)		17.53	15.46

See accompanying notes forming part of the standalone financial statements. 1-54

As per our report of even date attached

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

**Neeraj Sharma**  
Partner  
Membership No. 502103

Place: New Delhi  
Date: 26 June 2020

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

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

**Chetan Kajaria**  
Joint Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Joint Managing Director  
(DIN: 00228455)

**Sanjeev Agarwal**  
Chief Financial Officer

For and on behalf of the Board of Directors

## STANDALONE STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

(Amount in ₹ crores, unless otherwise stated)		
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	339.33	373.11
Adjusted for :		
Depreciation and amortisation expenses	78.85	63.45
Interest income	(45.43)	(29.56)
Interest expense	8.53	3.39
Share based payments to employees (net)	0.39	0.86
Loss on disposal of property, plant and equipment	1.87	5.13
Gain on disposal of current investment	(0.75)	(0.09)
Dividend income	(0.38)	(0.29)
Exceptional items	-	(4.78)
Subsidy income	(0.54)	-
Provision for expected credit loss on trade receivables	2.91	1.08
<b>Operating profit before working capital changes</b>	<b>384.78</b>	<b>412.30</b>
<b>Working capital adjustments:</b>		
Movement in inventories	(30.53)	(34.99)
Movement in trade and other receivables	59.29	(8.31)
Movement in other assets	(34.28)	4.37
Movement in trade and other payables	(52.80)	48.55
Movement in provisions	8.44	1.22
<b>Cash flow generated from operations</b>	<b>334.90</b>	<b>423.14</b>
Less: taxes paid	(99.76)	(131.85)
<b>Net cash flow generated from operations (A)</b>	<b>235.14</b>	<b>291.29</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment (including capital advances, capital work-in-progress, intangible assets, intangible assets under development and payable towards property, plant and equipment )	(30.27)	(51.33)
Proceeds from disposal of property, plant and equipment	4.25	5.77
Purchase of long-term investments	(7.33)	(6.85)
Proceeds from sale of long-term investments	-	10.40
Purchase of current investments (net)	(30.00)	(25.00)
Proceeds from disposal of current investments	20.94	25.09
Loans given (net)	(162.48)	(45.76)
Interest received	44.83	29.74
Dividend received	0.38	0.29
Movement in other bank balances	21.00	(227.07)
<b>Net cash flow (used in) investing activities (B)</b>	<b>(138.68)</b>	<b>(284.72)</b>

## STANDALONE STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

(Amount in ₹ crores, unless otherwise stated)		
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(3.90)	(2.51)
Proceeds/(repayment) of short-term borrowings (net)	31.58	(3.25)
Payment of lease liabilities	(16.68)	-
Proceeds from issue of shares	0.29	-
Dividend and dividend distribution tax paid	(114.99)	(57.44)
<b>Net cash flow (used in) financing activities (C)</b>	<b>(103.70)</b>	<b>(63.20)</b>
<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(7.24)</b>	<b>(56.63)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>18.99</b>	<b>75.62</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>11.75</b>	<b>18.99</b>
<b>Components of cash and cash equivalents at the end of the year</b>		
Balances with banks		
- Current accounts	11.41	18.41
Cash on hand	0.34	0.58
	<b>11.75</b>	<b>18.99</b>

### Net debt reconciliation

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

	As at 31 March 2020	As at 31 March 2019
Current borrowings	34.25	2.67
Lease liabilities	33.86	-
Non-current borrowings	8.02	7.13
<b>Net debt</b>	<b>76.13</b>	<b>9.80</b>

	Current borrowings	Lease liabilities	Non-current borrowings
<b>Net debt as at 1 April 2018</b>	<b>5.92</b>	<b>-</b>	<b>6.02</b>
Cash flows	(3.25)	-	0.88
Non-cash adjustments - Fair value adjustments	-	-	0.23
<b>Net debt as at 31 March 2019</b>	<b>2.67</b>	<b>-</b>	<b>7.13</b>
Lease liabilities recognised under Ind AS 116 at 1 April 2019	-	46.63	-
Interest paid on lease liabilities	-	3.91	-
Cash flows	31.58	(16.68)	-
Non-cash adjustments - Fair value adjustments	-	-	0.89
<b>Net debt as at 31 March 2020</b>	<b>34.25</b>	<b>33.86</b>	<b>8.02</b>

See accompanying notes forming part of the standalone financial statements.

As per our report of even date attached

1-54

For and on behalf of the Board of Directors

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

**Neeraj Sharma**  
Partner  
Membership No. 502103

Place: New Delhi  
Date: 26 June 2020

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

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

**Chetan Kajaria**  
Joint Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Joint Managing Director  
(DIN: 00228455)

**Sanjeev Agarwal**  
Chief Financial Officer



## STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

### A. Equity share capital

(Amount in ₹ crores, unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the reporting year	15.90	15.90
Add: Changes in equity share capital during the year (refer note 16)	*	-
<b>Balance at the end of the reporting year</b>	<b>15.90</b>	<b>15.90</b>

\* rounded off to Nil

### B. Other equity (refer note 17)

Particulars	Reserves and surplus					Items of other comprehensive income (OCI)		Total other equity
	General reserve	Securities premium	Capital redemption reserve	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI	
<b>Balance as at 1 April 2018</b>	<b>320.37</b>	<b>163.74</b>	<b>5.00</b>	<b>4.29</b>	<b>(27.38)</b>	<b>895.12</b>	<b>(0.47)</b>	<b>1,360.67</b>
Profit for the year	-	-	-	-	-	245.90	-	245.90
Items of OCI for the year, net of tax								
Re-measurement of defined benefit plans	-	-	-	-	-	0.14	-	0.14
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246.04</b>	<b>-</b>	<b>246.04</b>
Employee stock option scheme	-	-	-	0.86	-	-	-	0.86
Dividend distributed	-	-	-	-	-	(47.69)	-	(47.69)
Income-tax on dividend distribution	-	-	-	-	-	(9.80)	-	(9.80)
<b>Balance as at 31 March 2019</b>	<b>320.37</b>	<b>163.74</b>	<b>5.00</b>	<b>5.15</b>	<b>(27.38)</b>	<b>1,083.67</b>	<b>(0.47)</b>	<b>1,550.08</b>
Profit for the year	-	-	-	-	-	278.80	-	278.80
Items of OCI for the year, net of tax								
Re-measurement of defined benefit plans	-	-	-	-	-	(0.66)	-	(0.66)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278.14</b>	<b>-</b>	<b>278.14</b>
Employee stock option scheme	-	-	-	0.53	-	-	-	0.53
Shares issued during the year (refer note 16)	-	0.29	-	-	-	-	-	0.29
Amount transferred from Share option outstanding account to Security premium on issue of shares	-	0.11	-	(0.11)	-	-	-	-
Dividend distributed	-	-	-	-	-	(95.38)	-	(95.38)
Income-tax on dividend distribution	-	-	-	-	-	(19.60)	-	(19.60)
<b>Balance as at 31 March 2020</b>	<b>320.37</b>	<b>164.14</b>	<b>5.00</b>	<b>5.57</b>	<b>(27.38)</b>	<b>1,246.83</b>	<b>(0.47)</b>	<b>1,714.06</b>

See accompanying notes forming part of these standalone financial statements.  
As per our report of even date attached

1-54

For and on behalf of the Board of Directors

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

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

**Chetan Kajaria**  
Joint Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Joint Managing Director  
(DIN: 00228455)

**Neeraj Sharma**  
Partner  
Membership No. 502103

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

**Sanjeev Agarwal**  
Chief Financial Officer

Place: New Delhi  
Date: 26 June 2020

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

### 1. Corporate information

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

### 2. Application of Indian Accounting Standard (Ind AS)

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

#### Standards issued but not effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1 April 2020.

### 3. Significant accounting policies and other explanatory information

#### A. Statement of compliance with Indian Accounting Standards (Ind AS)

The standalone financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

#### B. Overall considerations

The standalone financial statements have been prepared using the significant accounting policies and measurement basis summarized below.

These accounting policies have been used throughout all periods presented in the standalone financial statements.

#### C. Historical cost convention

These standalone financial statements have been

prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

#### D. Significant accounting policies

##### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset/liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

##### b. Revenue Recognition

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognises revenue at the point in time, when control of the asset is transferred to the customer depending upon the terms of sale with the customers.

When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

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

### Interest income and dividend:

Interest income is recognised using effective interest method.

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

### Export benefits:

The Company recognises income from duty drawback and export benefit on an accrual basis.

### c. Inventories

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

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

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

### d. Property, plant and equipment

#### Measurement and recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalised under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred.

#### Capital work-in-progress and capital advances

Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects. All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

fixed assets, are capitalised at the time of commissioning of such assets. Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress.

Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

### Depreciation

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method (SLM) based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013 except on some assets, where useful life has been taken based on external / internal technical evaluation as given below:

Particulars	Useful lives
Plant and machinery	7, 10 and 18 years
Fit-out and other assets at sales outlets	5 years
Roads	30 and 60 years

Freehold land is not depreciated. Leasehold improvements are amortised over the period of the lease or the useful life of the asset, whichever is lower.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

### De-recognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised

in the Statement of Profit and Loss when the item is derecognised.

### e. Intangible Assets

#### Measurement and recognition

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

#### Amortisation

Intangible assets with finite lives are amortised on a Straight Line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software are capitalised and amortised on straight line method over their estimated useful economic life of six years.

#### De-recognition

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

### f. Research and development costs

Expenditure on research is recognised as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognised as an expense when it is incurred.

Items of property, plant and equipment utilized for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.



## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

### g. Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised, if any. All other borrowing costs are expensed in the period in which they occur.

### h. Foreign currency transactions

#### Initial recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss.

#### Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit and Loss.

Effective 1 April 2018, the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid

advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

### i. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognised as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant (deferred income) is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. The loan or assistance is subsequently recognised in the statement of profit and loss on a straight line basis over the period of loan.

### j. Taxes on income

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

#### Current tax

Current tax is measured at the amount expected to be

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

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

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity/other comprehensive income is recognised in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### k. Employee benefits

#### Short term employee benefits:

Il employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

#### Post-employment benefits:

#### I. Defined contribution plans:

The Company makes payments made to defined contribution plans such as provident fund and employees' state insurance. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### II. Defined benefit plans:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020 (Amount in ₹ crores, unless otherwise stated)	
<p>Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.</p> <p>Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.</p> <p><u>Other long-term employee benefits:</u></p> <p>Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss as and when they accrue. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the Statement of Profit and Loss.</p>	
<p><b>I. Share-based payments</b></p> <p>The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit and loss, with a corresponding adjustment to equity.</p>	
<p><b>m. Leases</b></p> <p><b>Transition</b></p> <p>Effective 1 April 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective</p>	

<p>method and elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company’s incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.</p> <p>Refer note 37 for details on transition.</p> <p><b>The Company as a lessee</b></p> <p>The Company’s lease asset classes primarily consist of property leases. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.</p> <p>At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.</p> <p>Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options</p>	
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## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020 (Amount in ₹ crores, unless otherwise stated)	
<p>when it is reasonably certain that they will be exercised.</p> <p>The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.</p> <p>Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.</p> <p>The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.</p> <p><b>The Company as a lessor</b></p> <p>Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.</p> <p>When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.</p> <p>For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.</p>	
<p><b>n. Segment reporting</b></p> <p>Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company.</p>	

<p>The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.</p> <p><b>o. Provisions, contingent liabilities and contingent assets</b></p> <p>Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.</p> <p>If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.</p> <p>Contingent liability is disclosed in the case of:</p> <ul style="list-style-type: none"> <li>• a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;</li> <li>• a present obligation arising from past events, when no reliable estimate is possible</li> </ul> <p>Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.</p> <p><b>p. Earnings per share</b></p> <p>Basic earnings per equity share is calculated by dividing the net profit for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.</p> <p>For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity share</p> <p><b>q. Cash and cash equivalents</b></p> <p>Cash and cash equivalent in the balance sheet comprise cash at banks, on hand and short-term deposits with</p>	
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## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

### r. Financial instruments

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

#### a) Financial assets

**Classification**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in below categories:

- Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**De-recognition**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

**Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

#### b) Financial liabilities

**Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.
- Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

**De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

**d) Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

**s. Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
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or cash generating unit to which the asset belongs is less than its carrying amount. The carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

**t. Fair value measurement**

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### E. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

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the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(a) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

**(b) Defined benefit plans**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation

is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**(c) Useful lives of depreciable/amortisable assets**

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

**(d) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**(e) Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(f) Estimation of current tax and deferred tax**

Management judgement is required for the calculation of provision of income- taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in these financial statements.



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### 4 Property, plant and equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers	Display assets	Total
<b>Gross carrying amount</b>										
<b>As at 1 April 2018</b>	14.90	6.11	235.87	842.60	8.19	31.02	8.55	4.18	21.73	1,173.15
Additions	-	-	5.94	20.33	0.20	8.21	0.56	0.33	2.53	38.10
Disposals	-	-	-	18.57	0.23	4.98	0.33	0.31	0.94	25.36
<b>As at 31 March 2019</b>	<b>14.90</b>	<b>6.11</b>	<b>241.81</b>	<b>844.36</b>	<b>8.16</b>	<b>34.25</b>	<b>8.78</b>	<b>4.20</b>	<b>23.32</b>	<b>1,185.89</b>
Additions	-	-	0.92	14.48	0.18	4.82	0.25	0.22	0.24	21.11
Disposals	-	-	-	8.78	0.01	2.51	0.17	0.06	1.87	13.40
Transition on account of Ind AS 116	-	(6.11)	-	-	-	-	-	-	-	(6.11)
<b>As at 31 March 2020</b>	<b>14.90</b>	<b>-</b>	<b>242.73</b>	<b>850.06</b>	<b>8.33</b>	<b>36.56</b>	<b>8.86</b>	<b>4.36</b>	<b>21.69</b>	<b>1,187.49</b>
<b>Accumulated depreciation</b>										
<b>As at 1 April 2018</b>	-	0.90	65.39	334.33	4.53	9.51	3.75	2.68	9.63	430.72
Depreciation charge for the year	-	0.06	6.31	46.91	0.52	3.90	1.05	0.55	3.53	62.83
Disposals	-	-	-	9.83	0.20	2.92	0.31	0.29	0.92	14.47
<b>As at 31 March 2019</b>	<b>-</b>	<b>0.96</b>	<b>71.70</b>	<b>371.41</b>	<b>4.85</b>	<b>10.49</b>	<b>4.49</b>	<b>2.94</b>	<b>12.24</b>	<b>479.08</b>
Depreciation charge for the year	-	-	6.22	46.40	0.53	4.25	0.98	0.49	3.50	62.37
Disposals	-	-	-	4.34	0.01	1.49	0.07	0.05	1.32	7.28
Transition on account of Ind AS 116	-	(0.96)	-	-	-	-	-	-	-	(0.96)
<b>As at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>77.92</b>	<b>413.47</b>	<b>5.37</b>	<b>13.25</b>	<b>5.40</b>	<b>3.38</b>	<b>14.42</b>	<b>533.21</b>
<b>Net carrying amount :</b>										
As at 31 March 2020	14.90	-	164.81	436.59	2.96	23.31	3.46	0.98	7.27	654.28
As at 31 March 2019	14.90	5.15	170.11	472.95	3.31	23.76	4.29	1.26	11.08	706.81

#### Notes:

#### I. Property, plant and equipment pledged as security

Refer note 18 for information on property, plant and equipment pledged as security by the Company.

#### II. Contractual obligations

Refer to note 38 for disclosure on contractual commitments for the acquisition of property, plant and equipment.

#### III. Capital work-in-progress

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

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### 5 Other intangible assets

Particulars	Software	Total
<b>Gross carrying amount</b>		
As at 1 April 2018	7.56	7.56
Additions	0.41	0.41
Disposals	0.04	0.04
<b>As at 31 March 2019</b>	<b>7.93</b>	<b>7.93</b>
Additions	0.22	0.22
Disposals	-	-
<b>As at 31 March 2020</b>	<b>8.15</b>	<b>8.15</b>
<b>Accumulated amortisation</b>		
<b>As at 1 April 2018</b>	5.19	5.19
Amortisation charge for the year	0.62	0.62
Disposals	0.04	0.04
<b>As at 31 March 2019</b>	<b>5.77</b>	<b>5.77</b>
Amortisation charge for the year	0.61	0.61
Disposals	-	-
<b>As at 31 March 2020</b>	<b>6.38</b>	<b>6.38</b>
<b>Net carrying amount :</b>		
<b>As at 31 March 2020</b>	<b>1.77</b>	<b>1.77</b>
<b>As at 31 March 2019</b>	<b>2.16</b>	<b>2.16</b>

### 6 Non-current financial assets - Investments

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Investments in equity instruments (unquoted)</b>		
<b>(a) Investments in subsidiaries (measured at cost) - Trade</b>		
Jaxx Vitrified Private Limited*		
13,061,532 (31 March 2019: 12,314,032) equity shares of ₹10 each fully paid up	32.63	31.14
Vennar Ceramics Limited		
12,240,000 (31 March 2019: 12,240,000) equity shares of ₹10 each fully paid up	18.24	18.24
Cosa Ceramics Private Limited		
4,642,040 (31 March 2019: 4,642,040) equity shares of ₹10 each fully paid up	11.61	11.61
Kajaria Tile Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited)		
10,000,000 (31 March 2019: 10,000,000) equity shares of ₹10 each fully paid up	11.71	11.71
Kajaria Bathware Private Limited		
25,000,000 (31 March 2019: 25,000,000) equity shares of ₹10 each fully paid up	40.00	40.00
Kajaria Plywood Private Limited*		
9,691,000 (31 March 2019: 3,850,000) equity shares of ₹10 each fully paid up	9.69	3.85
<b>(b) Investments in others (measured at FVOCI) - Trade</b>		
Taurus Tiles Private Limited		
800,000 (31 March 2019: 800,000) equity shares of ₹10 each fully paid up	0.33	0.33
<b>Total</b>	<b>124.21</b>	<b>116.88</b>
<b>Aggregate amount of unquoted investments</b>	<b>124.21</b>	<b>116.88</b>

\* With respect to investments done amounting to ₹42.32 crore (previous year ₹34.99 crore) and loan given to these subsidiary companies of ₹145.05 crore (previous year ₹113.75 crore) (refer note 40 for details), management, during the year, has done a detailed evaluation on the recoverability of these investments/ loans given wherein valuation of these subsidiaries has been conducted by an independent valuer as at 31 March 2020 using the 'Discounted Cash Flow valuation model'. Basis such assessment done, management believes that the investments done/ loans given would be recoverable and accordingly no provision has been recorded in respect of recoverability of these balances as at the year end.

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### 7 Loans#

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Considered good - unsecured				
Security deposits	13.16	9.71	-	-
Loans to other companies (refer note (i))	-	-	0.54	1.97
Loans to related parties (refer note (iii))	417.19	253.72	0.65	0.21
Other loans (refer note (iii))	-	-	1.96	2.12
<b>Total</b>	<b>430.35</b>	<b>263.43</b>	<b>3.15</b>	<b>4.30</b>

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

#### Notes:

- (i) Loans to other companies represents interest bearing loans given to Soriso Ceramics Private Limited and Ascent Ceramics Private Limited which is given for the business purposes and repayable on demand.
- (ii) - Represents loans given to subsidiary companies and Kajaria Ceramics Employee Gratuity Trust. The loan to subsidiaries is given for business purposes which inter alia includes ₹78.55 crores (31 March 2019: ₹49.75 crores) given to subsidiaries 'Kajaria Bathware Private Limited', 'Kajaria Sanitaryware Private Limited' and 'Kajaria Plywood Private Limited' in which directors of the Company are also directors (refer note 40 for details).
- Does not include any loans due from directors or other officers of the Company either severally or jointly with any other person.
- (iii) Other loans represents advances given to the employee of the Company.

### 8 Non-current tax assets (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance tax (net of provisions)	2.31	0.02
	<b>2.31</b>	<b>0.02</b>

### 9 Other assets

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Capital advances	0.07	-	-	-
Advance other than capital				
Advance to suppliers*	-	-	31.39	3.18
Prepaid expenses	0.33	-	4.63	4.94
Deferred lease expenses	-	1.83	-	0.45
Export benefit receivables	-	-	0.28	0.42
Balances with statutory authorities	-	-	4.74	3.29
<b>Total</b>	<b>0.40</b>	<b>1.83</b>	<b>41.04</b>	<b>12.28</b>

\* includes advance given to subsidiaries (refer note 40)

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

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	33.42	27.87
Work-in-progress	8.53	7.21
Finished goods	203.36	190.20
Stock-in-trade	18.69	8.93
Stores and spares	33.94	32.32
Packing material	13.74	14.63
<b>Total</b>	<b>311.68</b>	<b>281.16</b>

### 11 Current financial assets - Investments

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of units	Amount	No. of units	Amount
<b>Investments in mutual funds (unquoted) - measured at FVTPL</b>				
(a) SBI Arbitrage Opportunities Fund - Regular plan Dividend	37,10,685.29	4.98	-	-
(b) DSP Arbitrage Fund - Reg. - Monthly Dividend	47,79,200.92	4.82	-	-
		<b>9.80</b>		-

**Aggregate amount of unquoted investments and market value thereof** **9.80**

### 12 Trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Considered good - unsecured	347.80	410.01
Credit impaired	6.19	3.28
Less: Allowance for expected credit losses	(6.19)	(3.28)
<b>Total</b>	<b>347.80</b>	<b>410.01</b>

#### Note:

- a) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person or amounts dues from firms or private companies in which any director is a partner, director or a member.
- b) All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

### 13 Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- Current accounts	11.41	18.41
Cash on hand	0.34	0.58
<b>Total</b>	<b>11.75</b>	<b>18.99</b>

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



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### 14 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Earmarked balances with banks in current accounts - unpaid dividends*	2.05	1.83
Deposits with original maturity of greater than 3 months and remaining maturity of less than 12 months**	206.07	227.07
<b>Total</b>	<b>208.12</b>	<b>228.90</b>

\* These balances are not available for use by the Company and not due for deposit in the Investor Education and Protection Fund.

\*\* Deposits amounting to ₹20 crores (31 March 2019 : ₹60 crores) have been pledged against facilities taken by subsidiaries ‘Kajaria Sanitaryware Private Limited’ and ‘Kajaria Tiles Private Limited.’”

### 15 Other current financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Considered good - unsecured		
Interest accrued on deposits	0.82	0.22
Others	0.11	0.01
<b>Total</b>	<b>0.93</b>	<b>0.23</b>

### 16 Equity share capital

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Authorised:</b>		
520,000,000 equity shares of ₹1 each (31 March 2019: 520,000,000 of ₹1 each)	52.00	52.00
7,710,000 preference shares of ₹100 each (31 March 2019: 7,710,000 of ₹100 each)	77.10	77.10
	<b>129.10</b>	<b>129.10</b>
<b>Issued and subscribed:</b>		
158,957,200 equity shares of ₹1 each (31 March 2019: 158,950,300 equity shares of ₹1 each)	15.90	15.90
<b>Total</b>	<b>15.90</b>	<b>15.90</b>

**A.** There no change in authorised equity and preference share capital during the current year and previous year.

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	15,89,50,300	15.90	15,89,50,300	15.90
Add: issued on exercise of employee share option	6,900	*	-	-
<b>Outstanding at the end of the year</b>	<b>15,89,57,200</b>	<b>15.90</b>	<b>15,89,50,300</b>	<b>15.90</b>

\* rounded off to Nil

#### C. Terms/rights attached to equity shares

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

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

#### D. Shares reserved for issue under options

Information relating to Kajaria Ceramics Employee Stock Option Plan, 2015, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 43.

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

Name of Shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares held having face value of ₹1 each	% of holding in class	Number of shares held having face value of ₹1 each	% of holding in class
Equity shares of ₹1 each				
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust) (refer note i)	1,29,33,973	8.14%	1,29,33,973	8.14%
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust) (refer note ii)	2,58,67,947	16.27%	2,58,67,947	16.27%
RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust) (refer note iii)	2,58,67,947	16.27%	2,58,67,947	16.27%

\* As per the records of the Company, including its register of members

#### Notes:

- Trustee of Versha Kajria Family Private Trust has been changed from ‘Mr. Ashok Kajaria and Mr. Rishi Kajaria in their capacity as the joint trustees of the Versha Kajaria Family Private Trust’ to ‘VK Trustees Private Limited in its capacity as sole trustee of the Versha Kajaria Family Private Trust’ by modifying the trust deed of Versha Kajaria Family Private Trust on December 26, 2019
- Name of the Trustee of Chetan Kajaria Family Private Trust has been changed from ‘Professional Home Solutions Private Limited’ to ‘CK Trustees Private Limited’, with effect from October 4, 2019 and consequently, trust deed of Chetan Kajaria Family Private Trust has also been modified on December 26, 2019
- Trustee of Rishi Kajaria Family Private trust has been changed from ‘Mrs. Versha Kajaria and Mr. Chetan Kajaria in their capacity as the joint trustees of the Rishi Kajaria Family Private Trust’ to ‘RK Trustees Private Limited in its capacity as sole trustee of the Rishi Kajaria Family Private Trust’ by modifying the Trust Deed of Rishi Kajaria Family Private Trust on December 26, 2019

#### F. Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and brought back during the last 5 years for each class of shares

Except for shares issued under scheme of arrangements as approved by Hon’ble Court, the Company has not issued any shares pursuant to a contract without payment being received in cash nor has there been any buy-back of shares and any bonus shares which has been issued in the current year and preceding five years. Pursuant to the scheme, existing equity shares of the Company held by Kajaria Securities Private Limited (‘KSPL’) stood cancelled and the Company had issued 64,669,867 equity shares of ₹1 each to shareholders of erstwhile KSPL in proportion of their shareholding in KSPL.

The Company has issued equity shares aggregating 19200 (up to 31 March 2019 : 12300) shares of Rs. 1 each fully paid during the financial years 2014-15 to 2019-20 on exercise of option granted under the employee stock option plan wherein part consideration was received in form of employee service.

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### 17 Other equity

Particulars	As at 31 March 2020	As at 31 March 2019
<b>a) General reserves</b>		
Balance at the beginning/end of the year	320.37	320.37
<b>b)Securities premium</b>		
Balance at the beginning of the year	163.74	163.74
Share issued during the year (refer note 16)	0.40	-
Balance at the end of the year	164.14	163.74
<b>c) Capital redemption reserve</b>		
Balance at the beginning/end of the year	5.00	5.00
<b>d) Share options outstanding account</b>		
Balance at the beginning of the year	5.15	4.29
Employee stock option scheme	0.53	0.86
Tranferred to security premium on issue of shares	(0.11)	-
Balance at the end of the year	5.57	5.15
<b>e) Capital reserve</b>		
Balance at the beginning/end of the year	(27.38)	(27.38)
<b>f) Retained earnings</b>		
Balance at the beginning of the year	1,083.67	895.12
Profit for the year	278.80	245.90
Items of OCI for the year, net of tax	(0.66)	0.14
Dividend distributed	(95.38)	(47.69)
Dividend distribution tax paid	(19.60)	(9.80)
Balance at the end of the year	1,246.83	1,083.67
<b>g) Other comprehensive income</b>		
Equity instruments designated at fair value through other comprehensive income		
Balance at the beginning/end of the year	(0.47)	(0.47)
<b>Total other equity</b>	<b>1,714.06</b>	<b>1,550.08</b>

### Nature and purpose of reserves -

#### a) General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

#### b) Securities premium

This reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

#### c) Capital redemption reserve

This reserve was created on redemption of preference shares in the financial year 2001-02. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

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### d) Share options outstanding account

The reserve is used to recognise the grant date fair value of the options issued to employees under Kajaria Ceramics Employee Stock Option Plan, 2015.

### e) Capital reserve

The reserve was created on Scheme of Arrangement (the Scheme) between the Company and Kajaria Securities Private Limited ('KSPL') in financial year 2017-18.

### f) Retained earnings

Created from profit/loss of the Company, as adjusted for distributions to owners and transfer to other reserve.

### g) Equity instruments designated as fair value through other comprehensive income ('FVOCI')

The Company has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

### 18 Borrowings

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
<b>Term loan - Secured</b>				
Deferred payment liabilities	8.02	7.13	-	-
Interest free loan from Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh)				
<b>Working capital facility - Secured</b>				
From banks	-	-	34.25	2.67
	<b>8.02</b>	<b>7.13</b>	<b>34.25</b>	<b>2.67</b>

### Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	As at 31 March 2020	As at 31 March 2019			
Term loan - deferred payment liabilities	8.02	7.13	Nil	Secured against first charge on factory land and building of the Company at Sikandrabad, Uttar Pradesh.	Repayable in one instalment after 7 years from date of disbursement.
Working capital facility (secured)	34.25	2.67	8.50% to 10.35% per annum (31 March 2019: 8.15% per annum)	Secured against first charge on inventories and book debts of the Company and second charge on immovable and movable assets of its factories at Sikandrabad, Uttar Pradesh and Gailpur, Rajasthan.	Repayable on demand



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### 19 Lease liabilities

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Lease liabilities (refer note 37)	20.40	-	13.46	-
	<b>20.40</b>	<b>-</b>	<b>13.46</b>	<b>-</b>

### 20 Provisions

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits obligation (refer note 36)"				
Gratuity	7.23	3.05	3.35	2.90
Compensated absences	14.09	-	1.24	12.40
	<b>21.32</b>	<b>3.05</b>	<b>4.59</b>	<b>15.30</b>

### 21 Deferred tax liabilities (net)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>a) Deferred tax liability on:</b>		
Difference between book balance and tax balance of property, plant and equipment	76.58	108.83
	<b>76.58</b>	<b>108.83</b>
<b>b) Deferred tax asset on:</b>		
Provision for compensated absences	3.86	4.33
Others	3.07	2.17
	<b>6.93</b>	<b>6.50</b>
<b>Deferred tax liabilities (net)</b>	<b>69.65</b>	<b>102.33</b>

#### Movements in deferred tax liabilities and deferred tax assets:

Particulars	Property, plant and equipment	Compensated absences	Other provisions	Total
<b>As at 1 April 2018</b>	<b>111.33</b>	<b>(3.75)</b>	<b>(3.12)</b>	<b>104.46</b>
Charged/(credited) to the statement of profit or loss	(2.50)	(0.58)	0.95	(2.13)
Charged/(credited) to other comprehensive income	-	-	-	-
<b>As at 31 March 2019</b>	<b>108.83</b>	<b>(4.33)</b>	<b>(2.17)</b>	<b>102.33</b>
Charged/(credited) to the statement of profit or loss	(32.25)	0.47	(0.90)	(32.68)
Charged/(credited) to other comprehensive income	-	-	-	-
<b>As at 31 March 2020</b>	<b>76.58</b>	<b>(3.86)</b>	<b>(3.07)</b>	<b>69.65</b>

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for the year ended 31 March 2020  
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### 22 Other liabilities

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Advance received from customers	-	-	34.67	12.57
Statutory dues payable	-	-	10.97	30.77
Deferred government grant	2.05	2.59	0.54	0.54
<b>Total</b>	<b>2.05</b>	<b>2.59</b>	<b>46.18</b>	<b>43.88</b>

### 23 Trade payables

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables (including acceptances {refer note b below})		
- Total outstanding dues of micro enterprises and small enterprises (refer note 42)	11.60	12.68
- Total outstanding dues of creditors other than micro enterprises and small enterprises	161.66	216.62
<b>Total</b>	<b>173.26</b>	<b>229.30</b>

#### Note:

- a) The carrying values of trade payables are considered to be a reasonable approximation of fair value.
- b) Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days amounting to ₹40.29 crores (31 March 2019: ₹55.86 crores).
- c) Disclosure with respect to related party transactions is given in note 40.

### 24 Other current financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Unclaimed dividends*	2.05	1.83
Interest bearing deposits from customers	13.92	13.31
Security deposits	12.45	10.78
Employee payable	43.31	42.23
Others	0.42	2.85
<b>Total</b>	<b>72.15</b>	<b>71.00</b>

\* Not due for deposit to the Investor Education and Protection Fund.

### 25 Current tax liabilities (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Current tax liabilities (net)	-	4.26
<b>Total</b>	<b>-</b>	<b>4.26</b>

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

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(Amount in ₹ crores, unless otherwise stated)

### 26 Revenue from operations

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products		
Tiles	2,568.96	2,722.13
Power	0.60	1.69
	2,569.56	2,723.82
Other operating revenues	2.24	2.25
<b>Total</b>	<b>2,571.80</b>	<b>2,726.07</b>

Disclosure pursuant to Ind AS 115, - Revenue from contracts with customers, are as follows:

#### (a) Disaggregation of revenue:

Revenue arises mainly from the sale of manufactured and traded goods.

Particulars	31 March 2020	31 March 2019
Revenue from sale of tile	2,568.96	2,722.13
Revenue from sale of power	0.60	1.69
	<b>2,569.56</b>	<b>2,723.83</b>

#### (b) Assets and liabilities related to contracts with customers is as below:

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Contract assets related to sale of goods</b>		
Trade receivables	347.80	410.01
<b>Contract liabilities related to sale of goods</b>		
Advance from customers	34.67	12.57

#### (c) Significant changes in contract assets and liabilities:

There has been no significant changes in contact assets during the year.

Particulars	As at 31 March 2020	As at 31 March 2019
	<b>Contract liabilities (Advance from customers)</b>	
<b>Opening balance</b>	<b>12.57</b>	<b>12.79</b>
Revenue recognised during the year	12.57	12.79
Addition during the year (net)	34.67	12.57
<b>Closing balance</b>	<b>34.67</b>	<b>12.57</b>

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### 27 Other income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on:		
Loan to subsidiaries	27.89	17.73
Fixed deposits with banks	15.92	10.74
Other financial assets carried at amortised cost	0.52	0.35
Others	1.10	0.74
Dividend income	0.38	0.29
Gain on disposal of current investments	0.75	0.09
Other non-operating income	4.00	4.87
<b>Total</b>	<b>50.56</b>	<b>34.81</b>

### 28 Cost of materials consumed

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Body material	215.59	224.98
Glaze, frits and chemicals	160.74	176.92
Packing material consumed	91.70	111.64
<b>Total</b>	<b>468.03</b>	<b>513.54</b>

### 29 Changes in inventories of finished goods, stock in trade and work-in-progress

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening balance</b>		
Finished goods	190.20	159.35
Stock-in-trade	8.93	6.00
Work-in-progress	7.21	9.53
<b>Total</b>	<b>206.34</b>	<b>174.88</b>
<b>Closing balance</b>		
Finished goods	203.36	190.20
Stock-in-trade	18.69	8.93
Work-in-progress	8.53	7.21
<b>Total</b>	<b>230.58</b>	<b>206.34</b>
	<b>(24.24)</b>	<b>(31.46)</b>

### 30 Employee benefits expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	247.82	247.45
Contribution to provident and other funds (refer note 36a)	12.82	12.17
Share based payments to employees (refer note 43)	0.53	0.86
Less: Amount recovered towards share based payments to employees of a subsidiary	(0.14)	(0.21)
Staff welfare expenses	4.17	3.77
<b>Total</b>	<b>265.20</b>	<b>264.04</b>



## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
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### 31 Finance costs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest	6.97	3.07
Other borrowing costs	1.56	0.32
<b>Total</b>	<b>8.53</b>	<b>3.39</b>

### 32 Depreciation and amortisation expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment (refer note 4)	62.37	62.83
Amortisation of intangible assets (refer note 5)	0.61	0.62
Depreciation on right-of-use assets (refer note 37)	15.87	-
	<b>78.85</b>	<b>63.45</b>

### 33 Other expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Rent	0.78	17.04
Rates and taxes	0.81	0.66
Traveling and conveyance	27.79	27.85
Insurance charges	2.79	3.03
Legal and professional charges	3.84	3.75
Payment to auditors as:		
- auditor	0.42	0.40
- for other services	0.24	0.23
- for reimbursement of expenses	0.07	0.03
Stores and spares consumed	52.30	55.29
Power and fuel	376.82	412.24
Repairs and maintenance:		
- Buildings	4.60	4.97
- Plant and equipment	10.29	11.66
- Others	4.20	4.09
Packing, freight and forwarding expenses	30.31	31.99
Advertisement, publicity and sales promotion	71.38	75.20
Sales commission	8.92	14.06
Loss on disposal of property, plant and equipment	1.87	5.13
Provision for expected credit loss	2.91	1.08
Corporate social responsibility expenditure (refer note 50)	5.98	4.86
Net loss on foreign currency transactions and translation	-	-
Research and development expenses (refer note 49)	18.34	18.22
Miscellaneous expenses	21.98	21.82
	<b>646.64</b>	<b>713.60</b>

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
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### 34 Income-tax expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>(a) Income-tax expense debited to statement of profit and loss</b>		
<i>Current tax</i>		
Current tax on profits for the year	92.86	129.34
Adjustment of tax relating to earlier periods	0.34	-
Total current tax expense	93.20	129.34
<i>Deferred tax</i>		
Deferred tax charge/(credit) for the year	(32.67)	(2.13)
	(32.67)	(2.13)
<b>Total tax expense</b>	<b>60.53</b>	<b>127.21</b>
<b>(b) Income-tax expense charged/(credited) to other comprehensive income</b>		
<i>Current tax</i>		
Current tax charge/(credit) for the year	(0.22)	0.07
	(0.22)	0.07
<i>Deferred tax</i>		
Deferred tax charge/(credit) for the year	-	-
	-	-

#### (c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax	339.33	373.11
Tax at the Indian tax rate of 25.168%(31 March 2019: 34.944%) (refer note below)	85.40	130.38
Adjustments in respect of current income tax of previous years	0.34	(0.36)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowed as deduction	1.74	2.43
Deductions not leading to timing differences	-	(6.25)
Deferred tax asstes reversed on exempted income	1.75	-
Impact of change in effective tax rate in brought forward tax liability (refer note below)	(28.69)	1.01
<b>Income-tax expense</b>	<b>60.53</b>	<b>127.21</b>

#### Note:

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly, the Company has recognised provision for income-tax for the year ended 31 March 2020 basis the revised rates. The Company has also remeasured its deferred tax liability on the basis of the reduced rate.

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
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### 35 Earnings per share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit attributable to equity holders of the Company for basic earnings (₹ in crores) for the year	278.80	245.90
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	15,89,51,264	15,89,50,300
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	15,90,08,087	15,90,24,945
Earnings per share		
- Basic (₹)	17.54	15.47
- Diluted (₹)	17.53	15.46

**Note: Weighted average number of equity shares used as denominator**

Particulars	No. of shares	
	31 March 2020	31 March 2019
Weighted average number of equity shares used as denominator in calculating basic earnings per shares	15,89,51,264	15,89,50,300
Adjustments for calculation of diluted earnings per share:		
- Outstanding employee stock options	56,823	74,645
<b>Weighted average number of equity shares and potential equity shares used as denominator in calculating diluted earnings per share</b>	<b>15,90,08,087</b>	<b>15,90,24,945</b>

### 36 Employee benefits

The Company has following post-employment benefit plans:

#### A) Defined contribution plan

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is ₹8.40 crores (31 March 2019: ₹7.77 crores)

#### B) Defined benefit plans - Gratuity (funded)

The Company has defined benefit gratuity plan for its employees where annual contributions are deposited to an insurer to provide gratuity benefits by taking a scheme of insurance, whereby these contributions are transferred to the insurer. Gratuity is computed as 15 days last drawn salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination / resignation. The benefit vests on the employee completing 5 years of service. The Company makes provision of such gratuity asset/liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method. Plan assets also include investments and bank balances used to deposit premiums until due to the insurance company.

**The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:**

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

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Defined benefit obligation at the beginning of the year</b>	<b>34.01</b>	<b>31.12</b>
Current service cost	3.32	2.98
Interest cost	2.39	2.41

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Particulars	As at 31 March 2020	As at 31 March 2019
Benefits paid	(0.76)	(0.74)
Actuarial loss/(gain) on obligations	0.90	(1.76)
<b>Defined benefit obligation at the end of the year</b>	<b>39.86</b>	<b>34.01</b>

**Changes in the fair value of plan assets are, as follows:**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Fair value of plan assets at the beginning of the year</b>	<b>28.06</b>	<b>24.92</b>
Contribution during the year	-	3.50
Benefits paid	(0.76)	(0.74)
Expected return on plan assets	1.96	1.92
Actuarial (loss)/gain on plan asset	0.02	(1.54)
<b>Fair value of plan assets at the end of the year</b>	<b>29.28</b>	<b>28.06</b>

**Reconciliation of fair value of plan assets and defined benefit obligation:**

Particulars	As at 31 March 2020	As at 31 March 2019
Fair value of plan assets	29.28	28.06
Defined benefit obligation	39.86	34.01
<b>Net asset/(liability) recognised in the Balance Sheet (refer note 20)</b>	<b>(10.58)</b>	<b>(5.95)</b>
Current	3.35	2.90
Non current	7.23	3.05

**Amount recognised in Statement of Profit and Loss:**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	3.32	2.98
Interest cost	2.39	2.41
Expected return on plan asset	(1.96)	(1.92)
<b>Amount recognised in Statement of Profit and Loss</b>	<b>3.75</b>	<b>3.47</b>

**Breakup of actuarial gain/(loss)**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Actuarial gain/(loss) on defined benefit obligation		
Actuarial gain/(loss) arising from changes in financial assumptions	(2.61)	1.78
Actuarial gain/(loss) arising from experience adjustments	1.71	(0.02)
Actuarial gain/(loss) on plan assets	(0.02)	1.55
<b>Amount of gain/(loss) recognised in other comprehensive income</b>	<b>(0.88)</b>	<b>0.21</b>



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The major categories of plan assets are as follows:

Gratuity	As at 31 March 2020	As at 31 March 2019
Investment details	Funded	Funded
Investment with gratuity funds	100%	100%

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

Particulars	31 March 2020	31 March 2019
Discount rate	7.00%	7.75%
Expected rate of return on plan assets	7.00%	7.75%
Future salary increases	8.25%	8.25%
Attrition rate:-		
18-30 years	3.00%	3.00%
30-44 years	3.00%	3.00%
44-58 years	3.00%	3.00%
Retirement age	58 years	58 years
Mortality	IALM 2012-14 Ultimate	IALM 2006-08 Ultimate

Note:

- a.) The discount rate is based upon the market yield available on government bonds at the accounting date relevant to currency of benefits payments for a term that matches the liability.
- b.) The estimates for future salary increase rate takes amount of inflation, seniority, promotion, business plan, human resource policy and other relevant factors on long term basis.

Experience adjustment:

Particulars	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Present value of defined benefit obligation	39.86	34.01	31.12	26.02	20.32
Experience gain/(loss) on liability	1.71	(0.02)	(1.63)	(2.38)	(0.59)

A quantitative sensitivity analysis for significant assumption as at 31 March 2020 and 31 March 2019 is as shown below:

Gratuity plan	Sensitivity level		Impact on Defined benefit obligation	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Assumptions</b>				
Discount rate	+1%	+1%	(3.44)	(2.91)
	-1%	-1%	4.01	3.37
Future salary increases	+1%	+1%	3.91	3.30
	-1%	-1%	(3.42)	(2.91)
Withdrawal rate	+1%	+1%	(0.33)	(0.14)
	-1%	-1%	0.37	0.15

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Sensitivities due to mortality are insignificant and hence ignored.

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
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Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Effect of plan on Company's future cash flows

(a) Funding arrangements and funding Policy

The Company has purchased an insurance policy to provide payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

(b) The following payments are expected contributions to the defined benefit plan in future years (in absolute terms i.e. undiscounted):

Particulars	31 March 2020	31 March 2019
Within the next 12 months (next annual reporting period)	3.35	2.99
Between 2 and 5 years	6.62	8.35
Beyond 5 years	29.88	22.49
<b>Total expected payments</b>	<b>39.85</b>	<b>33.83</b>

(c) Expected contribution for next year is Rs. 3.17 crores (31 March 2019 : Rs. 3.04 crores)

(d) Average duration of the defined benefit obligation at the end of reporting period is 12 years (31 March 2019 : 12 years)

C) Other long-term employee benefits - Compensated absences (unfunded)

Particulars	31 March 2020	31 March 2019
Amounts recognised in the balance sheet		
Current	1.24	12.40
Non current	14.09	-
	<b>15.33</b>	<b>12.40</b>

### 37 Leases

a) The Company has adopted Ind AS 116 'Leases' from 1 April 2019, which resulted in changes in accounting policies in the standalone financial statements.

b) Transition

Effective 1 April 2019, the Company adopted Ind AS 116 'Leases' and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and recognised at the date of initial application:

- a) Lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate for leases as on 31 March 2019; and
- b) Right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

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### c) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months or with minimal rent payments as at 1 April 2019 as short-term leases

d) The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 8% p.a. with maturity between 2020 -25.

e) Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

f) The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term(years)
Building	60	1 to 5 years	2.40 years

There are no leases entered by the Company which have any extension, termination or purchase options and the payment of lease rentals is not based on variable payments which are linked to an index.

### g) (i) Amounts recognised in balance sheet and statement of profit and loss :

The balance sheet shows the following amounts relating to leases: (₹ in crores)

Particulars	Category of right-of-use assets		
	Land	Buildings	Total
<b>Balance as at 1 April 2019</b> (on account of initial application of Ind AS 116)*	-	48.91	48.91
Reclassification from Property, plant and equipment	5.15	-	5.15
Add: Additions	-	0.17	0.17
Less: Depreciation charged on the right-of-use assets	0.05	15.82	15.87
<b>Balance as at 31 March 2020</b>	<b>5.10</b>	<b>33.26</b>	<b>38.36</b>

\* includes balance of prepaid lease rentals as on 31 March 2019 amounting to ₹2.28 crore

### h) Lease payments not recognised as lease liabilities:

Particulars	Year ended 31 March 2020
Expenses relating to short term leases (included in other expenses)	0.78
<b>Total</b>	<b>0.78</b>

i) The total cash outflow for leases for the year ended 31 March 2020 was ₹16.68 crores

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### j) Future minimum lease payments as on 31 March 2020 are as follows:

Minimum lease payments due	As on 31 March 2020		
	Lease payments	Finance charges	Net present values
Within 1 year	16.99	1.11	15.88
1 - 2 years	12.29	1.61	10.68
2 - 3 years	7.90	1.49	6.41
3 - 4 years	1.16	0.30	0.86
4 - 5 years	0.06	0.03	0.03
<b>Total</b>	<b>38.40</b>	<b>4.54</b>	<b>33.86</b>

### k) Reconciliation of total lease commitments as on 31 March 2019 to the lease liabilities recognised at 1 April 2019:

Particulars	₹ in crore
Total operating lease commitments disclosed as on 31 March 2019	5.24
Discounted using incremental borrowing rate	0.83
<b>Operating lease liabilities</b>	<b>4.41</b>
Reasonably certain extension options	42.22
Finance lease obligations	-
<b>Total lease liabilities recognised under Ind AS 116 at 1 April 2019</b>	<b>46.63</b>

### l) Disclosure under Ind AS 17 for the year ended 31 March 2019

Operating leases - assets taken on lease	
Minimum lease payments in relation to non-cancellable operating leases are payable as follows:	
Particulars	₹ in crore
Not later than one year	2.17
Later than one year but not later than five years	3.02
Later than five years	0.05
<b>Total</b>	<b>5.24</b>

### 38 Commitments, contingencies and litigations

	31 March 2020	31 March 2019
<b>(a) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2.89	1.52
<b>(b) Contingent liabilities</b>		
(i) Corporate guarantees given (including undrawn amount)	149.39	215.00
(ii) Claims against the Company not acknowledged as debt		
In respect of income tax, value added tax, service tax and excise duty demands pending before various authorities and in dispute	8.13	8.11
Others	2.14	1.84

The Company is contesting the above demands and the management, including its solicitor, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The Company has certain litigations involving customers, vendors and based on legal advice of in-house legal team, the management believes that no material liability will devolve on the Company in respect of these litigations.



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**39** During the previous year ended 31 March 2019, the Company had sold off its 51% stake in Soriso Ceramic Private Limited pursuant to which it ceased to be a subsidiary of the Company. The Company had recognised a profit of ₹4.78 crores on sale of its investments in Soriso Ceramic Private Limited and disclosed as an exceptional items in the statement of profit and loss

### 40 Related party disclosures

#### A. List of related parties

(a) List of entities substantially owned directly or indirectly by the Company:

Direct subsidiaries:

S. No.	Name	Country of incorporation	Ownership interest of Kajaria Ceramics Limited (%)	
			31 March 2020	31 March 2019
1	Soriso Ceramic Private Limited *	India	N.A.	N.A.*
2	Jaxx Vitrified Private Limited	India	87.37%#	82.00%
3	Vennar Ceramics Limited	India	51.00%	51.00%
4	Cosa Ceramics Private Limited	India	51.00%	51.00%
5	Kajaria Tiles Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited)	India	100.00%	100.00%
6	Kajaria Bathware Private Limited	India	85.00%	85.00%
7	Kajaria Plywood Private Limited**	India	97.89%##	96.25%

\* ceased to be a subsidiary from 31 July 2018.

\*\* acquired on 05 June 2018.

# Increase in stake on 19 September 2019

## Increase in stake on 30 April 2019

Indirect subsidiary:

Subsidiary of 'Kajaria Bathware Private Limited' (where control exists):

S. No.	Name	Country of incorporation	Ownership interest of Kajaria Ceramics Limited (%)	
			31 March 2020	31 March 2019
1	Kajaria Sanitaryware Private Limited	India	69.70%	69.70%

#### (b) Key management personnel:

S. No.	Name	Designation
1	Mr. Ashok Kajaria	Chairman and Managing Director
2	Mr. Chetan Kajaria	Joint Managing Director
3	Mr. Rishi Kajaria	Joint Managing Director
4	Mr. Dev Dutt Rishi	Non-Executive Director
5	Mr. Basant Kumar Sinha (till 31 March 2019)	Whole Time Director
6	Mr. Raj Kumar Bhargava	Independent Director
7	Mr. Ram Ratan Bagri (till 31 March 2019)	Independent Director
8	Mr. Debi Prasad Bagchi	Independent Director
9	Mr. Harady Rathnakar Hegde	Independent Director
10	Mrs. Susmita Singha	Independent Director

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

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(c) Enterprises owned by Key Management Personnel or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise:-

S. No.	Name
1	Dua Engineering Works Private Limited
2	Malti Devi Kajaria Foundation
3	Kajaria Ceramics Employees Gratuity trust
4	VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust) (refer note 16 E)
5	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust) (refer note 16 E)
6	RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust) (refer note 16 E)
7	A.K. Kajaria (HUF)
8	Chetan Kajaria (HUF)
9	Rishi Kajaria (HUF)

#### (d) Relatives of key management personnel

S. No.	Name
1	Mrs. Versha Devi Kajaria
2	Mrs. Rasika Kajaria
3	Mrs. Shikha Kajaria
4	Mr. Kartik Kajaria
5	Mr. Raghav Kajaria
6	Mr. Parth Kajaria
7	Mr. Vedant Kajaria

#### (1) Details relating to remuneration of Key Managerial Personnel (KMP)

Name of KMP	31 March 2020		31 March 2019	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ashok Kajaria*	4.90	-	4.52	-
Mr. Chetan Kajaria*	4.87	-	4.94	-
Mr. Rishi Kajaria*	4.87	-	4.94	-
Mr. Dev Dutt Rishi	-	0.02	-	0.02
Mr. Basant Kumar Sinha*	-	-	0.76	-
Mr. Raj Kumar Bhargava	-	0.03	-	0.04
Mr. Ram Ratan Bagri	-	-	-	0.04
Mr. Debi Prasad Bagchi	-	0.03	-	0.04
Mr. Harady Rathnakar Hegde	-	0.04	-	0.02
Mrs. Susmita Singha	-	0.03	-	0.02

\* Does not include employee benefits in relation to gratuity and compensated absence, as such provisions are for the Company as a whole

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

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### (2) Dividend paid

Particulars	31 March 2020	31 March 2019
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	0.63	0.31
- Mr. Chetan Kajaria	0.80	0.40
- Mr. Rishi Kajaria	1.08	0.54
- Mrs. Versha Devi Kajaria	1.07	0.53
- Mrs. Rasika Kajaria	0.34	0.17
- Mrs. Shikha Kajaria	0.36	0.18
- Mr. Kartik Kajaria	0.27	0.14
- Mr. Raghav Kajaria	0.27	0.14
- Mr. Parth Kajaria	0.27	0.14
- Mr. Vedant Kajaria	0.27	0.14

### (3) Guarantees received/(released) during the year

Particulars	31 March 2020	31 March 2019
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	10.90	(10.00)

### Guarantees received outstanding at year end

Particulars	31 March 2020	31 March 2019
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	101.40	90.50

### The following transactions were carried out with related parties in the ordinary course of business:-

Particulars	31 March 2020		31 March 2019	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
<b>Purchase of goods</b>				
Soriso Ceramic Private Limited	-	-	11.88	-
Jaxx Vitrified Private Limited	245.08	-	292.98	-
Cosa Ceramics Private Limited	122.01	-	172.31	-
Vennar Ceramics Limited	53.22	-	68.51	-
Kajaria Tiles Private Limited	44.41	-	-	-
<b>Total</b>	<b>464.72</b>	<b>-</b>	<b>545.68</b>	<b>-</b>
<b>Sale of products</b>				
Cosa Ceramics Private Limited	0.38	-	0.35	-
Jaxx Vitrified Private Limited	0.05	-	0.20	-
Kajaria Tiles Private Limited	0.14	-	-	-
<b>Total</b>	<b>0.57</b>	<b>-</b>	<b>0.55</b>	<b>-</b>

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for the year ended 31 March 2020  
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Particulars	31 March 2020		31 March 2019	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
<b>Sale of assets</b>				
Jaxx Vitrified Private Limited	1.17	-	0.55	-
Cosa Ceramics Private Limited	0.38	-	-	-
Kajaria Tiles Private Limited	0.62	-	-	-
Vennar Ceramics Limited	-	-	0.08	-
<b>Total</b>	<b>2.17</b>	<b>-</b>	<b>0.63</b>	<b>-</b>
<b>Rent paid</b>				
Dua Engineering Works Private Limited	-	1.67	-	1.67
Kajaria Tiles Private Limited	0.36	-	-	-
Vennar Ceramics Limited	0.01	-	0.01	-
<b>Total</b>	<b>0.37</b>	<b>1.67</b>	<b>0.01</b>	<b>1.67</b>
<b>Recovery of expenses</b>				
Kajaria Bathware Private Limited	0.71	-	0.45	-
<b>Total</b>	<b>0.71</b>	<b>-</b>	<b>0.45</b>	<b>-</b>
<b>Donation paid</b>				
Malti Devi Kajaria Foundation	-	0.47	-	0.46
<b>Total</b>	<b>-</b>	<b>0.47</b>	<b>-</b>	<b>0.46</b>
<b>Guarantes given/(revoked)</b>				
Kajaria Tiles Private Limited	(40.00)	-	-	-
<b>Total</b>	<b>(40.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Rent received</b>				
Kajaria Bathware Private Limited	1.06	-	0.98	-
Kajaria Tiles Private Limited	-*	-	-	-
<b>Total</b>	<b>1.06</b>	<b>-</b>	<b>0.98</b>	<b>-</b>
(* rounded off to Nil)				
<b>Interest received</b>				
Vennar Ceramics Limited	0.93	-	0.98	-
Cosa Ceramics Private Limited	0.33	-	0.32	-
Kajaria Bathware Private Limited	1.00	-	2.28	-
Kajaria Sanitaryware Private Limited	3.37	-	1.81	-
Jaxx Vitrified Private Limited	10.03	-	9.14	-
Kajaria Tiles Private Limited	11.79	-	3.16	-
Kajaria Plywood Private Limited	0.44	-	0.04	-
<b>Total</b>	<b>27.89</b>	<b>-</b>	<b>17.73</b>	<b>-</b>



## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
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Particulars	31 March 2020		31 March 2019	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
<b>Security deposit (repaid)/given</b>				
Kajaria Tiles Private Limited	0.01	-	-	-
	0.01	-	-	-
<b>Purchase/subscription of shares of subsidiary company</b>				
Kajaria Plywood Private Limited	5.84	-	3.85	-
<b>Total</b>	<b>5.84</b>	<b>-</b>	<b>3.85</b>	<b>-</b>
<b>Loan given</b>				
Jaxx Vitrified Private Limited	23.10	-	110.50	-
Vennar Ceramics Limited	0.80	-	13.05	-
Kajaria Bathware Private Limited	7.00	-	114.65	-
Kajaria Sanitaryware Private Limited	18.87	-	35.70	-
Kajaria Tiles Private Limited	115.47	-	78.42	-
Kajaria Ceramics Employee Gratuity Trust	-	1.20	-	1.16
Cosa Ceramics Private Limited	1.50	-	3.50	-
Kajaria Plywood Private Limited	12.51	-	3.25	-
<b>Total</b>	<b>179.25</b>	<b>1.20</b>	<b>359.07</b>	<b>1.16</b>
<b>Loan repaid</b>				
Jaxx Vitrified Private Limited	-	-	97.50	-
Cosa Ceramics Private Limited	-	-	3.50	-
Kajaria Bathware Private Limited	-	-	187.75	-
Kajaria Sanitaryware Private Limited	5.27	-	1.10	-
Vennar Ceramics Limited	-	-	13.67	-
Kajaria Tiles Private Limited	6.20	-	9.80	-
Kajaria Plywood Private Limited	4.31	-	-	-
Kajaria Ceramics Employee Gratuity Trust	-	0.76	-	1.15
<b>Total</b>	<b>15.78</b>	<b>0.76</b>	<b>313.32</b>	<b>1.15</b>
<b>Dividend paid</b>				
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust) (refer note 16 E)	-	7.76	-	3.88
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust) (refer note 16 E)	-	15.52	-	7.76
RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust) (refer note 16 E)	-	15.52	-	7.76

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
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Particulars	31 March 2020		31 March 2019	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
A.K. Kajaria (HUF)	-	1.18	-	0.59
Chetan Kajaria (HUF)	-	0.03	-	0.01
Rishi Kajaria (HUF) (*rounded off to Nil)	-	_*	-	_*
	<b>-</b>	<b>40.01</b>	<b>-</b>	<b>20.00</b>
<b>Balances outstanding at year end:</b>				
<b>Loan given *</b>				
Jaxx Vitrified Private Limited	133.60	-	110.50	-
Vennar Ceramics Limited	12.35	-	11.55	-
Cosa Ceramics Private Limited	5.00	-	3.50	-
Kajaria Sanitaryware Private Limited	48.20	-	34.60	-
Kajaria Bathware Private Limited	18.90	-	11.90	-
Kajaria Tiles Private Limited	187.68	-	78.42	-
Kajaria Ceramics Employee Gratuity Trust	-	0.65	-	0.21
Kajaria Plywood Private Limited	11.45	-	3.25	-
<b>Total</b>	<b>417.19</b>	<b>0.65</b>	<b>253.72</b>	<b>0.21</b>
<b>Trade payables/(advances given)</b>				
Jaxx Vitrified Private Limited	(21.13)	-	0.57	-
Vennar Ceramics Limited	(2.09)	-	3.40	-
Kajaria Tiles Private Limited	5.63	-	-	-
Cosa Ceramics Private Limited	(4.76)	-	14.67	-
<b>Total</b>	<b>(22.35)</b>	<b>-</b>	<b>18.64</b>	<b>-</b>
<b>Security deposit</b>				
Dua Engineering Works Private Limited	-	0.69	-	0.69
Kajaria Tile Private Limited	0.01	-	-	-
<b>Total</b>	<b>0.01</b>	<b>0.69</b>	<b>-</b>	<b>0.69</b>
<b>Guarantees given outstanding at year end * #</b>				
Jaxx Vitrified Private Limited	26.54	-	26.54	-
Vennar Ceramics Limited	11.64	-	11.64	-
Kajaria Tiles Private Limited	10.00	-	50.00	-
Cosa Ceramics Private Limited	29.25	-	29.25	-
Kajaria Sanitaryware Private Limited	26.96	-	26.96	-
Kajaria Bathware Private Limited	45.00	-	45.00	-
<b>Total</b>	<b>149.39</b>	<b>-</b>	<b>189.39</b>	<b>-</b>

\* The aforementioned loans and guarantees have been given for business purposes.

# The aforementioned guarantees given represents the guarantees given by the Company is respect of original sanction limits of the working capital borrowings taken by the respective entity.

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

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### 41 Segment information

According to Ind AS 108 ‘Operating Segment’, identification of operating segments is based on Chief Operating Decision Maker (‘CODM’) approach for making decisions about allocating resources to the segment and assessing its performance. In Company, the decision makers view the operating results internal division wise (Ceramic, Glazed, Polished). Accordingly, such segments may be presented under Ind AS 108. However, these segments have been aggregated because the core principles, economic characteristics, nature of products, production process, distribution method, regulatory environment and type of customers in all the divisions are similar. Hence the disclosure requirement of Ind AS 108 is not considered applicable.

### 42 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under, to the extent the Company has received intimation from the ‘Suppliers’ regarding their status under the Act.

Particulars	31 March 2020	31 March 2019
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
Principal amount due to micro and small enterprises	11.60	12.68
Interest due on above	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

### 43 Share based payments

Kajaria Ceramics Employee Stock Option Plan, 2015 (‘ESOP 2015’ or the ‘Plan’) was approved by the Board of Directors and the shareholders of the Company on 7 September 2015. The plan entitles employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Company is given below:

Particulars	Kajaria Ceramics Employee Stock Option Plan, 2015
Exercise Price	₹425
Vesting conditions	45,800 options 24 months after the grant date (‘First vesting’) 91,600 options 36 months after the grant date (‘Second vesting’) 137,400 options 48 months after the grant date (‘Third vesting’) 183,200 options 60 months after the grant date (‘Fourth vesting’)
Exercise period	Stock options can be exercised within a period of 8 years from grant date.
Number of share options granted	458,000
Method of settlement	Equity

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Stock options will be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹850 per option which is 7.42 % below the stock price i.e. ₹918.10 per share on the date of grant, i.e. 20 October 2015.

During the year ended 31 March 2017, face value of equity shares of the Company was sub-divided to ₹1 per share from ₹2 per share. Accordingly, the exercise price also reduced to ₹425 per share from ₹850 per share and number of stock options increased to 458,000 equity shares from 229,000 equity shares. The number and weighted average exercise price of share options are as follows:

Particulars	Number of options	Weighted average exercise price per option
At 1 April 2018	3,92,700	425.00
Forfeited during the year	(44,000)	425.00
Exercised during the year	-	425.00
<b>At 31 March 2019</b>	<b>3,48,700</b>	425.00
<b>Exercisable as at 31 March 2019</b>	<b>3,48,700</b>	
<b>Weighted average remaining contractual life (in years)</b>	<b>4.55</b>	
At 1 April 2019	3,48,700	425.00
Forfeited during the year	(29,000)	425.00
Exercised during the year	(6,900)	425.00
<b>At 31 March 2020</b>	<b>3,12,800</b>	425.00
<b>Exercisable as at 31 March 2020</b>	<b>3,12,800</b>	
<b>Weighted average remaining contractual life (in years)</b>	<b>3.55</b>	

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. The following principal assumptions were used in the valuation:

Grant date	20 October 2015	20 October 2015	20 October 2015	20 October 2015
Vesting date	20 October 2017	20 October 2018	20 October 2019	20 October 2020
Expiry date	20 October 2023	20 October 2023	20 October 2023	20 October 2023
Fair value of option at grant date	260.22	310.20	354.01	392.99
Exercise price	425.00	425.00	425.00	425.00
Expected volatility of returns	27.63%	27.63%	27.63%	27.63%
Weighted average contractual life (in years)	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years
Expected dividend yield	0.40%	0.40%	0.40%	0.40%
Risk free interest rate	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%



## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
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### 44 Category wise classification of financial instruments

Particulars	31 March 2020			31 March 2019		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
<b>Financial assets</b>						
<b>Non-current</b>						
(i) Investments	0.33	-	123.88	0.33	-	116.55
(ii) Loans	-	-	430.35	-	-	263.43
<b>Current</b>						
(i) Investments	-	9.80	-	-	-	-
(ii) Trade receivables	-	-	347.80	-	-	410.01
(iii) Cash and cash equivalents	-	-	11.75	-	-	18.99
(iv) Bank balances other than (iii) above	-	-	208.12	-	-	228.90
(v) Loans	-	-	3.15	-	-	4.30
(vi) Other financial assets	-	-	0.93	-	-	0.23
<b>Total financial assets</b>	<b>0.33</b>	<b>9.80</b>	<b>1,125.98</b>	<b>0.33</b>	<b>-</b>	<b>1,042.41</b>
<b>Financial liabilities</b>						
<b>Non-current</b>						
(i) Borrowings	-	-	8.02	-	-	7.13
(ii) Lease liabilities	-	-	20.40	-	-	-
<b>Current</b>						
(i) Borrowings	-	-	34.25	-	-	2.67
(ii) Trade payables	-	-	173.26	-	-	229.30
(iii) Lease liabilities	-	-	13.46	-	-	-
(iv) Other financial liabilities	-	-	72.15	-	-	71.00
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>321.54</b>	<b>-</b>	<b>-</b>	<b>310.10</b>

The management assessed that fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company determines fair values of financial assets or liabilities by discounting the contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. Further, the subsequent measurements of all assets and liabilities (other then investments in mutual funds) is at amortised cost, using effective interest rate method.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the Company's interest bearings borrowings are determined using discount rate that reflects the entity's discount rate at the end of the reporting period. The own non-performance risk as at the reporting period is assessed to be insignificant.

- The fair value of unquoted instruments and other financial assets and liabilities is estimated by discounting future cash flows using rates using rates currently applicable for debt on similar terms, credit risk and remaining maturities.

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

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### 45 Fair value hierarchy

The following tables present financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There are no financial liabilities measured at fair value as at 31 March 2020 and 31 March 2019.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31 March 2020 and 31 March 2019 as follows:

As at 31 March 2020				
	Level 1	Level 2	Level 3	Total
Investments (Non-current)	-	-	0.33	0.33
Investments (Current)	9.80	-	-	9.80
<b>Total</b>	<b>9.80</b>	<b>-</b>	<b>0.33</b>	<b>10.13</b>
As at 31 March 2019				
	Level 1	Level 2	Level 3	Total
Investments (Non-current)	-	-	0.33	0.33
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.33</b>	<b>0.33</b>

#### Valuation technique used to determine fair value:

**Investments (Non current):** Discounted Cash flow method using risk adjusted discount rate.

**Investments (Current):** The investments in mutual fund have been fair valued per net assets value (NAV) as at reporting date.

The carrying amount of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair value, due to their short term nature.

### 46 Financial risk management objectives and policies

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Compliance Board that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below:

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

### I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, trade payables, interest bearing deposits, loans and derivative financial instruments.

The sensitivity analyses of the above mentioned risk in the following sections exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in note 38.

#### A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. However the risk is very low due to negligible borrowings. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Particulars	31 March 2020		31 March 2019	
	Increase/ decrease in basis points	Effect on profit before tax	Increase/ decrease in basis points	Effect on profit before tax
INR	+50	(0.06)	+50	(0.03)
INR	-50	0.06	-50	0.03

#### B. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

Particulars	31 March 2020		31 March 2019	
	% change in rate	Effect on profit before tax	% change in rate	Effect on profit before tax
USD	+5%	(0.42)	+5%	(0.23)
	-5%	0.42	-5%	0.23
Euro	+5%	(0.04)	+5%	(0.13)
	-5%	0.04	-5%	0.13

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

### II. Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, other balances with banks, loans and other receivables. The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

The Company provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population. For such financial assets, the Company 's policy is to provides for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at reporting date.

#### A. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At the year end the Company does not have any significant concentrations of bad debt risk other than that disclosed in note 12.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 44. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

#### Movement in allowance for expected credit losses on trade receivable:

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	3.28	2.20
Add: Allowance provided during the year	2.91	1.08
<b>Balance at the end of the year</b>	<b>6.19</b>	<b>3.28</b>

#### B. Financial instruments and cash deposits

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The management considers the credit quality of current accounts and deposits with banks to be good and reviews the banking relationships on an on-going basis.

The Company does not require any security in respect of the above financial assets. There are no impairment provisions as at each statement of financial position date against these financial assets, except as disclosed in respect of trade receivables above. The management considers that all the above financial assets that are not impaired or past due for each of the statement of financial position dates under review are of good credit quality.



## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

### III. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year ended 31 March 2020</b>					
Borrowings*	34.25	-	7.55	0.47	42.27
Lease liabilities	3.37	10.09	20.40	-	33.86
Trade payables	173.26	-	-	-	173.26
Other financial liabilities	72.15	-	-	-	72.15
	<b>283.02</b>	<b>10.09</b>	<b>27.96</b>	<b>0.47</b>	<b>321.54</b>
<b>Year ended 31 March 2019</b>					
Borrowings*	2.67	-	3.36	3.77	9.80
Trade payables	227.44	1.86	-	-	229.30
Other financial liabilities	71.00	-	-	-	71.00
	<b>301.11</b>	<b>1.86</b>	<b>3.36</b>	<b>3.77</b>	<b>310.10</b>

\* in absolute terms i.e. discounted and including current maturity portion

### 47 Capital Management

The Company's capital management objectives are:

- a) to ensure the Company's ability to continue as going concern; and
- b) to provide an adequate return to stakeholders

As at 31 March 2020, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

### 48 Unhedged foreign currency exposure

The Company has no outstanding derivative instruments at the year end. The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under -

	31 March 2020		31 March 2019	
	Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Foreign trade payables				
USD (in crores)	0.11	8.42	0.07	4.57
EUR (in crores)	0.01	0.71	0.03	2.63
Foreign trade receivables				
USD (in crores)	0.05	3.52	0.06	4.48
AUD (in crores)	0.01	0.21	0.01	0.50

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

### 49 Research and development expenditure

Research and development expenditure incurred during the year ended 31 March 2020 and 31 March 2019 is as follows:

Particulars	31 March 2020	31 March 2019
Capital expenditure	0.05	0.26
Revenue expenditure	18.34	18.22

### 50 Corporate social responsibility ('CSR')

As per Section 135 of the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company was required to spend ₹7.75 crores (31 March 2019: ₹7.69 crores) for Corporate Social Responsibility activities. The Company has incurred CSR expenditure of ₹5.98 crores during the current financial year (31 March 2019: ₹4.86 crores) on the projects/activities for the benefit of the public in general and in the neighbourhood of the manufacturing facilities of the Company.

	31 March 2020	31 March 2019
(i) Construction/acquisition of any asset		
Paid in cash	0.28	1.70
Other than cash	1.58	0.11
(ii) On purposes other than (i) above		
Paid in cash	4.12	3.05
	<b>5.98</b>	<b>4.86</b>

### 51 Post reporting date events

No adjusting or significant non-adjusting event has occurred between 31 March 2020 and the date of authorisation of Company's standalone financial statements.

### 52 Scheme of Arrangement

The Board of the Directors of the Company in its meeting held on August 26, 2019, passed a resolution to approve the Scheme of Amalgamation amongst Kajaria Tiles Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited), (Wholly-owned Subsidiary Company/Transferor Company) and Kajaria Ceramics Limited, (Holding Company/Transferee Company) and their respective shareholders and creditors" ("Scheme") on a going concern basis, with effect from April 1, 2019 or such other date as may be approved by the competent authority. The Company has received the order dated February 03, 2020 from the National Company Law Tribunal, Chandigarh Bench, Chandigarh with respect to the first motion application filed by the Company and has filed necessary documents with the required regulatory authorities.

**53** The standalone financial statements for the year ended 31 March 2020 were approved by the Board of Directors on 26 June 2020.

## NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

**54** Due to COVID-19, the Company temporarily suspended the operations in all the units of the Company. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities, retail outlets of dealers etc. However, sales / supply of goods have commenced during the month of May 2020 and partial production commenced in June 2020.

The Company has performed a detailed assessment of its liquidity position and the recoverability of the assets as at the balance sheet date and has concluded that based on current indicators of future economic conditions, the carrying value of the assets will be recovered. Management believes that it has fully considered all the possible impact of known events in the preparation of the standalone financial results. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

As per our report of even date attached

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

**Neeraj Sharma**  
Partner  
Membership No. 502103

Place: New Delhi  
Date: 26 June 2020

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

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

**Chetan Kajaria**  
Joint Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Joint Managing Director  
(DIN: 00228455)

**Sanjeev Agarwal**  
Chief Financial Officer

For and on behalf of the Board of Directors

## INDEPENDENT AUDITOR’S REPORT

To the Members of **Kajaria Ceramics Limited**

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### OPINION

- We have audited the accompanying consolidated financial statements of Kajaria Ceramics Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure A, which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, as at 31 March 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### BASIS FOR OPINION

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code

of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

### EMPHASIS OF MATTER – UNCERTAINTIES AND THE IMPACT OF COVID 19 ON FINANCIAL STATEMENTS

- We draw attention towards Note 55 of the accompanying consolidated financial statements, which describes the effects of uncertainties relating to Covid-19 pandemic outbreak on the Group's operations and management's evaluation of its impact on the accompanying consolidated financial statements as at the Balance Sheet date, the impact of which is significantly dependent on future developments. Our opinion is not modified in respect of this matter.

#### KEY AUDIT MATTERS

- Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
- We have determined the matters described below to be the key audit matters to be communicated in our report.



■ INDEPENDENT AUDITOR'S REPORT CONTD.

To the Members of Kajaria Ceramics Limited

Key audit matter	How our audit addressed the key audit matter
<b>Revenue recognition</b>  We refer to the Group's significant accounting policies in note 3E(b) and the revenue related disclosures in note 26 of the consolidated financial statements.  The Group recognises revenue from sale of goods when it satisfies its performance obligation, in accordance with the principles of Ind AS 115, Revenue from Contracts with Customers, by transferring the control of goods to its customers at the time of dispatch evidenced by acknowledgement of receipt of goods by the transporter.  Further, Ind AS 115 requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers, determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations.  Owing to the volume of sales transactions, size of distribution network and varied terms of contracts with customers, revenue is determined to be an area involving significant risk and requires significant auditor attention. Accordingly, this matter has been determined as a key audit matter for current year audit.	<p>Our audit procedures, related to revenue recognition, included, but were not limited to, the following:</p> <p>a) Assessed the design and tested operating effectiveness of Company's controls (including the automated controls) around revenue recognition (including rebates / discounts);</p> <p>b) Assessed the appropriateness of Company's identification of performance obligations in its contracts with customers, its determination of transaction price, and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115;</p> <p>c) Scrutinized sales ledgers to verify completeness of sales transactions;</p> <p>d) On a sample basis, tested the revenue recognized including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches and approved incentives / discounts schemes;</p> <p>e) Tested the appropriateness of accruals for various rebates and discounts as at the year-end;</p> <p>f) Assessed the revenue recognized with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level;</p> <p>g) Circularized balance confirmations to a sample of customers and reviewed the reconciling items, if any; and</p> <p>h) Tested the related disclosures made in notes to the standalone financial statements in respect of the revenue from operations for appropriateness in accordance with the requirements of the applicable accounting standards.</p>
<b>Impairment assessment of goodwill and property, plant and equipment</b>  Refer Note 4 to the accompanying consolidated financial statements.  As at 31 March 2020, the carrying amount of goodwill and property, plant and equipment pertaining to two subsidiaries as disclosed in aforesaid note aggregate to INR 3.67 crore and INR 133.28 crore respectively.	<p>Our audit work included, but was not restricted to, performing the following procedures:</p> <p>a) Obtained an understanding of the management's process, and evaluated design and tested operating effectiveness of controls on identification of indicators of impairment of the carrying value of property, plant and equipment and intangible assets under Ind AS 36 'Impairment of assets';</p> <p>b) Assessed the professional competence, objectivity and capabilities of the specialist used by the management for performing required value-in-use calculations to estimate the recoverable value of goodwill and property, plant and equipment relating to such CGU;</p>

■ INDEPENDENT AUDITOR'S REPORT CONTD.

To the Members of Kajaria Ceramics Limited

Key audit matter	How our audit addressed the key audit matter
<p>Considering the continued losses recorded over the years by the aforementioned subsidiary companies, the management has identified that indicators exist that requires the management to test the carrying value of related goodwill and property, plant and equipment for possible impairment.</p> <p>Management's assessment of the recoverable amount of property, plant and equipment and intangible assets requires estimation and judgement around identification of cash generating units (CGUs) and assumptions used in the determination of value-in-use for the purpose. The principal driver of recoverable value is the estimated growth in the operations of the CGU and ability to generate cash profits in the future. The key assumptions supporting management's assessment of the recoverable amount of property, plant and equipment and intangible assets are the estimated future financial performance, capital expenditure and the discount rates applied.</p> <p>Changes to assumptions could lead to material changes in estimated recoverable amounts, resulting in impairment of the property, plant and equipment and intangible assets. Complexity involved in such assumptions and estimates increased in the current year due to the impact of COVID-19 pandemic outbreak on the Group's operations as disclosed in Note 55 to the accompanying financial statements.</p> <p>Considering the significance of the amounts involved, and auditor attention required to test the appropriateness of accounting estimate that involves high estimation uncertainty and significant management judgement, this matter has been determined to be a key audit matter for the current year audit.</p>	<p>c) Involved our valuation specialists to assess the appropriateness of the value-in-use calculations used by the management and to test reasonability of the assumptions used therein relating to discount rates, risk premium, industry growth rates, etc, including the impact of COVID-19 on such assumptions;</p> <p>d) Tested the future business projections, used for performing above said computation, for the CGU from the business plans approved by the board of directors of the subsidiary company, and ensured its consistency with our understanding of future business plans of the subsidiary company obtained through interviews with both operating and senior management;</p> <p>e) Assessed operating and capital costs included in the cash flow forecasts for consistency with current operating costs and forecast production;</p> <p>f) Performed sensitivity analysis on management's calculated recoverable value for key assumptions such growth rates during explicit period, terminal growth rate and the discount rate used in the calculations performed;</p> <p>g) Tested the arithmetical accuracy of the calculations performed by the management expert;</p> <p>h) Tested the disclosures made in Note 4 for appropriateness in accordance with the requirements of the applicable accounting standards.</p>

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does

not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

■
 INDEPENDENT AUDITOR’S REPORT

CONTD.  
 To the Members of Kajaria Ceramics Limited

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

- The accompanying consolidated financial statements have been approved by the Holding Company’s Board of Directors. The Holding Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
- In preparing the consolidated financial statements, the

respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

- Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

- Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our

■
 INDEPENDENT AUDITOR’S REPORT

CONTD.  
 To the Members of Kajaria Ceramics Limited

opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

- We communicate with those charged with governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

- We did not audit the financial statements of seven subsidiaries, whose financial statements reflects total assets of ₹822.41 crores and net assets of ₹174.99 crores as at 31 March 2020, total revenues of ₹705.53 crores and net cash outflows amounting to ₹0.77 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.
- Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.



■ INDEPENDENT AUDITOR’S REPORT

CONTD.  
To the Members of Kajaria Ceramics Limited

REPORT ON OTHER LEGAL AND REGULATORY  
REQUIREMENTS

17. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries, we report that the Holding Company and four subsidiary companies, covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that three subsidiary companies, covered under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.
18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

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

e) the matter described in paragraph 4 of the Emphasis of Matter section, in our opinion, may have an adverse effect on the functioning of the Holding Company, Jaxx Vitrified Private Limited, Kajaria Tiles Private Limited, Kajaria Plywood Private Limited, Kajaria Bathware Private Limited and Kajaria Sanitaryware Private Limited, subsidiaries of the Holding Company;

- f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in ‘Annexure B’; and
- g) with respect to the other matters to be included in the Auditor’s Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 39(b)(ii) to the consolidated financial statements;

ii. the Holding Company and its subsidiary companies, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, during the year ended 31 March 2020; and

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

For Walker Chandiok & Co LLP

Chartered Accountants

Firm’s Registration No.: 001076N/N500013

Neeraj Sharma

Partner

Membership No.: 502103

UDIN: 20502103AAAABD1717

Place: New Delhi

Date: 26 June 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR’S REPORT

of even date to the members of Kajaria Ceramics Limited on the consolidated financial statements for the year ended 31 March 2020

List of subsidiary companies included in the consolidated financial statements

1. Jaxx Vitrified Private Limited;
2. Vennar Ceramics Limited;
3. Kajaria Tiles Private Limited (formerly known as Floera Ceramics Private Limited);
4. Cosa Ceramics Private Limited;
5. Kajaria Plywood Private Limited (with effect from 5 June 2018);
6. Kajaria Bathware Private Limited; and
7. Kajaria Sanitaryware Private Limited (step-down subsidiary).

ANNEXURE B TO THE INDEPENDENT AUDITOR’S REPORT

of even date to the members of Kajaria Ceramics Limited on the consolidated financial statements for the year ended 31 March 2020

Independent Auditor’s Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (‘the Act’)

1. In conjunction with our audit of the consolidated financial statements of Kajaria Ceramics Limited (‘the Holding Company’) and its subsidiaries (the Holding Company and its subsidiaries together referred to as ‘the Group’), as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor’s Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid,

based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls

with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to seven subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹822.41 crores and net assets of ₹174.99 crores as at 31 March 2020, total revenues of ₹705.53 crores and net cash outflows amounting to ₹0.77 crores for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For Walker Chandlok & Co LLP  
Chartered Accountants  
Firm’s Registration No.: 001076N/N500013

Neeraj Sharma  
Partner  
Membership No.: 502103  
UDIN: 20502103AAAABD1717

Place: New Delhi  
Date: 26 June 2020



## CONSOLIDATED BALANCE SHEET

as at 31 March, 2020

(Amount in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
(a) Property, plant and equipment	4	1,142.49	1,067.11
(b) Capital work-in-progress		25.68	93.39
(c) Right-of-use assets		42.00	-
(d) Goodwill		8.45	8.45
(e) Other intangible assets	5	1.82	2.27
(f) Intangible assets under development		0.95	-
(g) Financial assets			
(i) Investments	6	0.34	0.34
(ii) Loans	7	20.03	11.78
(iii) Other financial assets	15	0.79	4.79
(h) Non-current tax assets (net)	8	5.76	3.54
(i) Deferred tax assets (net)	21	1.48	1.35
(j) Other non-current assets	9	1.23	8.98
		<b>1,251.02</b>	<b>1,202.00</b>
<b>Current Assets</b>			
(a) Inventories	10	512.72	405.80
(b) Financial assets			
(i) Investments	11	9.80	-
(ii) Trade receivables	12	396.69	475.05
(iii) Cash and cash equivalents	13	16.11	22.12
(iv) Bank balances other than (iii) above	14	209.06	230.26
(v) Loans	7	3.87	4.97
(vi) Other financial assets	15	4.18	4.21
(c) Other current assets	9	35.15	28.82
		<b>1,187.58</b>	<b>1,171.23</b>
<b>TOTAL ASSETS</b>		<b>2,438.60</b>	<b>2,373.23</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	15.90	15.90
(b) Other equity	17	1,698.37	1,559.00
<b>Equity attributable to the shareholders of the Company</b>		<b>1,714.27</b>	<b>1,574.89</b>
(a) Non-controlling interests		63.74	65.91
<b>TOTAL EQUITY</b>		<b>1,778.01</b>	<b>1,640.81</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	21.51	31.45
(ii) Lease liabilities	19	23.37	-
(b) Provisions	20	23.81	4.53
(c) Deferred tax liabilities (net)	21	73.05	107.28
(d) Other non-current liabilities	22	2.05	2.59
		<b>143.79</b>	<b>145.85</b>
<b>Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	95.63	63.49
(ii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises; and		24.21	22.94
- Total outstanding dues of creditors other than micro enterprises and small enterprises		215.10	286.13
(iii) Lease liabilities	19	14.51	-
(iv) Other financial liabilities	24	110.46	137.83
(b) Other current liabilities	22	51.88	56.07
(c) Provisions	20	4.98	15.50
(d) Current tax liabilities (net)	25	0.03	4.61
		<b>516.80</b>	<b>586.57</b>
<b>TOTAL LIABILITIES</b>		<b>660.59</b>	<b>732.42</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,438.60</b>	<b>2,373.23</b>

See accompanying notes forming part of these consolidated financial statements. 1-56  
As per our report of even date attached

For and on behalf of the Board of Directors

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

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

**Chetan Kajaria**  
Joint Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Joint Managing Director  
(DIN: 00228455)

**Neeraj Sharma**  
Partner  
Membership No. 502103

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

**Sanjeev Agarwal**  
Chief Financial Officer

Place: New Delhi  
Date: 26 June 2020

## CONSOLIDATED STATEMENT OF PROFIT & LOSS

for the year ended 31 March, 2020

(Amount in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>INCOME</b>			
Revenue from operations	26	2,808.01	2,956.20
Other income	27	24.15	18.03
<b>TOTAL INCOME (I)</b>		<b>2,832.16</b>	<b>2,974.23</b>
<b>EXPENSES</b>			
Cost of materials consumed	28	736.43	791.80
Purchases of stock-in-trade		449.01	391.07
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(84.36)	(36.51)
Employee benefits expense	30	356.86	345.45
Finance costs	31	19.51	15.59
Depreciation and amortisation expense	32	108.09	89.06
Other expenses	33	934.17	1,014.90
<b>TOTAL EXPENSES (II)</b>		<b>2,519.71</b>	<b>2,611.36</b>
<b>Profit before exceptional items and tax (I-II)</b>		<b>312.45</b>	<b>362.87</b>
Exceptional items	42	-	4.84
<b>Profit before tax</b>		<b>312.45</b>	<b>358.03</b>
<b>Tax expense:</b>	34		
Current tax		93.70	130.43
Deferred tax		(34.78)	(1.15)
<b>Profit for the year</b>		<b>253.53</b>	<b>228.75</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to statement of profit and loss			
- Remeasurement of defined benefit plans		(0.97)	0.29
- Income-tax relating to items that will not be creclassified to statement of profit and loss		0.22	(0.07)
<b>Total other comprehensive income for the year, net of tax</b>		<b>(0.75)</b>	<b>0.22</b>
<b>Total comprehensive income for the year (comprising profit and other comprehensive income for the year)</b>		<b>252.78</b>	<b>228.97</b>
<b>Profit for the year attributable to:</b>			
(a) Owners of the Company		255.33	226.57
(b) Non-controlling interest		(1.80)	2.18
<b>Other comprehensive income for the year attributable to:</b>			
(a) Owners of the Company		(0.71)	0.17
(b) Non-controlling interest		(0.04)	0.05
<b>Total comprehensive income for the year attributable to:</b>			
(a) Owners of the Company		254.62	226.74
(b) Non-controlling interest		(1.84)	2.23
<b>Earnings per equity share (face value of ₹1 each)</b>	35		
- Basic (in ₹)		16.06	14.25
- Diluted (in ₹)		16.06	14.25

See accompanying notes forming part of these consolidated financial statements.  
As per our report of even date attached

1-56

For and on behalf of the Board of Directors

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

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

**Chetan Kajaria**  
Joint Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Joint Managing Director  
(DIN: 00228455)

**Neeraj Sharma**  
Partner  
Membership No. 502103

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

**Sanjeev Agarwal**  
Chief Financial Officer

Place: New Delhi  
Date: 26 June 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

(Amount in ₹ crores, unless otherwise stated)		
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	312.45	358.03
Adjustments for :		
Depreciation and amortisation expense	108.09	89.06
Interest income	(18.51)	(12.93)
Interest expense	19.51	15.59
Gain on disposal of current investments	(0.83)	(0.09)
Exchange fluctuation (net)	(0.58)	-
Dividend income	(0.38)	(0.29)
Share based payments to employees (net)	0.53	0.86
Bad debts written off	-	0.10
Provision for expected credit loss	2.91	1.08
Loss on sale/discard of property, plant and equipment	1.01	5.50
Exceptional items	-	4.84
<b>Operating profit before working capital changes</b>	<b>424.20</b>	<b>461.75</b>
<b>Changes in operating assets and liabilities, net of effects from purchase of controlled entities and sale of subsidiary</b>		
Movement in inventories	(106.92)	(37.31)
Movement in trade and other receivables	75.45	(31.59)
Movement in other assets	(10.76)	0.33
Movement in trade and other payables	(64.83)	54.49
Movements in provisions	7.78	2.41
<b>Cash generated from operations</b>	<b>324.92</b>	<b>450.08</b>
Income taxes paid	(100.49)	(132.72)
<b>Net cash inflow generated from operating activities (A)</b>	<b>224.43</b>	<b>317.36</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (including capital advances, capital work-in-progress, intangible assets, intangible assets under development and capital creditors)	(123.99)	(123.54)
Proceeds from disposal of property, plant and equipment	2.70	9.62
Transactions with non-controlling interest	(0.77)	61.50
Proceeds from sale of subsidiary	-	10.40
Acquisition of subsidiary	-	(3.85)
Loan given (net)	0.99	-
Purchase of current investments	(29.92)	(25.00)
Proceeds from disposal of current investments	20.95	25.09
Interest received	18.18	12.89
Dividend received	0.38	0.29
Movement in other bank balances (net)	21.42	(228.26)
<b>Net cash outflow (used in) investing activities (B)</b>	<b>(90.06)</b>	<b>(260.86)</b>

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

(Amount in ₹ crores, unless otherwise stated)		
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(15.28)	(15.59)
Proceeds from issue of share capital	0.29	-
Repayment of long-term borrowings (net)	(24.87)	(38.05)
Proceeds/ (repayment) of short-term borrowings (net)	32.14	(2.37)
Payment of finance lease liabilities	(17.68)	-
Dividend paid to company's shareholders including dividend distribution tax	(114.97)	(57.49)
Share application money	-	(0.64)
<b>Net cash outflow (used in) financing activities (C)</b>	<b>(140.37)</b>	<b>(114.14)</b>
<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(6.00)</b>	<b>(57.64)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>22.12</b>	<b>79.76</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>16.12</b>	<b>22.12</b>
<b>Components of cash and cash equivalents at the end of the year</b>		
Cash on hand (including gold coins)	0.55	0.85
Balances with banks		
- Current accounts	15.56	0.10
- Deposits with original maturity of less than three months	-	21.17
	<b>16.11</b>	<b>22.12</b>

See accompanying notes forming part of these consolidated financial statements.

1-56

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker ChandioK & Co LLP**

Chartered Accountants

FRN No. 001076N/N500013

**Ashok Kajaria**

Chairman and Managing Director

(DIN: 00273877)

**Chetan Kajaria**

Joint Managing Director

(DIN: 00273928)

**Rishi Kajaria**

Joint Managing Director

(DIN: 00228455)

**Neeraj Sharma**

Partner

Membership No. 502103

**Ram Chandra Rawat**

COO (A&T) and Company Secretary

(FCS No. 5101)

**Sanjeev Agarwal**

Chief Financial Officer

Place: New Delhi

Date: 26 June 2020



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

### A. Equity share capital

(Amount in ₹ crores, unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the reporting year	15.90	15.90
Add: Change in equity share capital during the year (refer note 16)	*	-
<b>Balance at the end of the reporting year</b>	<b>15.90</b>	<b>15.90</b>

\* rounded off to Nil

### B. Other equity (refer note 17)

Particulars	Reserves and surplus							Items of other comprehensive income (OCI)	Total other equity attributable to owners of the Company	Non-controlling interests	Total
	General reserve	Securities premium reserve	Capital redemption reserve	Share application money pending allotment	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI			
<b>Balance at 1 April 2018</b>	<b>320.38</b>	<b>163.74</b>	<b>5.00</b>	<b>0.64</b>	<b>4.29</b>	<b>(27.38)</b>	<b>868.92</b>	<b>(0.47)</b>	<b>1,335.12</b>	<b>66.09</b>	<b>1,401.21</b>
Profit for the year	-	-	-	-	-	-	226.57	-	226.57	2.18	228.75
Items of OCI for the year, net of tax											
Remeasurement of defined benefit plans	-	-	-	-	-	-	0.17	-	0.17	0.05	0.22
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226.74</b>	<b>-</b>	<b>226.74</b>	<b>2.23</b>	<b>228.97</b>
Shares issued during the year (refer note 15)	-	-	-	-	-	-	-	-	-	-	-
Employee stock option scheme	-	-	-	-	0.86	-	-	-	0.86	-	0.86
Share application money received	-	-	-	(0.64)	-	-	-	-	(0.64)	-	(0.64)
Dividend distributed	-	-	-	-	-	-	(47.69)	-	(47.69)	-	(47.69)
Income-tax on dividend distribution	-	-	-	-	-	-	(9.80)	-	(9.80)	-	(9.80)
Transactions with holders of NCI	-	-	-	-	-	48.83	5.58	-	54.41	(2.41)	52.00
<b>Balance at 31 March 2019</b>	<b>320.38</b>	<b>163.74</b>	<b>5.00</b>	<b>-</b>	<b>5.15</b>	<b>21.45</b>	<b>1,043.75</b>	<b>(0.47)</b>	<b>1,559.00</b>	<b>65.91</b>	<b>1,624.91</b>
Profit for the year	-	-	-	-	-	-	255.33	-	255.33	(1.80)	253.53
Items of OCI for the year, net of tax											
Remeasurement of defined benefit plans	-	-	-	-	-	-	(0.71)	-	(0.71)	(0.04)	(0.75)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>254.62</b>	<b>-</b>	<b>254.62</b>	<b>(1.84)</b>	<b>252.78</b>
Shares issued during the year (refer note 16)	-	0.29	-	-	-	-	-	-	0.29	-	0.29
Employee stock option scheme	-	-	-	-	0.53	-	-	-	0.53	-	0.53
Tranferred to security premium from stock options outstanding account on issue of shares	-	0.11	-	-	(0.11)	-	-	-	-	-	-
Dividend distributed	-	-	-	-	-	-	(95.37)	-	(95.37)	-	(95.37)
Income-tax on dividend distribution	-	-	-	-	-	-	(19.60)	-	(19.60)	-	(19.60)
Transactions with holders of NCI	-	-	-	-	-	-	(1.10)	-	(1.10)	(0.33)	(1.43)
<b>Balance at 31 March 2020</b>	<b>320.38</b>	<b>164.14</b>	<b>5.00</b>	<b>-</b>	<b>5.57</b>	<b>21.45</b>	<b>1,182.30</b>	<b>(0.47)</b>	<b>1,698.37</b>	<b>63.74</b>	<b>1,762.11</b>

See accompanying notes forming part of these consolidated financial statements.  
As per our report of even date attached

1-56

For and on behalf of the Board of Directors

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

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

**Chetan Kajaria**  
Joint Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Joint Managing Director  
(DIN: 00228455)

**Neeraj Sharma**  
Partner  
Membership No. 502103

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

**Sanjeev Agarwal**  
Chief Financial Officer

Place: New Delhi  
Date: 26 June 2020

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

### 1. Corporate information

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

### 2. Application of Indian Accounting Standard (Ind AS)

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

#### Standards issued but not effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1 April 2020.

### 3. Significant accounting policies and other explanatory information

#### A. Statement of compliance with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

#### B. Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement basis summarized below.

These accounting policies have been used throughout all periods presented in the consolidated financial statements.

#### C. Historical cost convention

These consolidated financial statements have been

prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

#### D. Principals of consolidation and equity accounting

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases

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when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent company, i.e., year ended on 31 March 2020.

**Consolidation procedure:**

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive

income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

### E. Significant accounting policies

#### a. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset/liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading

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- Expected to be realised/settled within twelve months after the reporting period, or
  - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

#### b. Revenue Recognition

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognises revenue at the point in time, when control of the asset is transferred to the customer depending upon the terms of sale with the customers.

When either party to a contract has performed, an entity shall present the contract in the consolidated balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

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

#### Interest income and dividend:

Interest income is recognised using effective interest method.

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

#### Export benefits:

The Group recognises income from duty drawback and export benefit on an accrual basis.

#### c. Inventories

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

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

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

#### d. Property, plant and equipment

##### Measurement and recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Group identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any.



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Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalised under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred.

### Capital work in progress and Capital advances

Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects. All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalised at the time of commissioning of such assets. Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress.

Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

### Depreciation

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method (SLM) based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013 except on some assets, where useful life has been taken based on external / internal technical evaluation as given below:

Particulars	Useful lives
Plant and Machinery	7, 10 and 18 years
Fit-out and other assets at sales outlets	5 years
Roads	30 and 60 years

Freehold land is not depreciated. Leasehold improvements are amortised over the period of the lease or the useful life of the asset, whichever is lower.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

### Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the Statement of Profit and Loss when the item is derecognised.

## e. Intangible Assets

### Measurement and recognition

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

### Amortisation

Intangible Assets with finite lives are amortised on a Straight Line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software are capitalised and amortised on straight line method over their estimated useful economic life of six years.

### Derecognition

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising

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from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

## f. Research and development costs

Expenditure on research is recognised as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognised as an expense when it is incurred.

Items of property, plant and equipment utilized for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

## g. Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised, if any. All other borrowing costs are expensed in the period in which they occur.

## h. Foreign currency transactions

### Initial recognition:

On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss.

### Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary

items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit and Loss.

Effective 1 April 2018, the Group has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

## i. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognised as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at

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fair value and the government grant (deferred income) is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. The loan or assistance is subsequently recognised in the statement of profit and loss on a straight line basis over the period of loan.

**j. Taxes on income**

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

Current tax

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

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible

temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity/other comprehensive income is recognised in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**k. Employee benefits**

Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised in the period in which the employee renders the related service. The Group recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-employment benefits:

**I. Defined contribution plans:**

The Group makes payments made to defined contribution plans such as provident fund and employees' state insurance. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an

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asset to the extent that a cash refund or a reduction in the future payments is available.

**II. Defined benefit plans:**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Other long-term employee benefits:

Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss as and when they accrue. The Group determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the Statement of Profit and Loss.

**I. Share-based payments**

The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is

recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit and loss, with a corresponding adjustment to equity.

**m. Leases**

Effective 1 April 2019, the Group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group’s incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

Refer note 38 for details on transition.

**The Group as a lessee**

The Group’s lease asset classes primarily consist of property leases. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.



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At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

### The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for

its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

### n. Segment reporting

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

### o. Provisions, contingent liabilities and contingent assets

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

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

Contingent liability is disclosed in the case of:

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

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

### p. Earnings per share

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

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

### q. Cash and cash equivalents

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

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

### r. Financial instruments

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

#### a) Financial assets

##### Classification

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

A financial asset is subsequently measured at

amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

##### Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

##### Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

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### b) Financial liabilities

#### Classification

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

#### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### • Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### • Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of

repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

#### d) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

#### s. Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount. The carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

#### t. Fair value measurement

The Group measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy

by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### F. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the



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Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### (a) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less

costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

#### (b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### (c) Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

#### (d) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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#### (e) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### (f) Estimation of current tax and deferred tax

Management judgement is required for the calculation of provision of income- taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in these financial statements.

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### 4 Property, plant and equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers	Display assets	Total
<b>Gross carrying amount</b>										
<b>As at April 1, 2018</b>	<b>39.29</b>	<b>12.70</b>	<b>337.87</b>	<b>1,193.73</b>	<b>11.32</b>	<b>35.79</b>	<b>13.30</b>	<b>5.20</b>	<b>25.90</b>	<b>1,675.10</b>
Additions	0.99	0.04	9.41	33.05	0.65	8.90	1.05	0.46	2.77	57.32
Disposals/adjustments	5.54	-	8.30	52.55	0.23	5.95	0.08	0.43	0.49	73.57
<b>As at 31 March 2019</b>	<b>34.74</b>	<b>12.74</b>	<b>338.98</b>	<b>1,174.23</b>	<b>11.74</b>	<b>38.74</b>	<b>14.27</b>	<b>5.23</b>	<b>28.18</b>	<b>1,658.85</b>
Additions	3.66	-	55.14	107.09	0.78	6.54	0.82	0.52	0.39	174.94
Disposals/adjustments	-	-	-	4.18	0.01	2.88	0.17	0.06	2.01	9.31
Transition on account of Ind AS 116	-	(6.11)	-	-	-	-	-	-	-	(6.11)
<b>As at 31 March 2020</b>	<b>38.40</b>	<b>6.63</b>	<b>394.12</b>	<b>1,277.14</b>	<b>12.51</b>	<b>42.40</b>	<b>14.92</b>	<b>5.69</b>	<b>26.56</b>	<b>1,818.37</b>
<b>Accumulated depreciation</b>										
<b>As at April 1, 2018</b>	<b>-</b>	<b>0.89</b>	<b>80.05</b>	<b>426.16</b>	<b>5.61</b>	<b>10.84</b>	<b>6.75</b>	<b>3.48</b>	<b>10.25</b>	<b>544.03</b>
Depreciation charge for the year	-	0.07	9.42	67.19	0.83	4.43	1.35	0.63	4.44	88.36
Disposals/adjustments	-	-	2.85	32.19	0.51	3.38	0.40	0.39	0.93	40.65
<b>As at 31 March 2019</b>	<b>-</b>	<b>0.96</b>	<b>86.62</b>	<b>461.16</b>	<b>5.93</b>	<b>11.89</b>	<b>7.70</b>	<b>3.72</b>	<b>13.76</b>	<b>591.74</b>
Depreciation charge for the year	-	-	10.05	68.47	0.89	4.87	1.29	0.71	4.43	90.71
Disposals/adjustments	-	-	-	2.64	-	1.53	0.07	0.05	1.32	5.61
Transition on account of Ind AS 116	-	(0.96)	-	-	-	-	-	-	-	(0.96)
<b>As at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>96.67</b>	<b>526.99</b>	<b>6.82</b>	<b>15.23</b>	<b>8.92</b>	<b>4.38</b>	<b>16.87</b>	<b>675.88</b>
<b>Net carrying amount :</b>										
As at 31 March 2020	38.40	6.63	297.45	750.15	5.69	27.17	6.00	1.31	9.69	1,142.49
As at 31 March 2019	34.74	11.78	252.36	713.07	5.81	26.85	6.57	1.51	14.42	1,067.11

#### Notes:

- Property, plant and equipment pledged as security - refer to note 18 for information on property, plant and equipment pledged as security by the Group.
- Contractual obligations - refer to note 39 for disclosure on contractual commitments for the acquisition of property, plant and equipment.
- Capital work-in-progress - capital work-in-progress mainly pertains to work related to installation of machinery and civil work being carried on at the plants of the Group.
- Disposals/adjustments includes adjustments on account of disposal of subsidiary.
- With respect to property, plant and equipment amounting to ₹133.28 crore (included above) and goodwill amounting to ₹3.67 crore in respect of two subsidiary companies, management, during the year has done a detailed evaluation on the recoverability of these property, plant and equipment and goodwill. Basis such assessment, the management believes that the property, plant and equipment and goodwill would be recoverable and accordingly no provision has been recorded in respect of recoverability of these balances as at the year end.

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### 5 Other intangible assets

Particulars	Software	Total
<b>Gross carrying amount</b>		
<b>As at 1 April 2018</b>	<b>8.23</b>	<b>8.23</b>
Additions	0.41	0.41
Disposals/adjustments (refer note 1)	0.08	0.08
<b>As at 31 March 2019</b>	<b>8.56</b>	<b>8.56</b>
Additions	0.22	0.22
<b>As at 31 March 2020</b>	<b>8.78</b>	<b>8.78</b>
<b>Accumulated amortisation</b>		
<b>As at 1 April 2018</b>	<b>5.67</b>	<b>5.67</b>
Amortisation charge for the year	0.70	0.70
Disposals/adjustments (refer note 1)	0.08	0.08
<b>As at 31 March 2019</b>	<b>6.29</b>	<b>6.29</b>
Amortisation charge for the year	0.67	0.67
<b>As at 31 March 2020</b>	<b>6.96</b>	<b>6.96</b>
<b>Net carrying amount :</b>		
<b>As at 31 March 2020</b>	<b>1.82</b>	<b>1.82</b>
<b>As at 31 March 2019</b>	<b>2.27</b>	<b>2.27</b>

#### Notes:

- Disposals/adjustments includes adjustments on account of disposal of subsidiary.

### 6 Non-current financial assets - Investments

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Investments in unquoted equity instruments in others (measured at FVOCI) non-trade</b>		
Bhadreshwar Vidyut Private Limited (formerly known as OPGS Power Gujarat Private Limited) 651,000 (31 March 2019: 651,000) equity shares of ₹10 each fully paid up	0.01	0.01
Tauras Tiles Private Limited 800,000 (31 March 2019: 800,000) equity shares of ₹10 each fully paid up	0.33	0.33
<b>Total</b>	<b>0.34</b>	<b>0.34</b>
<b>Aggregate value of unquoted investments</b>	<b>0.34</b>	<b>0.34</b>



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### 7 Loans#

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Considered good - unsecured				
Security deposits	20.03	11.78	0.31	-
Loans to other companies (refer note (i))	-	-	0.54	1.97
Loans to related parties (refer note (ii))	-	-	0.65	0.21
Other loans (refer note (iii))	-	-	2.37	2.79
<b>Total</b>	<b>20.03</b>	<b>11.78</b>	<b>3.87</b>	<b>4.97</b>

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

#### Notes:

- (i) Loans to other companies represents interest bearing loans given to Soriso Ceramics Private Limited and Ascent Ceramics Private Limited which is given for the business purposes and repayable on demand.
- (ii) Represents loans given to Kajaria Ceramics Employee Gratuity Trust (refer note 36 for details).
- (iii) Other loans represents advances given to the employees of the Group.

### 8 Non-current tax assets (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance tax (net of provisions)	5.76	3.54
	<b>5.76</b>	<b>3.54</b>

### 9 Other assets

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
<b>Considered good- unsecured</b>				
Capital advances	0.90	7.05	-	-
Advance other than capital advances:				
Advance to suppliers	-	-	6.59	5.09
Prepaid expenses	0.33	0.10	6.94	7.43
Deferred lease expense	-	1.83	-	0.45
Export benefit receivables	-	-	0.28	0.42
Balance with statutory authorities	-	-	20.85	15.43
Others	-	-	0.49	-
<b>Total</b>	<b>1.23</b>	<b>8.98</b>	<b>35.15</b>	<b>28.82</b>

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

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	62.93	48.50
Work-in-progress	26.72	22.19
Finished goods	314.84	249.03
Stock-in-trade	39.53	25.51
Stores and spares	53.30	43.97
Packing material	15.40	16.60
<b>Total</b>	<b>512.72</b>	<b>405.80</b>

### 11 Current financial assets - Investments

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of units	Amount	No. of units	Amount
<b>Investments in mutual funds (unquoted) - measured at FVTPL, non-traded</b>				
(a) SBI Arbitrage Opportunities Fund - Regular plan Dividend	37,10,685.29	4.98	-	-
(b) DSP Arbitrage Fund - Reg. - Monthly Dividend	47,79,200.92	4.82	-	-
<b>Total</b>	<b>-</b>	<b>9.80</b>	<b>-</b>	<b>-</b>

Aggregate amount of unquoted investments and market value thereof **9.80**

### 12 Trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Considered good-unsecured	396.69	475.05
Credit impaired	6.19	3.28
Less: Allowance for expected credit losses	(6.19)	(3.28)
<b>Total</b>	<b>396.69</b>	<b>475.05</b>

#### Note:

- a) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person or amounts dues from firms or private companies in which any director is a partner, director or a member.
- b) All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

### 13 Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- Current accounts	15.56	0.10
- Deposits with original maturity of less than three months	-	21.17
Cash on hand (including gold coins)	0.55	0.85
<b>Total</b>	<b>16.11</b>	<b>22.12</b>

#### Note:

- a) There are no repatriation restrictions with regard to cash and cash equivalents as the end of the reporting period and prior periods.
- b) Short-term deposits are made for periods of/upto three months at varying rates of interest, depending on the cash flow requirements of the Group.

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### 14 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Earmarked balances with banks in current accounts - unpaid dividends*	2.05	1.83
Deposits with original maturity of greater than three months and remaining maturity of less than twelve months**	206.07	227.07
Margin money deposit (pledged with banks against non fund based facilities)	0.94	1.36
<b>Total</b>	<b>209.06</b>	<b>230.26</b>

#### Note:

\* These balances are not available for use by the Group and not due for deposit in the Investor Education and Protection Fund.

\*\* Deposits amounting to ₹10.00 crores (31 March 2019 : ₹61.73 crores) have been pledged by the Holding Company against facilities taken by subsidiaries ‘Kajaria Sanitaryware Private Limited’ and ‘Kajaria Floera Ceramics Private Limited’

### 15 Other current financial assets

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Considered good - unsecured				
Interest accrued on deposits and loans				
- Term deposits	-	-	1.16	1.35
Deposits with remaining maturity of more than twelve months*	0.79	4.79	-	-
Others	-	-	3.02	2.86
<b>Total</b>	<b>0.79</b>	<b>4.79</b>	<b>4.18</b>	<b>4.21</b>

\* Held as margin money against guarantee.

### 16 Equity share capital

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Authorised:</b>		
520,000,000 equity shares of ₹1 each (31 March 2019: 520,000,000 of ₹1 each)	52.00	52.00
7,710,000 preference shares of ₹100 each (31 March 2019: 7,710,000 of ₹100 each)	77.10	77.10
	<b>129.10</b>	<b>129.10</b>
<b>Issued and subscribed:</b>		
158,957,200 equity shares of ₹1 each (31 March 2019: 158,950,300 equity shares of ₹1 each)	15.90	15.90
<b>Total</b>	<b>15.90</b>	<b>15.90</b>

**A.** There no change in authorised equity and preference share capital during the current year and previous year.

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	15,89,50,300	15.90	15,89,50,300	15.90
Add: Shares issued on exercise of employee share option	6,900	*	-	-
<b>Outstanding at the end of the year</b>	<b>15,89,57,200</b>	<b>15.90</b>	<b>15,89,50,300</b>	<b>15.90</b>

\* rounded off to Nil

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### C. Terms/Rights attached to equity shares

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

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

### D. Shares reserved for issue under options

Information relating to Kajaria Ceramics Employee Stock Option Plan, 2015, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 40.

### E. Following shareholders hold equity shares more than 5% of the total equity shares of the Holding Company\*:

Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares held having face value of ₹1 each	% of holding in class	Number of shares held having face value of ₹1 each	% of holding in class
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust) (refer note i)	1,29,33,973	8.14%	1,29,33,973	8.14%
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust) (refer note ii)	2,58,67,947	16.28%	2,58,67,947	16.28%
RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust) (refer note iii)	2,58,67,947	16.28%	2,58,67,947	16.28%

\* As per the records of the Holding Company, including its register of members

#### Notes:

- Trustee of Versha Kajria Family Private Trust has been changed from ‘Mr. Ashok Kajaria and Mr. Rishi Kajaria in their capacity as the joint trustees of the Versha Kajaria Family Private Trust’ to ‘VK Trustees Private Limited in its capacity as sole trustee of the Versha Kajaria Family Private Trust’ by modifying the trust deed of Versha Kajaria Family Private Trust on December 26, 2019
- Name of the Trustee of Chetan Kajaria Family Private Trust has been changed from ‘Professional Home Solutions Private Limited’ to ‘CK Trustees Private Limited’; w.e.f. October 4, 2019 and consequently, trust deed of Chetan Kajaria Family Private Trust has also been modified on December 26, 2019
- Trustee of Rishi Kajaria Family Private trust has been changed from ‘Mrs. Versha Kajaria and Mr. Chetan Kajaria in their capacity as the joint trustees of the Rishi Kajaria Family Private Trust’ to ‘RK Trustees Private Limited in its capacity as sole trustee of the Rishi Kajaria Family Private Trust’ by modifying the trust deed of Rishi Kajaria Family Private Trust on December 26, 2019.

### F. Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and brought back during the last 5 years for each class of shares

Except for shares issued under scheme of arrangements as approved by Hon’ble Court, the Group has not issued any shares pursuant to a contract without payment being received in cash nor has there been any buy-back of shares and any bonus shares which has been issued in the current year and preceding five years. Pursuant to the scheme, existing equity shares of the Group held by Kajaria Securities Private Limited (‘KSPL’) stood cancelled and the Group had issued 64,669,867 equity shares of ₹1 each to shareholders of erstwhile KSPL in proportion of their shareholding in KSPL.

The Group has issued equity shares aggregating 19200 (up to 31 March 2019 : 12300) shares of Rs. 1 each fully paid during the financial years 2014-15 to 2019-20 on exercise of option granted under the employee stock option plan wherein part consideration was received in form of employee service.



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### 17 Other equity

Particulars	As at 31 March 2020	As at 31 March 2019
<b>a) Share application money pending allotment</b>		
Balance at the beginning of the year	-	0.64
Share application money received/(refunded)	-	(0.64)
Balance at the end of the year	-	-
<b>b) General reserves</b>		
Balance at the beginning/end of the year	320.38	320.38
<b>c)Securities premium reserve</b>		
Balance at the beginning of the year	163.74	163.74
Share issued during the year (refer note 16)	0.40	-
Balance at the end of the year	164.14	163.74
<b>d) Capital redemption reserve</b>		
Balance at the beginning/end of the year	5.00	5.00
<b>e) Share options outstanding account</b>		
Balance at the beginning of the year	5.15	4.29
Employee stock option scheme	0.53	0.86
Tranferred to security premium on issue of shares	(0.11)	-
Balance at the end of the year	5.57	5.15
<b>f) Capital reserve</b>		
Balance at the beginning of the year	21.45	(27.38)
Transactions with holders of NCI	-	48.83
Balance at the end of the year	21.45	21.45
<b>g) Retained earnings</b>		
Balance at the beginning of the year	1,043.75	868.92
Profit for the year	255.33	226.57
Items of OCI for the year, net of tax	(0.71)	0.17
Dividend distributed	(95.37)	(47.69)
Income-tax on dividend distribution	(19.60)	(9.80)
Transactions with holders of NCI	(1.10)	5.58
Balance at the end of the year	1,182.30	1,043.75
<b>h) Other comprehensive income</b>		
Equity instruments designated as fair value through other comprehensive income		
Balance at the beginning/end of the year	(0.47)	(0.47)
Equity attributable to the shareholders of the Group	1,698.37	1,559.00

#### Nature and purpose of reserves -

##### a) General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

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### b) Securities premium reserve

This reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

### c) Capital redemption reserve

This reserve was created on redemption of preference shares in the financial year 2001-02. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

### d) Share options outstanding account

The reserve is used to recognise the grant date fair value of the options issued to employees under Kajaria Ceramics Employee Stock Option Plan, 2015.

### e) Capital reserve

The reserve was created on Scheme of Arrangement (the Scheme) between the Company and Kajaria Securities Private Limited ('KSPL').

Further, it includes difference between the amount by which the carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary where changes in the Group's ownership interest in a subsidiary does not result in the Group losing control of the subsidiary.

### f) Retained earnings

Created from profit/loss of the Group, as adjusted from distributions to owners and transfer to other reserve.

### g) Equity instruments designated as fair value through other comprehensive income ('FVOCI')

The Group has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

### 18 Borrowings

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
<b>Term loan - Secured</b>				
(i) From banks	11.01	36.37	-	-
Less: current maturities of long-term debt (refer note 24)	(10.99)	(25.39)	-	-
	0.02	10.98	-	-
(ii) Deferred payment liabilities: Interest free loan from Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh)	8.02	7.13	-	-
<b>Term loan - Unsecured</b>				
From others	13.47	13.34	-	-
<b>Working capital facility - Secured</b>				
From banks	-	-	95.63	63.49
<b>Total</b>	<b>21.51</b>	<b>31.45</b>	<b>95.63</b>	<b>63.49</b>

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### Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	31 March 2020	31 March 2019			
Term loan - from banks (secured)	2.47	13.57	Rate of interest is variable and linked to marginal cost of funds based lending rate ('MCLR'). Interest rate at 31 March 2020 is 12.15%	Term loan is secured against the property, plant and equipment ('PPE') of Jaxx Vitrified Private Limited. Above loan is further secured by directors of Jaxx Vitrified Private Limited and corporate guarantee to the extent of 61% of the loans by the Holding Company and corporate guarantee of Anmol Healthcare.	Repayable in 62 to 72 monthly instalments commencing from June 2014
Term loan - from banks (secured)	4.54	9.64	Rate of interest is variable and linked to MCLR. Interest rate at 31 March 2020 is 11.65%	Term loan is secured against the PPE of Cosa Ceramics Private Limited (Buildings and Plant & Machinery). Above loan is further secured by directors of Cosa Ceramics Private Limited and corporate guarantee to the extent of 51% by the Holding Company.	Repayable in 84 and 61 monthly instalments commencing from May 2016 and June 2012
Term loan - from banks (secured)	4.00	10.00	Rate of interest is variable and linked to MCLR. Interest rate at 31 March 2020 is 8.75%	Secured against exclusive charge on immovable and movable assets of Kajaria Bathware Private Limited, both present and future.  Above loan is further secured by guarantee of Holding Company.	The loan is repayable in 14 quarterly instalments of ₹150 lacs each and 2 quarterly instalments of ₹200 lacs each commencing from December 2016.
Term loan - from banks (secured)	-	0.84	Rate of interest is variable and linked to MCLR.	Secured against first charge on immovable and movable assets (present and future) of Vennar Ceramics Limited at Vishnupuram, Perikigudem, Andhra Pradesh and further guaranteed by the Holding Company and Anjani Vishnu Holdings Limited in the ratio of 51:49	Two term loans, repayable in quarterly instalments of ₹137.50 lacs and ₹21 lacs, remaining instalments 4 and 8 respectively.
Term loan - from banks (secured)	-	2.32	Rate of interest is variable and linked to MCLR.	Hypothecation of entire machineries, electrical installations, furniture and fixtures, office equipments and other movable fixed assets, present and future, situated at the factory of Kajaria Sanitaryware Private Limited. Above loan is further secured by equitable mortgage of factory land and building situated at village Shapar, Morbi. This loan is further secured by guarantee of Holding Company, shareholders and directors of Kajaria Sanitaryware Private Limited.	Loan is repayable in 53 monthly instalments of ₹32.40 lacs each and 54th instalment of ₹32.80 lacs commencing from July 2015.
Deferred payment liabilities Interest free loan from Financial Institution	8.02	7.13	N. A.	Secured against first charge on factory land and building of the Holding Company at Sikandrabad, Uttar Pradesh.	Repayable in one instalment after 7 years from date of disbursement.

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for the year ended 31 March 2020  
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Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	31 March 2020	31 March 2019			
Loan from others - Unsecured	13.47	13.34	9% per annum	None	Payable after one year from the date of demand
Working capital facility (secured)	12.30	17.49	Rate of interest is variable and linked to MCLR. Interest rate at 31 March 2020 is 12.15%	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of Jaxx Vitrified Private Limited (at its factories at Morbi, Gujarat).	On demand
Working capital facility (secured)	11.82	11.51	Rate of interest is variable and linked to MCLR. Interest rate at 31 March 2020 is 11.65%	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of Cosa Ceramics Private Limited (at its factories at Morbi, Gujarat ).	On demand
Working capital facility (secured)	15.99	16.28	Rate of interest is variable and linked to MCLR. Interest rate at 31 March 2020 is 9.15%	Secured by first charge on inventories and book debts and second charge of movable and immovable assets, both present and future of Vennar Ceramics Limited and further guaranteed by the Holding Company and Anjani Vishnu Holdings Limited in the ratio of 51:49.	On demand
Working capital facility (secured)	8.96	-	Rate of interest is variable and linked to LIBOR. Interest rate at 31 March 2020 is 4%-5%	Secured against hypothecation of entire raw materials, stock in process, stores and spares, packing materials, finished goods and book debts of Kajaria Bathware Private Limited, both present and future. Above loan is further secured by guarantee of Holding Company.	Upto 150 days
Working capital facility (secured)	34.25	2.67	8.50% to 10.35%	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of the Holding Company (at its factories at Sikandrabad, Uttar Pradesh and Gailpur, Rajasthan).	On demand
Working capital facility (secured)	6.98	11.62	Rate of interest is variable and linked to MCLR. Interest rate at 31 March 2020 is 9.25%	Secured against first charge on Inventories and Book debts of Kajaria Bathware Private Limited, both present & future. Above loan is further secured by guarantee of Holding Company.	On demand
Working capital facility (secured)	5.33	3.92	Rate of interest is variable and linked to MCLR. Interest rate at 31 March 2020 is 9.00%	Secured against hypothecation of entire raw materials, stock in process, stores and spares, packing materials, finished goods and book debts of Kajaria Sanitaryware Private Limited, both present and future. Above loan is further secured by Equitable mortgage of Factory Land and building situated at Village Shapar, Morbi. This loan is further secured by guarantee of Holding Company, shareholders and directors of Kajaria Sanitaryware Private Limited.	On demand



## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31 March 2020  
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### 19 Lease liabilities

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Lease liability (refer note 38)	23.37	-	14.51	-
	<b>23.37</b>	<b>-</b>	<b>14.51</b>	<b>-</b>

### 20 Provisions

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits obligation (refer note 37)				
- Provision for gratuity	8.76	3.77	3.50	2.90
- Provision for compensated absences	15.05	0.76	1.48	12.60
<b>Total</b>	<b>23.81</b>	<b>4.53</b>	<b>4.98</b>	<b>15.50</b>

### 21 Deferred tax assets / liabilities (net)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>a) Deferred tax liability on:</b>		
Difference between book balance and tax balance of property, plant and equipment	84.83	118.59
	84.83	118.59
<b>b) Deferred tax asset on:</b>		
Provision for employee benefit obligations	3.96	4.38
Others (including MAT input credit)	9.30	8.28
	13.26	12.66
	<b>71.57</b>	<b>105.93</b>
<b>Amount recognised in the consolidated balance sheet to the extent not netted off*:</b>		
<b>Deferred tax assets (net)</b>	<b>1.48</b>	<b>1.35</b>
<b>Deferred tax liabilities (net)</b>	<b>73.05</b>	<b>107.28</b>

\* The Group does not have legal enforceable right to offset the recognised deferred tax asset of one entity with the deferred tax liability of another entity within the Group.

#### Movements in deferred tax liabilities and deferred tax assets:

Particulars	Property, plant and equipment	Compensated absences	Other provisions	Total
<b>As at 1 April 2018</b>	<b>116.72</b>	<b>(3.75)</b>	<b>(3.12)</b>	<b>109.85</b>
Charged/(credited) to the statement of profit or loss	2.58	(0.63)	(3.10)	(1.15)
Charged/(credited) to other comprehensive income	-	-	-	-
Adjustment on account of loss of control over subsidiary	(0.71)	-	-	(0.71)
MAT credit adjusted during the year	-	-	-	(2.06)
<b>As at 31 March 2019</b>	<b>118.59</b>	<b>(4.38)</b>	<b>(6.22)</b>	<b>105.93</b>
Charged/(credited) to the statement of profit or loss	(33.76)	0.42	(1.44)	(34.78)
Charged/(credited) to other comprehensive income	-	-	-	-
MAT credit adjusted during the year	-	-	-	0.42
<b>As at 31 March 2020</b>	<b>84.83</b>	<b>(3.96)</b>	<b>(7.66)</b>	<b>71.57</b>

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT

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### 22 Other liabilities

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Advance received from customers	-	-	37.46	14.41
Statutory dues payable	-	-	13.88	41.12
Deferred government grant	2.05	2.59	0.54	0.54
<b>Total</b>	<b>2.05</b>	<b>2.59</b>	<b>51.88</b>	<b>56.07</b>

### 23 Trade payables

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables (including acceptances (refer note b below))		
- Total outstanding dues of micro enterprises and small enterprises (refer note 41)	24.21	22.94
- Total outstanding dues of creditors other than micro enterprises and small enterprises	215.10	286.13
<b>Total</b>	<b>239.31</b>	<b>309.07</b>

#### Note:

- The carrying values of trade payables are considered to be a reasonable approximation of fair value.
- Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Group continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days amounting to ₹40.29 crores (31 March 2019: ₹55.86 crores).

### 24 Other current financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term debt (refer note 18)	10.99	25.39
Unclaimed dividends*	2.05	1.83
Interest bearing deposits from customers	15.38	13.31
Security deposits	15.89	14.90
Employee payable	55.64	48.69
Creditors for capital goods	7.92	29.65
Others	2.59	4.06
<b>Total</b>	<b>110.46</b>	<b>137.83</b>

\* Not due for deposit to the Investor Education and Protection Fund.

### 25 Current tax liabilities (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Current tax liabilities (net)	0.03	4.61
	<b>0.03</b>	<b>4.61</b>

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

### 26 Revenue from operations

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products		
Tiles	2,581.98	2,749.81
Others	218.46	201.02
	2,800.44	2,950.83
Other operating revenues	7.57	5.37
<b>Total</b>	<b>2,808.01</b>	<b>2,956.20</b>

Disclosure pursuant to Ind AS-115 'Revenue from contracts with customers', are as follows:

#### (a) Disaggregation of revenue:

Revenue arises mainly from the sale of manufactured and traded goods.

Particulars	31 March 2020	31 March 2019
Revenue from sale of tiles	2,581.98	2,749.81
Revenue from sale of others	218.46	201.02
	<b>2,800.44</b>	<b>2,950.83</b>

#### (b) Assets and liabilities related to contracts with customers is as below:

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Contract assets related to sale of goods</b>		
Trade receivables	396.69	475.05
<b>Contract liabilities related to sale of goods</b>		
Advance from customers	37.46	14.41

#### (c) Significant changes in the contract assets and liabilities:

There has been no significant change in the contract assets during the year.

Movement for Contract liabilities is as below:

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Contract liabilities- Advance from customers</b>		
<b>Opening balance</b>	<b>14.41</b>	<b>13.82</b>
Revenue recognised during the year	14.41	13.82
Addition during the year (net)	37.46	14.41
<b>Closing balance</b>	<b>37.46</b>	<b>14.41</b>

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### 27 Other income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on:		
Fixed deposits with bank	17.99	12.58
Other financial assets carried at amortised cost	0.52	0.35
Gain on disposal of current investments	0.83	0.09
Net gain on foreign currency transactions and translation	-	0.47
Dividend Income	0.38	0.29
Other non-operating income	4.43	4.25
<b>Total</b>	<b>24.15</b>	<b>18.03</b>

### 28 Cost of materials consumed

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Body material	409.44	441.74
Glaze, frits and chemicals	216.10	211.46
Packing material	110.89	138.60
<b>Total</b>	<b>736.43</b>	<b>791.80</b>

### 29 Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening balance</b>		
Finished goods	249.03	226.52
Stock-in-trade	25.51	17.16
Work-in-progress	22.19	24.86
<b>Total</b>	<b>296.73</b>	<b>268.54</b>
<b>Closing balance</b>		
Finished goods	314.84	249.03
Stock-in-trade	39.53	25.51
Work-in-progress	26.72	22.19
<b>Total</b>	<b>381.09</b>	<b>296.73</b>
Add: Adjustment on account of loss of control over subsidiary	-	(8.32)
	<b>(84.36)</b>	<b>(36.51)</b>

### 30 Employee benefits expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	335.29	325.99
Contribution to provident fund and other funds (refer note 37)	15.15	13.70
Share based payments to employees (refer note 43)	0.53	0.86
Staff welfare expenses	5.89	4.90
<b>Total</b>	<b>356.86</b>	<b>345.45</b>



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for the year ended 31 March 2020  
(Amount in ₹ crores, unless otherwise stated)

### 31 Finance costs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest	17.27	14.81
Other borrowing costs	2.24	0.78
<b>Total</b>	<b>19.51</b>	<b>15.59</b>

### 32 Depreciation and amortisation expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment (refer note 4)	90.71	88.36
Amortisation of intangible assets (refer note 5)	0.67	0.70
Depreciation on right to use assets (refer note 38)	16.71	-
	<b>108.09</b>	<b>89.06</b>

### 33 Other expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Power and fuel	564.42	616.16
Advertisement, publicity and sales promotion	89.57	90.30
Stores and spares consumed	88.15	92.23
Packing, freight and forwarding expenses	46.96	47.03
Traveling and conveyance	36.12	35.56
Rent (refer note 38)	2.69	18.82
Repairs and maintenance		
- Building	4.95	5.57
- Plant and equipment	15.96	17.06
- Others	5.53	4.86
Research and development expenses (refer note 50)	18.34	18.22
Sales commission	9.08	14.58
Rates and taxes	2.09	2.03
Insurance charges	3.61	3.74
Legal and professional charges	7.72	8.60
Payment to auditor as :		
- auditor	0.66	0.61
- for other services	0.43	0.34
- for reimbursement of expenses	0.06	0.04
Loss on disposal of property, plant and equipment	1.01	5.50
Bad debts written off	-	0.10
Provision for expected credit loss	2.91	1.08
Corporate social responsibility expenditure (refer note 49)	5.98	4.86
Net loss on foreign currency transactions and translation	0.25	-
Miscellaneous expenses	27.68	27.61
	<b>934.17</b>	<b>1,014.90</b>

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### 34 Income-tax expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>(a) Income-tax expense debited to statement of profit and loss</b>		
<i>Current tax</i>		
Current tax expense on profits for the year	93.70	130.43
<i>Deferred tax</i>		
Deferred tax charge/(credit) for the year	(34.78)	(1.15)
	(34.78)	(1.15)
<b>Total tax expense</b>	<b>58.92</b>	<b>129.28</b>
<b>(b) Income-tax expense debited/(credited) to other comprehensive income</b>		
<i>Current tax</i>		
Current tax charge/(credit) for the year	(0.22)	0.07
<i>Deferred tax</i>		
Deferred tax charge/(credit) for the year	-	-
	(0.22)	0.07

#### (c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax	312.45	358.03
Tax at the Indian tax rate of 25.168% (31 March 2019: 34.944%) (refer note below)	78.64	125.11
Adjustments in respect of current income-tax of previous years	(0.34)	(0.36)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowed as deduction	2.28	2.44
Deductions not leading to timing differences	-	(6.25)
Deferred tax assets reversed on exempted income	1.75	-
Losses in subsidiary company not recognised as deferred tax asset	5.28	7.27
Impact of change in effective tax rate in brought forward tax liability (refer note below)	(28.69)	1.07
<b>Income-tax expense</b>	<b>58.92</b>	<b>129.28</b>

#### Note:

The Taxation Laws (Amendment) Ordinance, 2019 (2019 Tax Ordinance) provides the Group with an option to move to a lower tax rate of 25.168% accompanied with immediate expiry of carry forward balance of Minimum Alternative Tax (MAT) credit and certain other concessional tax rate benefits enjoyed by the Company presently. The Group has reviewed the implications of 2019 Tax Ordinance on its tax liability for the year in each of the group companies and availed the option accordingly

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT

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### 35 Earnings per share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit attributable to equity holders of the Holding company for basic earnings (₹ in crores) for the year	255.33	226.57
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	15,89,51,264	15,89,50,300
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	15,90,08,087	15,90,24,945
Earnings per share		
- Basic (in ₹)	16.06	14.25
- Diluted (in ₹)	16.06	14.25

**Note: Weighted average number of equity shares used as denominator -**

Particulars	No. of shares	
	31 March 2020	31 March 2019
Weighted average number of equity shares used as denominator in calculating basic earnings per shares	15,89,51,264	15,89,50,300
Adjustments for calculation of diluted earnings per share:		
- Outstanding employee stock options	56,823	74,645
<b>Weighted average number of equity shares and potential equity shares used as denominator in calculating diluted earnings per share</b>	<b>15,90,08,087</b>	<b>15,90,24,945</b>

### 36 Related party transactions

#### (a) Key management personnel:

Name of the KMP	Designation
Mr. Ashok Kajaria	Chairman and Managing Director
Mr. Chetan Kajaria	Joint Managing Director
Mr. Rishi Kajaria	Joint Managing Director
Mr. Dev Dutt Rishi	Non Executive Director
Mr. Basant Kumar Sinha (till 31 March 2019)	Whole Time Director
Mr. Raj Kumar Bhargava	Independent director
Mr. Ram Ratan Bagri (till 31 March 2019)	Independent director
Mr. Debi Prasad Bagchi	Independent director
Mr. Harady Rathnakar Hegde	Independent director
Mrs. Susmita Singha	Independent director

#### (b) Enterprises owned by Key Management Personnel or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise:-

Name of the Entity
Dua Engineering Works Private Limited
Malti Devi Kajaria Foundation
Kajaria Ceramics Employees Gratuity Trust
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)
RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust)
A.K. Kajaria (HUF)
Chetan Kajaria (HUF)
Rishi Kajaria (HUF)

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### (c) Relatives of key management personnel

Name of relatives
Mrs. Versha Devi Kajaria
Mrs. Rasika Kajaria
Mrs. Shikha Kajaria
Mr. Kartik Kajaria
Mr. Raghav Kajaria
Mr. Parth Kajaria
Mr. Vedant Kajaria

Details of transaction with related parties are as follows:

#### (a) Details relating to remunerations of KMP :

Name of KMP	31 March 2020		31 March 2019	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
<b>KMP of holding company:</b>				
Mr. Ashok Kajaria*	4.90	-	4.52	-
Mr. Chetan Kajaria*	4.87	-	4.94	-
Mr. Rishi Kajaria*	4.87	-	4.94	-
Mr. Dev Dutt Rishi	-	0.02	-	0.02
Mr. Basant Kumar Sinha*	-	-	0.76	-
Mr. Raj Kumar Bhargava	-	0.03	-	0.04
Mr. Ram Ratan Bagri	-	-	-	0.04
Mr. Debi Prasad Bagchi	-	0.03	-	0.04
Mr. Harady Rathnakar Hegde	-	0.04	-	0.02
Mrs. Susmita Singha	-	0.03	-	0.02

\* Does not include employee benefits is relation to gratuity and compensated absence, as such provisions are for the Group as a whole

#### (b) Dividend paid

Particulars	31 March 2020	31 March 2019
Key management personnel and relatives of KMP		
Mr. Ashok Kajaria	0.63	0.31
Mr. Chetan Kajaria	0.80	0.40
Mr. Rishi Kajaria	1.08	0.54
Mrs. Versha Devi Kajaria	1.07	0.53
Mrs. Rasika Kajaria	0.34	0.17
Mrs. Shikha Kajaria	0.36	0.18
Mr. Kartik Kajaria	0.27	0.14
Mr. Raghav Kajaria	0.27	0.14
Mr. Parth Kajaria	0.27	0.14
Mr. Vedant Kajaria	0.27	0.14



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### (c) Guarantees received/(released) during the year

Particulars	31 March 2020	31 March 2019
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	10.90	(10.00)

### (d) Guarantee received outstanding at year end

Particulars	31 March 2020	31 March 2019
Key management personnel and relatives of KMP		
Mr. Askok Kajaria (for loan taken by the Holding Company)	101.40	90.50

### Details of transactions with enterprises over which KMP or their relatives are able to exercise significant influence:

Particulars	31 March 2020	31 March 2019
<b>(e) Rent paid</b>		
Dua Engineering Works Private Limited	1.79	1.79
<b>(f) Donation paid</b>		
Malti Devi Kajaria Foundation	0.47	0.46
<b>(g) Loan given</b>		
Kajaria Ceramics Employee Gratuity Trust	1.20	1.16
<b>(h) Loans repaid</b>		
Kajaria Ceramics Employee Gratuity Trust	0.76	1.15
<b>(i) Dividend paid</b>		
Ashok Kajaria jointly with Rishi Kajaria (in their capacity as joint trustees of Versha Kajaria Family Private Trust)	7.76	3.88
Professional Home Solutions Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	15.52	7.76
Versha Kajaria jointly with Chetan Kajaria (in their capacity as joint trustees of Rishi Kajaria Family Private Trust)	15.52	7.76
A.K. Kajaria (HUF)	1.18	0.59
Chetan Kajaria (HUF)	0.03	0.01
Rishi Kajaria (HUF) (* rounded off to Nil)	_*	_*
<b>B. Outstanding balances as at year end:</b>		
<b>Loan given</b>		
Kajaria Ceramics Employee Gratuity Trust	0.65	0.21
<b>Security deposit</b>		
Dua Engineering Works Private Limited	0.69	0.69
<b>Trade payables</b>		
Dua Engineering Works Private Limited	0.01	-

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### 37 Employee benefit plans

The Group has following post-employment benefit plans:

#### A) Defined contribution plan

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Group has no obligation, other than the contribution payable to the provident fund. The Group's contribution to the provident fund is ₹10.07 crores (31 March 2019: ₹8.92 crores).

#### B) Defined benefit plans - Gratuity

The Group has defined benefit gratuity plan for its employees where annual contributions are deposited to an insurer to provide gratuity benefits by taking a scheme of insurance, whereby these contributions are transferred to the insurer. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination / resignation. The benefit vests on the employee completing 5 years of service. The Group makes provision of such gratuity asset/liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method. Plan assets also include investments and bank balances used to deposit premiums until due to the insurance company.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

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

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Defined benefit obligation at the beginning of the year</b>	35.15	31.81
Current service cost	4.18	3.49
Interest cost	2.47	2.46
Benefits paid	(0.85)	(0.75)
Actuarial loss/(gain) on obligations	0.99	(1.86 )
Past service cost	0.01	-
<b>Defined benefit obligation at the end of the year</b>	<b>41.95</b>	<b>35.15</b>

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

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Fair value of plan assets at the beginning of the year</b>	28.48	25.31
Contribution during the year	0.05	3.50
Benefits paid	(0.85)	(0.75)
Expected interest income on plan assets	1.99	1.99
Actuarial gain/(loss) on plan asset	0.02	(1.57)
<b>Fair value of plan assets at the end of the year</b>	<b>29.69</b>	<b>28.48</b>

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### Reconciliation of fair value of plan assets and defined benefit obligation:

Particulars	As at 31 March 2020	As at 31 March 2019
Fair value of plan assets	29.69	28.48
Defined benefit obligation	41.95	35.15
<b>Net asset/(liability) recognised in the Consolidated Balance Sheet (refer note 20)</b>	<b>(12.26)</b>	<b>(6.67)</b>
Current	3.50	2.90
Non current	8.76	3.77

### Amount recognised in Consolidated Statement of Profit and Loss:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	4.18	3.49
Interest expense	2.47	2.46
Expected return on plan asset	(1.99)	(1.99)
Past service cost	0.01	-
<b>Amount recognised in Consolidated Statement of Profit and Loss:</b>	<b>4.67</b>	<b>3.97</b>

### Breakup of actuarial gain/(loss)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Actuarial gain/(loss) arising on defined benefit obligation		
Actuarial gain/(loss) arising from changes in financial assumptions	(2.71)	1.86
Actuarial gain/(loss) arising from experience adjustments	1.72	(0.02)
Actuarial gain/(loss) arising on plan assets	0.02	(1.55)
<b>Amount of gain/(loss) recognised in other comprehensive income</b>	<b>(0.97)</b>	<b>0.29</b>

### The major categories of plan assets are as follows:

Gratuity	As at 31 March 2020	As at 31 March 2019
<b>Investment details</b>	<b>Funded</b>	<b>Funded</b>
Investment with gratuity funds	100%	100%

### The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

Particulars	31 March 2020	31 March 2019
Discount rate	6.70% - 7.00%	7.75%
Expected rate of return on Plan assets	7.00%	7.75%
Future salary increases	5% to 10.00%	5% to 8.25%
Attrition Rate :		
18-30 years	3.00%	3.00%
30-44 years	3.00%	3.00%
44-58 years	3.00%	3.00%
Retirement age	58 years	58 years
Mortality	IALM 2012-14 Ultimate	IALM 2006-08 Ultimate

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### Note:

- a.) The discount rate is based upon the market yield available on government bonds at the accounting date relevant to currency of benefits payments for a term that matches the liability.
- b.) The estimates for future salary increase rate taxes amount of inflation, seniority, promotion, business plan, human resource policy and other relevant factors on long term basis.

### Experience adjustment:

Particulars	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Present value of defined benefit obligation	41.95	35.15	31.81	26.74	20.56
Experience gain/(loss) on liability	1.72	(0.02)	(1.60)	(2.45)	(0.62)

### A quantitative sensitivity analysis for significant assumption as at 31 March 2020 and 31 March 2019 is as shown below:

Gratuity Plan	Sensitivity level		Impact on Defined benefit obligation	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Assumptions</b>				
Discount rate	+1%	+1%	(3.57)	(2.97)
	-1%	-1%	4.15	3.44
Future salary increases	+1%	+1%	4.06	3.37
	-1%	-1%	(3.55)	(2.98)
Withdrawal rate	+1%	+1%	(0.35)	(0.15)
	-1%	-1%	0.39	0.16

### Note:

- The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.
- Sensitivities due to mortality and withdrawals are insignificant and hence ignored.
- Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

### Effect of plan on Company's future cash flows

#### (a) Funding arrangements and funding Policy

The Company has purchased an insurance policy to provide payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.



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(b) The following payments are expected contributions to the defined benefit plan in future years (in absolute terms i.e. undiscounted):

Particulars	31 March 2020	31 March 2019
Within the next 12 months (next annual reporting period)	3.51	3.06
Between 2 and 5 years	7.12	9.28
Beyond 5 years	32.06	23.00
<b>Total expected payments</b>	<b>42.69</b>	<b>35.34</b>

(c) Expected contribution for next year is Rs. 3.22 crores (31 March 2019 : Rs. 3.04 crores)

(d) The average duration of the defined benefit plan obligation at the end of the reporting period is 13 years (31 March 2019: 16 years).

### C) Other long-term employee benefits - Compensated absences (unfunded)

Particulars	31 March 2020	31 March 2019
Amounts recognised in the consolidated balance sheet		
Current	1.48	12.60
Non current	15.05	0.76

### 38 Leases

a) The Group has adopted Ind AS 116 ‘Leases’ from 1 April 2019, which resulted in changes in accounting policies in the consolidated financial statements.

#### b) Transition

Effective 1 April 2019, the Group adopted Ind AS 116 'Leases' and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and recognised at the date of initial application:

- Lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate for leases as on 31 March 2019; and
- Right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

#### c) Practical expedients applied

In applying Ind AS 116 for the first time, the Group has used the practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
  - accounting for operating leases with a remaining lease term of less than 12 months or with minimal rent payments as at 01 April 2019 as short-term leases.
- d) The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 8% p.a. with maturity between 2020 -25.
- e) Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

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f) The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Building	66	1 to 8 years	2.40 years to 5.5 years

There are no leases entered by the Group which have any extension, termination or purchase options and the payment of lease rentals is not based on variable payments which are linked to an index.

#### g) (i) Amounts recognised in balance sheet and statement of profit and loss :

The balance sheet shows the following amounts relating to leases: (₹ in crores)

Particulars	Category of right-of-use assets		
	Land	Buildings	Total
<b>Balance as at 1 April 2019</b> (on account of initial application of Ind AS 116)*	-	53.39	53.39
Reclassification from Property, Plant and Equipment	5.15	-	5.15
Add: Additions	-	0.17	0.17
Less: Depreciation charged on the right-of-use assets	0.05	16.66	16.71
<b>Balance as at 31 March 2020</b>	<b>5.10</b>	<b>36.90</b>	<b>42.00</b>

\*includes balance of prepaid lease rentals as on 31 March 2019 amounting to ₹2.39 crore.

#### h) Lease payments not recognised as lease liabilities:

Particulars	Year ended 31 March 2020
Expenses relating to short term leases (included in other expenses)	2.69
<b>Total</b>	<b>2.69</b>

i) The total cash outflow for leases for the year ended 31 March 2020 was ₹17.68 crores

#### j) Future minimum lease payments as on 31 March 2020 are as follows:

Minimum lease payments due	As on 31 March 2020		
	Lease payments	Finance charges	Net present values
Within 1 year	18.08	1.50	16.58
1 - 2 years	13.27	1.91	11.36
2 - 3 years	8.76	1.74	7.02
3 - 4 years	1.93	0.53	1.40
4 - 5 years	0.85	0.20	0.65
More than 5 years	0.99	0.12	0.87
<b>Total</b>	<b>43.88</b>	<b>6.00</b>	<b>37.88</b>

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### k) Reconciliation of total lease commitments as on 31 March 2019 to the lease liabilities recognised at 1 April 2019:

Particulars	₹ in crore
Total operating lease commitments as on 31 March 2019	5.80
Discounted using incremental borrowing rate	0.90
<b>Operating lease liabilities</b>	<b>4.90</b>
Reasonably certain extension options	46.10
Finance lease obligations	-
<b>Total lease liabilities recognised under Ind AS 116 at 1 April 2019</b>	<b>51.00</b>

### l) Disclosure under Ind AS 17 for the year ended 31 March 2019

#### Operating lease commitments - Company as lessee

Minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Particulars	₹ in crore
Not later than one year	2.58
Later than one year but less than five years	3.17
Later than five years	0.05
<b>Total</b>	<b>5.80</b>

## 39 Commitments, contingencies and litigations

<b>(a) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	4.92	17.34
<b>(b) Contingent liabilities</b>		
(i) Guarantees provided by Holding Company	-	25.61
(ii) Claims against the Company not acknowledged as debt		
- In respect of income tax, value added tax, service tax and excise duty demands pending before various authorities and in dispute	8.31	9.43
- In respect of consumer cases	2.14	1.84

The Group is contesting the above demands and the management, including its solicitor, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the consolidated financial statements for the tax demand raised.

The Group has certain litigations involving customers and vendors and based on legal advice of in-house legal team, the management believes that no material liability will devolve on the Group in respect of these litigations.

## 40 Segment reporting

### Basis of segment reporting

The Group has following business segments, which are its reportable segments. These segments offer different products and services, and are managed separately because they require different technology and production processes:

Reportable segment	Operations
Tiles	Manufacturing and trading of ceramic and vitrified wall and floor tiles
Others including bathware, sanitaryware and plywood products	Manufacturing of sanitaryware and faucet and trading of plywood and block board

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Operating segment disclosures are consistent with the information provided to and reviewed by the chief operating decision maker. The measurement principles of segments are consistent with those used in Significant Accounting Policies.

Particulars	31 March 2020			31 March 2019		
	Tiles	Others	Total	Tiles	Others	Total
<b>A. Segment revenue</b>	<b>2,604.85</b>	<b>203.16</b>	<b>2,808.01</b>	<b>2,754.54</b>	<b>201.66</b>	<b>2,956.20</b>
<b>B. Segment results</b>	<b>315.68</b>	<b>(7.87)</b>	<b>307.81</b>	<b>363.86</b>	<b>(3.43)</b>	<b>360.43</b>
<b>C. Reconciliation of segment result with profit after tax</b>						
Segment results	315.68	(7.87)	307.81	363.86	(3.43)	360.43
<b>Add/(Less):</b>						
Other income	-	-	24.15	-	-	18.03
Finance costs	-	-	(19.51)	-	-	(15.59)
Exceptional item income/(expenses)	-	-	-	-	-	(4.84)
Income taxes	-	-	(58.92)	-	-	(129.28)
<b>Profit after tax as per Statement of Profit and Loss</b>	<b>-</b>	<b>-</b>	<b>253.53</b>	<b>-</b>	<b>-</b>	<b>228.75</b>
<b>D. Other information</b>						
Segment assets	1,997.09	197.07	2,194.16	1,943.81	170.46	2,114.27
Un-allocable assets	-	-	244.44	-	-	258.96
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>2,438.60</b>	<b>-</b>	<b>-</b>	<b>2,373.23</b>
Segment liabilities	409.64	44.17	453.81	460.48	34.76	495.24
Un-allocable liabilities	-	-	206.78	-	-	237.18
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>660.59</b>	<b>-</b>	<b>-</b>	<b>732.42</b>
<b>Capital expenditure</b>	<b>88.28</b>	<b>19.18</b>	<b>107.46</b>	<b>122.00</b>	<b>7.52</b>	<b>129.52</b>

### 41 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under, to the extent the Company has received intimation from the 'Suppliers' regarding their status under the Act.

Particulars	As at 31 March 2020	As at 31 March 2019
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
Principal amount due to micro and small enterprises	24.21	22.94
Interest due on above	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

### 42 During the previou year ended 31 March 2019, the Group had sold off its investments in Soriso Ceramic Private Limited pursuant to which it ceased to be its subsidiary. The exceptional item of ₹3.41 crores represents loss on sale of shares of Soriso Ceramic Private Limited.



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Further, exceptional items includes ₹1.43 crores on account of the loss on disposal of a land by a subsidiary viz. Kajaria Bathware Private Limited.

### 43 Share based payments

Kajaria Ceramics Employee Stock Option Plan, 2015 ('ESOP 2015' or the 'Plan') was approved by the Board of Directors and the shareholders of the Company on 7 September 2015. The plan entitles employees of the group to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Company is given below:

Particulars	Kajaria Ceramics Employee Stock Option Plan 2015
Exercise Price	₹425
Vesting conditions	45,800 options 24 months after the grant date ('First vesting') 91,600 options 36 months after the grant date ('Second vesting') 137,400 options 48 months after the grant date ('Third vesting') 183,200 options 60 months after the grant date ('Fourth vesting')
Exercise period	Stock options can be exercised within a period of 8 years from grant date.
Number of share options granted	458,000
Method of settlement	Equity

Stock options will be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹850 per option which is 7.42 % below the stock price i.e. ₹918.10 per share on the date of grant, i.e. 20 October 2015.

During the year ended 31 March 2017, face value of equity shares of the Company was sub-divided to ₹1 per share from ₹2 per share. Accordingly, the exercise price also reduced to ₹425 per share from ₹850 per share and number of stock options increased to 458,000 equity shares from 229,000 equity shares. The number and weighted average exercise price of share options are as follows:

Particulars	Number of options	Weighted average exercise price per option
At 1 April 2018	3,92,700	425.00
Forfeited during the year	(44,000)	425.00
Exercised during the year	-	425.00
<b>At 31 March 2019</b>	<b>3,48,700</b>	425.00
<b>Exercisable as at 31 March 2019</b>	<b>3,48,700</b>	
<b>Weighted average remaining contractual life (in years)</b>	<b>4.55</b>	
At 1 April 2019	3,48,700	425.00
Forfeited during the year	(29,000)	425.00
Exercised during the year	(6,900)	425.00
<b>At 31 March 2020</b>	<b>3,12,800</b>	425.00
<b>Exercisable as at 31 March 2020</b>	<b>3,12,800</b>	
<b>Weighted average remaining contractual life (in years)</b>	<b>3.55</b>	

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The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. The following principal assumptions were used in the valuation:

Grant date	20 October 2015	20 October 2015	20 October 2015	20 October 2015
Vesting date	20 October 2017	20 October 2018	20 October 2019	20 October 2020
Expiry date	20 October 2023	20 October 2023	20 October 2023	20 October 2023
Fair value of option at grant date	260.22	310.20	354.01	392.99
Exercise price	425.00	425.00	425.00	425.00
Expected volatility of returns	27.63%	27.63%	27.63%	27.63%
Weighted average contractual life (in years)	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years
Expected dividend yield	0.40%	0.40%	0.40%	0.40%
Risk free interest rate	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%

### 44 Category wise classification of financial instruments

Particulars	31 March 2020			31 March 2019		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
<b>Financial assets</b>						
<b>Non-current</b>						
Investments	0.34	-	-	0.34	-	-
Loans	-	-	20.03	-	-	11.78
Other financial assets	-	-	0.79	-	-	4.79
<b>Current</b>						
Investments	-	9.80	-	-	-	-
Trade receivables	-	-	396.69	-	-	475.05
Cash and cash equivalents	-	-	16.11	-	-	22.12
Other bank balances	-	-	209.06	-	-	230.26
Loans	-	-	3.87	-	-	4.97
Other financial assets	-	-	4.18	-	-	4.21
<b>Total financial assets</b>	<b>0.34</b>	<b>9.80</b>	<b>650.73</b>	<b>0.34</b>	<b>-</b>	<b>753.18</b>
<b>Financial liabilities</b>						
<b>Non-current</b>						
(i) Borrowings	-	-	21.51	-	-	31.45
(ii) Lease liabilities	-	-	23.37	-	-	-
<b>Current</b>						
(i) Borrowings	-	-	95.63	-	-	63.49
(ii) Trade payables	-	-	239.31	-	-	309.07
(iii) Lease liabilities	-	-	14.51	-	-	-
(iv) Other financial liabilities	-	-	110.46	-	-	137.83
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>504.79</b>	<b>-</b>	<b>-</b>	<b>541.85</b>

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The management assessed that fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group determines fair values of financial assets or liabilities by discounting the contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. The fair value of investments in mutual funds is determined using quoted net assets value of the funds. Further, the subsequent measurements of all assets and liabilities (other then investments in mutual funds) is at amortised cost, using effective interest rate method.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the Group's interest bearings borrowings are determined using discount rate that reflects the Group's discount rate at the end of the reporting period. The own non-performance risk as at the reporting period is assessed to be insignificant.

- The fair value of unquoted instruments and other financial assets and liabilities is estimated by discounting future cash flows using rates using rates currently applicable for debt on similar terms, credit risk and remaining maturities.

### 45 Fair value hierarchy

The following tables present financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There are no financial liabilities measured at fair value as at 31 March 2020 and 31 March 2019.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31 March 2020 and 31 March 2019 as follows:

As at 31 March 2020	Level 1	Level 2	Level 3	Total
Investments (current)	9.80	-	-	9.80
Investments (non-current)	-	-	0.34	0.34
<b>Total</b>	<b>9.80</b>	<b>-</b>	<b>0.34</b>	<b>10.14</b>

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Investments (non-current)	-	-	0.34	0.34
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.34</b>	<b>0.34</b>

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**Valuation technique used to determine fair value:**

**Investments (Non current):** Discounted Cash flow method using risk adjusted discount rate.

**Investments (Current):** The investments in mutual fund have been fair valued per net assets value (NAV) as at reporting date.

The carrying amount of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair value, due to their short term nature.

### 46 Financial risk management objectives and policies

The Group's activities expose it to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Group's senior management is supported by a Risk Management Compliance Board that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below.

#### I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, trade payables, interest bearing deposits, loans and derivative financial instruments.

The sensitivity analyses of the above mentioned risk in the following sections exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in note 39.

#### A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is based on the currently observable market environment.

Particulars	31 March 2020		31 March 2019	
	Increase/ decrease in basis points	Effect on profit before tax	Increase/ decrease in basis points	Effect on profit before tax
INR	+50	(1.47)	+50	(0.91)
INR	-50	1.47	-50	0.91

#### B. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.



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Particulars	% change in rate	Effect on profit before tax	
		31 March 2020	31 March 2019
USD	+5%	(0.83)	(0.23)
	-5%	0.83	0.23
Euro	+5%	(0.17)	(0.15)
	-5%	0.17	0.15

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.

### II. Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises primarily from financial assets such as trade receivables, other balances with banks, loans and other receivables. The Group has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

The Group provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group's policy is to provides for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at reporting date.

#### A. Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At the year end the Group does not have any significant concentrations of bad debt risk other than that disclosed in note 12.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 44. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

#### Movement in allowance for expected credit losses on trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning of the year	3.28	2.20
Add: Allowance during the year	2.91	1.08
<b>Balance as at the end of the year</b>	<b>6.19</b>	<b>3.28</b>

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31 March 2020  
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### B. Financial instruments and cash deposits

The management considers the credit quality of current accounts and deposits with banks to be good and reviews the banking relationships on an on-going basis.

The Group does not require any security in respect of the above financial assets. There are no impairment provisions as at each statement of financial position date against these financial assets, except as disclosed in respect of trade receivables above. The management considers that all the above financial assets that are not impaired or past due for each of the statement of financial position dates under review are of good credit quality.

### III. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>As at 31 March 2020</b>					
Borrowings*	97.56	9.04	21.07	0.47	128.14
Lease liabilities	3.63	10.88	23.37	-	37.88
Trade payables	238.63	0.67	-	-	239.31
Other financial liabilities	86.58	12.89	-	-	99.47
	<b>426.40</b>	<b>33.48</b>	<b>44.44</b>	<b>0.47</b>	<b>504.79</b>
<b>As at 31 March 2019</b>					
Borrowings*	70.63	18.25	27.68	3.77	120.34
Trade payables	307.21	1.86	-	-	309.07
Other financial liabilities	85.82	26.62	-	-	112.43
	<b>463.66</b>	<b>46.73</b>	<b>27.68</b>	<b>3.77</b>	<b>541.84</b>

\* In absolute terms i.e. discounted and including current maturity portion

### 47 Derivative instruments and unhedged foreign currency exposure

The Group has no outstanding derivative instrument at the year end. The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under:

Particulars	31 March 2020		31 March 2019	
	Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Foreign trade payables/other payable				
USD in crores	0.16	12.09	0.21	14.54
EURO in crores	0.03	2.46	0.24	18.58
Foreign trade receivables				
USD in crores	0.05	3.52	0.06	4.48
AUD in crores	0.01	0.21	0.01	0.50

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Particulars	31 March 2020		31 March 2019	
	Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Short term borrowings				
USD in crores	0.11	8.05	-	-
EUR in crores	0.01	0.91	-	-
Advance to supplier				
USD in crores	0.01	0.21	-	-

### 48 Capital management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as going concern; and
- to provide an adequate return to stakeholders

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Holding company. The Group manages its capital structure and makes adjustments in light of changes in economic condition and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing borrowings, less cash and cash equivalents.

Particulars	31 March 2020	31 March 2019
Total borrowings	128.13	120.33
Less: Cash and cash equivalents	(16.11)	(22.12)
<b>Total debts</b>	<b>112.02</b>	<b>98.21</b>
Capital employed	1,714.27	1,574.90
<b>Total capital employed</b>	<b>1,714.27</b>	<b>1,574.90</b>
<b>Gearing ratio (%)</b>	<b>6.53%</b>	<b>6.24%</b>

### 49 Corporate social responsibility ('CSR')

As per Section 135 of the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Holding company was required to spend ₹7.75 crores (31 March 2019: ₹7.69 crores) for Corporate Social Responsibility activities. The Holding company has incurred CSR expenditure of ₹5.98 crores during the current financial year (31 March 2019: ₹4.86 crores) on the projects/activities for the benefit of the public in general and in the neighbourhood of the manufacturing facilities of the Holding company.

Particulars	For the year 31 March 2020	For the year 31 March 2019
(i) Construction/acquisition of any asset	0.28	1.70
Paid in cash	1.58	0.11
Other than cash		
(ii) On purposes other than (i) above	4.12	3.05
Paid in cash	5.98	4.86

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31 March 2020  
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### 50 Research and development expenditure

Research and development expenditure incurred during the year ended 31 March 2020 and 31 March 2019 is as follows:

Particulars	For the year 31 March 2020	For the year 31 March 2019
Capital expenditure	0.05	0.26
Revenue expenditure	18.34	18.22
	<b>18.39</b>	<b>18.48</b>

### 51 Post reporting date events

No adjusting or significant non-adjusting event has occurred between 31 March 2020 and the date of authorisation of Company's standalone financial statements.

### 52 Reconciliation of liabilities arising from financing activities pursuant to Ind AS - 7 Cash flows

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

Particulars	As at 31 March 2020	As at 31 March 2019
Current borrowings	95.63	63.49
Lease Liabilities (including current portion)	37.88	-
Non-current borrowings	32.50	56.84
<b>Net debt</b>	<b>166.01</b>	<b>120.33</b>

The changes of the Group's liabilities arising from financing activities can be classified as follows:

Particulars	Current borrowings	Lease Liabilities	Non-current borrowings
<b>Net debt as at 1 April 2018</b>	<b>75.67</b>	-	<b>94.66</b>
Cash flows	(2.37)	-	(38.05)
Non-cash adjustments - Fair value adjustments	-	-	0.23
On disposal of subsidiary (refer note 42)	(9.81)	-	-
<b>Net debt as at 31 March 2019</b>	<b>63.49</b>	-	<b>56.84</b>
Lease Liabilities recognised under Ind AS 116 at 1 April 2019	-	51.00	-
Interest on lease liabilities	-	4.56	-
Cash flows	32.14	(17.68)	(24.87)
Non-cash adjustments - Fair value adjustments	-	-	0.53
<b>Net debt as at 31 March 2020</b>	<b>95.63</b>	<b>37.88</b>	<b>32.50</b>



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### 53 Disclosure of additional information pertaining to the Holding Company and Subsidiaries as per Schedule III of Companies Act, 2013

Particulars	Net assets as at 31 March 2020		Share in profit or loss (Including OCI) for the year 2019-20		Share in other comprehensive income (OCI) for the year 2019-20		Share in total comprehensive income for the year 2019-20	
	As % of consolidated net assets	Net assets (Total assets minus total liabilities)	As % of consolidated profit or loss	Profit/ (Loss)	As % of consolidated profit or loss	OCI	As % of consolidated profit or loss	Total comprehensive income
<b>A. Holding company</b>								
Kajaria Ceramics Limited	97.30%	1,729.96	109.97%	278.80	87.93%	(0.66)	110.04%	278.14
<b>B. Subsidiaries</b>								
Jaxx Vitrified Private Limited	0.42%	7.40	-1.40%	(3.56)	0.00%	-	-1.41%	(3.56)
Vennar Ceramics Limited	2.00%	35.56	0.17%	0.42	9.33%	(0.07)	0.14%	0.35
Floera Ceramics Private Limited	0.42%	7.49	-0.80%	(2.03)	0.00%	-	-0.80%	(2.03)
Cosa Ceramics Private Limited	4.04%	71.85	-0.06%	(0.15)	0.00%	-	-0.06%	(0.15)
Kajaria Bathware Private Limited	3.25%	57.70	-2.03%	(5.15)	5.33%	(0.04)	-2.05%	(5.19)
Kajaria Plywood Private Limited	-0.37%	(6.66)	-4.04%	(10.24)	-2.58%	0.02	-4.04%	(10.22)
Non-controlling interests in all subsidiaries	3.58%	63.74	-0.71%	(1.80)	5.33%	(0.04)	-0.73%	(1.84)
Elimination on account of consolidation	-10.64%	(189.03)	-1.10%	(2.76)	-5.33%	0.04	-1.08%	(2.72)
	<b>100.00%</b>	<b>1,778.01</b>	<b>100.00%</b>	<b>253.53</b>	<b>100.00%</b>	<b>(0.75)</b>	<b>100.00%</b>	<b>252.77</b>

Particulars	Net assets as at 31 March 2019		Share in profit or loss for the year 2018-19		Share in other comprehensive income (OCI) for the year 2018-19		Share in total comprehensive income for the year 2018-19	
	As % of consolidated net assets	Net assets (Total assets minus total liabilities)	As % of consolidated profit or loss	Profit/ (Loss)	As % of consolidated profit or loss	OCI	As % of consolidated profit or loss	Total comprehensive income
<b>A. Holding company</b>								
Kajaria Ceramics Limited	95.44%	1,565.98	107.51%	245.90	62.53%	0.14	107.56%	246.04
<b>B. Subsidiaries</b>								
Soriso Ceramic Private Limited*	0.00%	-	-0.40%	(0.91)	0.00%	-	-0.40%	(0.91)
Jaxx Vitrified Private Limited	0.67%	10.96	-0.04%	(0.10)	0.00%	-	-0.04%	(0.10)
Vennar Ceramics Limited	2.15%	35.21	1.07%	2.44	49.13%	0.11	1.11%	2.55
Floera Ceramics Private Limited	0.58%	9.52	0.00%	-	0.00%	-	0.00%	-
Cosa Ceramics Private Limited	4.39%	71.99	1.60%	3.67	0.00%	-	1.60%	3.67
Kajaria Bathware Private Limited	3.80%	62.41	-2.48%	(5.68)	-13.40%	(0.03)	-2.50%	(5.71)
Kajaria Plywood Private Limited	-0.14%	(2.35)	-2.44%	(5.58)	0.00%	-		(5.58)
Non-controlling interests in all subsidiaries	4.02%	65.91	0.95%	2.18	24.07%	0.05	0.97%	2.23
Elimination on account of consolidation	-10.91%	(178.82)	-5.76%	(13.17)	-22.33%	(0.05)	-5.78%	(13.22)
	<b>100.00%</b>	<b>1,640.81</b>	<b>100.00%</b>	<b>228.75</b>	<b>100.00%</b>	<b>0.22</b>	<b>102.54%</b>	<b>228.97</b>

\* ceased to be subsidiary as at 31 March 2019

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT

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**54** The consolidated financial statements are approved for issue by the Board of Directors at its meeting conducted on 26 June 2020.

**55** Due to COVID-19, the Company temporarily suspended the operations in all the units of the Company. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities, retail outlets of dealers etc. However, sales / supply of goods have commenced during the month of May 2020 and partial production commenced in June 2020.

The Company has performed a detailed assessment of its liquidity position and the recoverability of the assets as at the balance sheet date and has concluded that based on current indicators of future economic conditions, the carrying value of the assets will be recovered. Management believes that it has fully considered all the possible impact of known events in the preparation of the standalone financial results. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

### 56 Scheme of Arrangement

The Board of the Directors of the Company in its meeting held on August 26, 2019, passed a resolution to approve the Scheme of Amalgamation amongst Kajaria Tiles Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited), (Wholly-owned Subsidiary Company/Transferor Company) and Kajaria Ceramics Limited, (Holding Company/Transferee Company) and their respective shareholders and creditors" ("Scheme") on a going concern basis, with effect from April 1, 2019 or such other date as may be approved by the competent authority. The Company has received the order dated February 03, 2020 from the National Company Law Tribunal, Chandigarh Bench, Chandigarh with respect to the first motion application filed by the Company and has filed necessary documents with the required regulatory authorities.

As per our report of even date attached

For and on behalf of the Board of Directors

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

**Neeraj Sharma**  
Partner  
Membership No. 502103

Place: New Delhi  
Date: 26 June 2020

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

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

**Chetan Kajaria**  
Joint Managing Director  
(DIN: 00273928)

**Rishi Kajaria**  
Joint Managing Director  
(DIN: 00228455)

**Sanjeev Agarwal**  
Chief Financial Officer







STATEMENTS IN THIS DOCUMENT THAT ARE NOT HISTORICAL FACTS ARE FORWARD LOOKING STATEMENTS. THESE 'FORWARD-LOOKING' STATEMENTS MAY INCLUDE THE COMPANY'S OBJECTIVES, STRATEGIES, INTENTIONS, PROJECTIONS, EXPECTATIONS AND ASSUMPTIONS REGARDING THE BUSINESS AND THE MARKETS IN WHICH THE COMPANY OPERATES. THE STATEMENTS ARE BASED ON INFORMATION WHICH IS CURRENTLY AVAILABLE TO US, AND THE COMPANY ASSUMES NO OBLIGATION TO UPDATE THESE STATEMENTS AS CIRCUMSTANCES CHANGE. THERE MAY BE A MATERIAL DIFFERENCE BETWEEN ACTUAL RESULTS AND THOSE EXPRESSED HEREIN. THE RISKS, UNCERTAINTIES AND IMPORTANT FACTORS THAT COULD INFLUENCE THE COMPANY'S OPERATIONS AND BUSINESS ARE THE GLOBAL AND DOMESTIC ECONOMIC CONDITIONS. THE MARKET DEMAND AND SUPPLY FOR PRODUCTS, PRICE FLUCTUATIONS, CURRENCY AND MARKET FLUCTUATIONS, CHANGES IN THE GOVERNMENT'S REGULATIONS, STATUTES AND TAX REGIMES, AND OTHER FACTORS NOT SPECIFICALLY MENTIONED HEREIN BUT THOSE THAT ARE COMMON TO THE INDUSTRY.

# ***Kajaria***

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