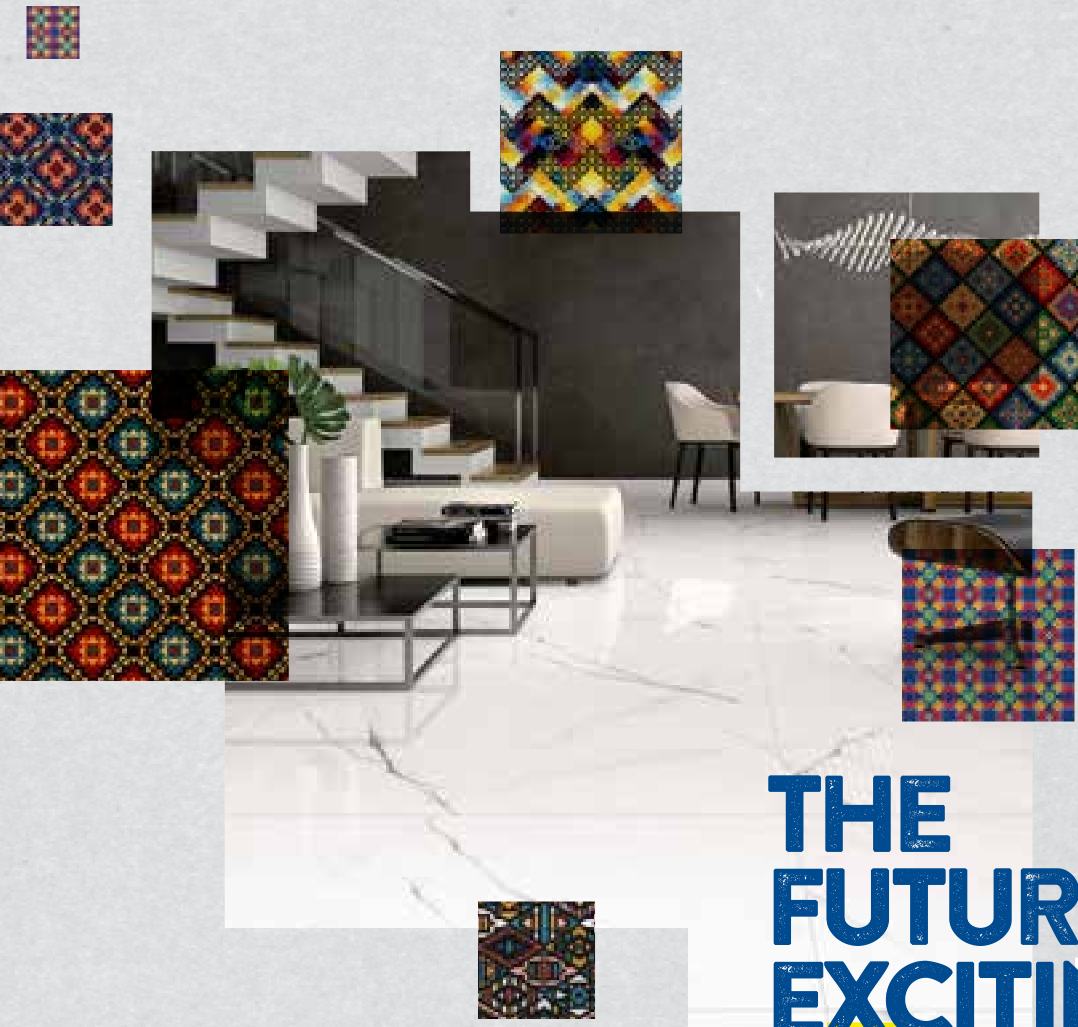
Kajaria

35 years



THE FUTURE IS EXCITING.

READY?

KAJARIA CERAMICS LIMITED

Integrated Annual Report

2022-23

CONTENTS

Take a few seconds to realise the era we are in.

The decade that was and the decade that will be, will be etched in history as the golden period in India's journey. Why?

We are an economy that is surging above the rest against all odds.

We are a nation that is traversing fast to occupy the global podium.

We are a name that is echoing across the world.

We are lucky to be witnessing the resurgence of a nation.

One that never was. One that will never be again.

INDIA

A name is reverberating across the world as an economic power that is coming of age.

WHAT IS SO EXCITING?

US$ **5** tr

INDIAN ECONOMY

The IMF's World Economic Outlook articulated that the size of the Indian economy will increase from US$3.75 trillion in 2022-23 to cross US$5 trillion in 2026-27. The Indian Government is taking necessary steps to make it to that coveted mark earlier than the International Monetary Fund's forecast year.

This number is highlighted in print media time and again. It's been talked about at multiple global forums. Most of us have heard this innumerable times. And said wow…

But do we really realise the gravity of this statement?

INDIA WILL ADD

US$ **500** bn

to its economy

EVERY YEAR

for the next three years.

When this happens, it would be largest economic expansion in 36 months achieved by any nation in the world (other than the US and China).

3 rd

India's position in the global pecking order by 2027-28 from its current position at Number 5.

Most may feel that this is only two ranks up. But those two positions mean we go past global power houses namely Germany and Japan. Moreover, this is an upward movement of 7 places since 2014 when India was ranked 10th. India will possibly achieve the fastest rise in the global ranking.

WHAT DOES THIS DO FOR INDIA?

It ups the nation's sovereign rating from Stable to Investment grade. As a result, the current FDI trickle will transform into a flow. Global corporates will flock to India in droves. India will take its rightful position as a global hub.

>1 bn sq. ft.

According to a JLL study titled "Reimagining, Reinventing, and Redefining Real Estate 2030", India's Grade A office market across the top seven cities is expected to increase to more than 1 billion sq ft by 2026.

31 mn sq. ft.

NEW RETAIL SPACE BY 2025

More than 70 shopping malls with a total retail space of 31.02 million sq ft are expected to become operational during H2/2022 - H2/2025 across the top seven cities of India.

The writing on the wall is clear. Every segment of the real estate sector, namely residential, commercial, retail, hospitality, data centers, hospitals warehousing etc. will experience robust growth over the next 3-5 years.

And then there is new development planned around the periphery of airports and railway stations which will only add to overall development.

These opportunities are remarkably inspiring.

AT KAJARIA, WE ARE EXCITED TO BE A PART OF INDIA'S AMBITIOUS JOURNEY TO THE GLOBAL ECONOMIC PODIUM.

About Kajaria Ceramic Limited

WE ARE INDIA'S NO.1 TILE COMPANY AND THE 7TH LARGEST IN THE WORLD.

WE ARE A BRAND THAT HAS BEEN CONFERRED WITH SUPERBRAND TITLE TWELVE TIMES CONSECUTIVELY.

WE ARE A MEMBER OF THE INDIAN GREEN BUILDING COUNCIL THAT REASSURES THE CONSUMERS THAT EACH PRODUCT IS CREATED THROUGH ECO-FRIENDLY PROCESSES.

WE ARE AN ENTERPRISE THAT THRIVES ON INNOVATION AESTHETICS.

Established in 1988, we have systematically transformed the tile sector with our path-breaking business strategies that have uplifted tiles from being a low-end commodity to an aesthetic solution.

We have seven tile manufacturing facilities and two manufacturing facilities for our bathware solutions. Our products showcase a potent combination of technological expertise and compelling creativity.

We have the largest product range catering to every price point which is showcased through our extensive dealer network spanning the entire nation, the largest distribution network for any tile company.

Innovation comes naturally to Kajaria as we continue to introduce new SKUs (sizes, designs and finishes) to rejuvenate our product basket frequently.

We make considerable investments in branding and promotion activities to create awareness of our products and cement our brand recall among discerning consumers.

Celebrity Bollywood stars Akshay Kumar and Ranveer Singh are brand ambassadors for our products. Advertisement campaigns pivoted on our brand ambassadors are showcased on in-demand TV channels during prime hours slots. Our brand is also visible at high-decibel national sporting events and all major airports. We are also very active on social media platform.

OUR BUSINESS VERTICALS

- Ceramic Wall & Floor Tiles
- Polished Vitrified Tiles
- Glazed Vitrified Tile
- Sanitaryware
- Faucet
- Plywood & Laminates
- Adhesives

OUR BRANDS

OUR BRAND AMBASSADORS

- Akshay Kumar
- Ranveer Singh

HIGHLIGHTS, 2022-23

81.55
CAPACITY
(MSM)

591.93
EBITDA
(₹ crore)

79.73
PRODUCTION
(MSM)

344.50
NET PROFIT
(₹ crore)

101.71
SALES VOLUME
(MSM)

2326.78
NETWORTH
(₹ crore)

4381.93
REVENUE
(₹ crore)

444.87
CASH & CASH EQUIVALENTS
(₹ crore)

The Management Statement

"WE ARE OPTIMISTIC THAT AS OUR STRATEGIC INITIATIVES TAKE DEEPER ROOT WITHIN, THE QUALITY OF OUR BUSINESS WILL EVOLVE, TRANSLATING INTO SUPERIOR STAKEHOLDER VALUE."

Ashok Kajaria
Chairman & Mg. Director

Chetan Kajaria
Joint Mg. Director

Rishi Kajaria
Joint Mg. Director

Global enterprises are redrafting their strategic blueprints to include India as they believe the nation will be an essential lever driving their progress.

Dear Shareholders

We are happy to present our Annual Report which details our performance for financial year 2022-23. Despite facing persistent challenges, we have crossed significant milestones and made remarkable progress. While much has been narrated across the document about our performance, which we will not repeat, there are two aspects that we wish to highlight since they hold a special place in our hearts and minds as it lends a credibility watermark on the relevance of our strategies and their execution.

One, our sales volume crossed the 100 MSM mark. This was momentous as it showcases the energy and enthusiasm of our team to go above and beyond to meet corporate aspirations.

Two, in terms of financial performance, we crossed the ₹4,000 crore turnover mark in FY23. While this was expected, a closer examination of the topline reveals a compelling truth about us. We added more than ₹1,600 crore to our topline in Just two years (FY22 and FY23), meaning that we added 55% of what we have achieved in 30 years (₹2,780 crore in FY21) in the following two years.

Our growth has been particularly satisfying because it transpired in two difficult years. It showcases the untiring efforts of the entire team, who put their best foot forward in growing the business under some of the most trying circumstances. We continued doing what we have always done – invest in capacities and capabilities - that has proved to be an enduring success time and again. Staggering our small steps towards many milestones, we transformed headwinds that could thwart our progress into tailwinds that elevated our flight.

By strategically navigating the challenges that lay before us, we have managed to convert the obstacles we encountered previous year. An exemplary instance of this is our recognition of the profound influence of Increased gas prices and supply disturbance on our profitability. In response, we implemented a decisive move of replacing Natural Gas with Bio fuel in some of our manufacturing operations, thereby effecting a structural transformation. This transition has not only aided us in reducing our reliance on natural gas but has also partially mitigated the adverse effects of price fluctuations in the crude oil and gas markets.

Let us dive directly into the looking glass for tomorrow. We are very excited because the prospects for the tile industry appear optimistic.

Our enthusiasm is platformed in India. A nation that has become a case study worldwide for its determined resilience and indomitable spirit to resurge against all odds. And we continue to see in India a definite relish to establish its position as a pivotal force in global affairs.

India continues to allure with a promising talent pool, strong domestic market, resilient supply chains and the spirit of Atmanirbharta while spreading wide to achieve its vision of being an ideal manufacturing destination for the world.

Global enterprises are redrafting their strategic blueprints to include India as they believe the nation will be an essential lever driving their progress. Some early birds have already landed on the Indian shores. Moreover, the IMF estimates reflect that India and China would drive half of the global economic growth in 2023.

We believe that the real estate sector will be a crucial beneficiary of India's resurgence to the global stage. Already experiencing heightened activity, especially in Tier 2 and 3 towns, the next decade will most likely witness an undeniable demand jump for all building material segments. We feel the real-estate pulse in these markets. Our unwavering efforts to entrench our presence in these pin codes is delivering appreciable returns. Our dealers have opened massive showrooms and are generating significant footfall - which was quite unthinkable in the recent past.

Our principle message

We wish to tell our shareholders that Kajaria Ceramics is poised for appreciable growth over the medium term. We have consciously selected the word 'poised' for it indicates a sense of preparedness. It denotes the proactive aggregation of capabilities required to address future markets.

From a financial standpoint, we do not just have a robust Balance Sheet to fund the capital expenditure of the day; we possess a multi-year foundation to keep investing our growing accruals in our business. We believe that our solid liquidity platform will make it possible for the Company to be largely reliant on its cash flows for growing the business and the flexibility to expand whenever it requires.

We are optimistic that as our strategic initiatives take deeper root within, the quality of our business will evolve, translating into superior stakeholder value.

In closing, we take the opportunity to thank all our stakeholders for their trust and support throughout our journey. We solicit your continued cooperation as we seek to capitalise on exciting future going forward.

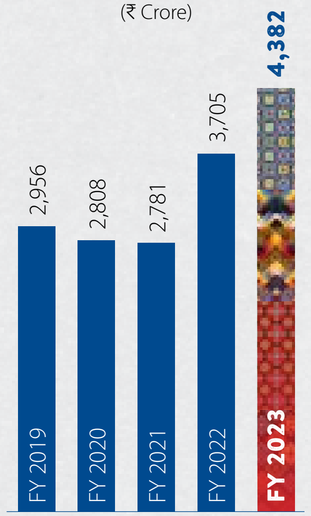
Warm regards,

The Management team

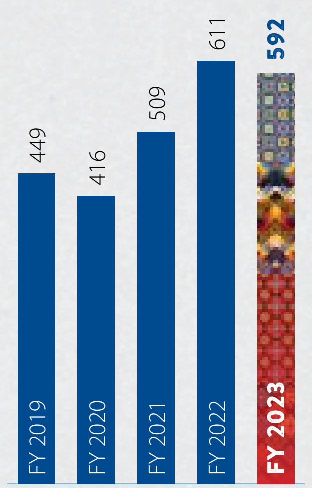

Kajaria
DESH KI MITTI SE BANI TILE SE,
DESH KO BANATE HAIN.
INDIA'S NO. 1 TILE COMPANY

KEY PERFORMANCE INDICATORS

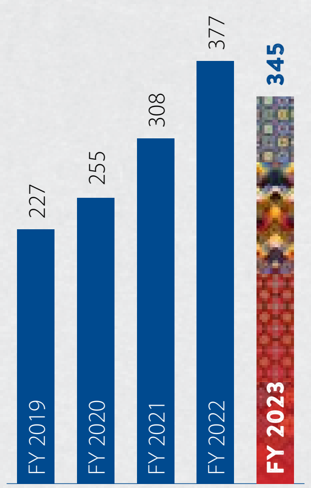
REVENUE FROM OPERATIONS
(₹ Crore)



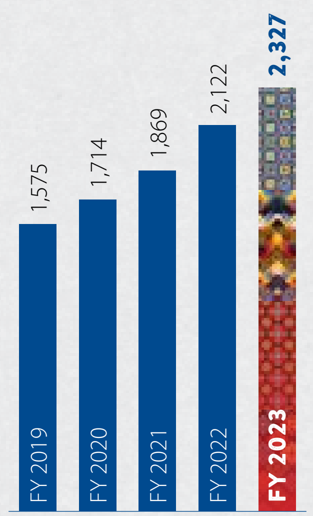
EBITDA
(₹ Crore)



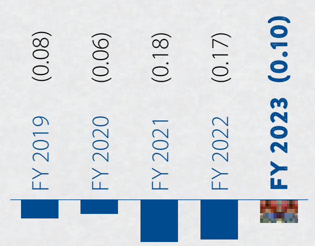
NET PROFIT
(₹ Crore)



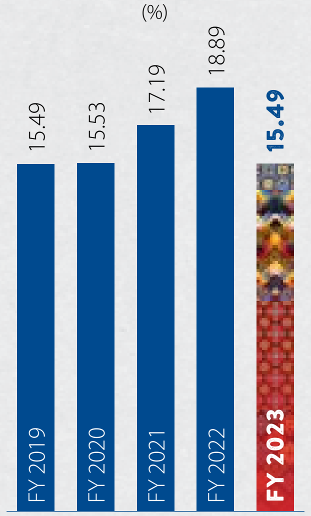
NETWORTH
(₹ Crore)



NET DEBT/EQUITY
(X)



RETURN ON NETWORTH (A)
(%)



OUR VALUE CREATION

At Kajaria, our core values matter. They are the central, guiding beliefs and principles underpinning a company and its employees, which are its cultural cornerstones. Since they frame how we deal with our stakeholders, they define a business's purpose and are the essence of brand identity.

Over three decades, we have steadily and faithfully embedded our core values - integrity, respect, and accountability – into the organisational edifice. Our values are rooted in every function of the organisation. Our patient efforts have been instrumental in positioning us as the dominant brand in the Indian tile industry.

ESG STRATEGY & FRAMEWORK

At Kajaria, our ESG strategy is an organisation-wide approach that adopts the Company's environmental, social and governance practices to increase business sustainability.

ESG is an acronym for Environmental, Social and Governance. It ensures that enterprises consider not only their profit margin but also their impact on the world and society as a whole. We recognise the importance of ESG considerations in our business planning.

At Kajaria, our ESG strategy is an organisation-wide approach that adopts the Company's environmental, social and governance practices to increase business sustainability. Now more than ever, the success and growth of not just our business but of every other business are directly tied to a relevant ESG strategy, which also involves conducting business in a way that provides long-term value without producing any adverse effects on the environment or society -- or minimises the effects, at least.

We closely monitor emerging global risks, stakeholder expectations, changing market trends and factor them into our ESG strategy.

DRIVERS OF OUR ESG STRATEGY

Adherence to National Voluntary Guidelines (NVGs): Adhering to principles and core elements laid down in the NVGs on Social, Environmental and Economic Responsibilities of Business published by the Ministry of Corporate Affairs (MCA) while conducting business.

Exceeding investor expectations: Devising policies and implementing business practices, transforming processes aligned with our investors' expectations on the Company's environment, and social and governance performance.

Employees' and workers' safety & well-being: Diligently working towards creating a safe, inclusive workspace for everyone on our premises by preventing injuries & fatalities.

Improving process efficiencies: Adopting best-in-class practices for resource use optimisation while ensuring the highest quality of our products.

Adapting to emerging risks: Identifying emerging risks such as regulatory ecosystem, supply chain disruptions, climate change, etc., to develop risk management plans within achievable timelines.

STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement is critical to delivering on our strategic objectives. We seek to balance the interests and expectations of stakeholders with those of the business through an integrated and inclusive process. Our engagement initiatives are guided by the principles of inclusivity, materiality and responsiveness, resulting in actionable insights that feed into our strategies. It is the judicious combination of these factors that helps us in sustaining growth.

OUR KEY STAKEHOLDERS

1) INVESTORS

Why are they important?

Source of capital.

What do they want?

Consistent returns on investments.

Better disclosures, transparency and credibility of financials.

How do we engage?

Investor / analyst meets and earning calls

Periodic meetings.

Annual Report, quarterly updates.

Annual General Meeting

What do we focus on?

Growing profitability and returns.

Highlight ESG commitment, initiatives and disclosures.

2) DEALERS

Why are they important?

Reaching products to the ultimate consumer, brand building and providing insights on emerging trends.

What do they want?

Innovative products and quality services.

On-time deliveries.

Reward and recognition for their efforts.

How do we engage?

Regular interaction with marketing teams

Digital platforms.

Product launch events and award ceremonies.

What do we focus on?

Fair treatment to all dealers

Upgrading their showrooms and shelf spaces.

Increasing our range of innovative products.

Ensure timely delivery of products and other services.

3) END CUSTOMERS

Why are they important?

Ultimate users who are critical to business success and sustainability.

What do they want?

Value for money.

Aesthetic and differentiated products.

Service beyond the product.

How do we engage?

Dealer showrooms.

Advertisement through various media.

Branding in high-decibel national sporting events.

Company website and social media.

What do we focus on?

Develop an enriched portfolio of products at all price points.

Leveraging dealer showrooms to enhance customer experience.

Focus on evolving customer needs.

4) EMPLOYEES

Why are they important?

Critical to the success of our business; translate business vision and strategy into on-ground reality and performance.

What do they want?

An healthy working environment.

Fair value for their effort.

Proper reward and recognition structure.

Learning opportunities.

How do we engage?

Induction programmes.

Engagements with the leadership team formally and informally.

What do we focus on?

Safe and positive working environment.

Equal opportunity for career development.

Better than industry emoluments.

Attracting and retaining diverse talent.

5) VENDORS

Why are they important?

Provide operational leverage to optimise the value chain and be cost-competitive.

What do they want?

Adherence to contracts and timely payments.

Growth opportunity.

Building capability.

How do we engage?

Vendor meets.

Other business communication channels.

What do we focus on?

Pricing, supply chain and quality changes for business continuity.

6) GOVERNMENT & REGULATORY BODIES

Why are they important?

Critical for business continuity.

What do they want?

Compliance with regulatory policies.

How do we engage?

Facility inspection

Meetings and dialogue with agencies.

What do we focus on?

Ensuring compliance and business continuity in line with changing policies.

7) INDUSTRY BODIES & ASSOCIATIONS

Why are they important?

To develop a network and build consensus to present a unified and mutually agreeable perspective to the Government.

What do they want?

Collaboration on key policy issues.

Knowledge sharing on trends and technologies.

How do we engage?

Participating in conferences and seminars organised by industry bodies.

Participation in national and regional committees and sub-committees to deliberate on important issues impacting the industry.

What do we focus on?

Issues relating to Ceramic Tile sector, Real Estate sector, Construction sectors.

Policies for furthering the ease of doing business.

8) COMMUNITIES

Why are they important?

For a conducive working environment, ensuring social support, amity and peace.

What do they want?

Addressing basic necessities of living such as water, health, sanitation and education.

How do we engage?

Interaction with various NGOs and other agencies to understand their needs.

Through surveys and focused-group discussion.

What do we focus on?

Ensuring safety at our operating sites so that the health & safety of communities is not compromised.

Sustaining community outreach activities in rural areas.

MATERIALITY ASSESSMENT EXERCISE

We have been constantly working on improving and delivering on the ESG priorities identified by us through our materiality assessment exercise. The findings indicate future trends, potential business risks and new business opportunities and have been collated with stakeholders' input.

We discuss regularly with our stakeholders and ensure that their concerns are addressed in our business decisions wherever feasible. We track the key topics discussed by our stakeholders namely customers, dealers, suppliers, investors, employees, community, industry associations and regulatory bodies at various forums.

Material issues have been clustered into Energy and GHG management, social relationship, environment protection, employee well-being, ethical conduct and product stewardship.

Energy and GHG Management	Social Relationships	Environment Protection	Employee well-being	Ethical Conduct	Product Stewardship
Energy Efficiency GHG emission reduction	Corporate Social Responsibility (CSR) Customer Experience	Water Management Air Pollution Biodiversity Management Waste Management	Occupational Health & Safety Employee training & development	Corporate Governance Business Ethics Regulatory Compliance Management	Research and Development Sustainable Supply Chain

OUR VALUE CREATION MODEL

Our value creation model is designed to leverage resource inputs to create long-term beneficial outcomes and impact for our stakeholders.

INPUTS

Manufactured Capital

- Tiles — 7 facilities
- Bathware — 1 facility
- Sanitaryware — 1 facility

Financial Capital

Shareholder's fund	₹2326.78 Crore
Borrowings	₹209.27 Crore

Human Capital

Team size	7354
Training person-hours	22000 +

Intellectual Capital

R & D expenses	₹7.54 crore

Social & Relationship Capital

Dealers	1840
Investment in CSR initiatives	₹7.43 Crore

Natural Capital

Energy Consumed	75 lakh GJ
Renewable energy utilised	5.09 lakh GJ
Water withdrawn	13.66 lakh KL

VALUE CREATION APPROACH

Kajaria | KEROVIT Bathrooms you desire | Kajaria PLY & LAMINATES | grès bond by Kajaria

OUTPUT

Our products

1 Tiles

2 Faucets

3 Sanitaryware

4 Plywood & Laminates

5 Adhesives

OUTCOME

Manufactured Capital

- Tile production — 94%
- Sanitaryware — 78%
- Faucet — 100%

Financial Capital

Revenue from operation	₹4382 Crore
EBITDA	₹592 Crore
Net Profit	₹345 Crore

Human Capital

Revenue per employee	₹60 lakh
Attrition	7%
LTIFR	0.4 per one million person-hours worked

Intellectual Capital

New SKUs launched in FY23	800+

Social & Relationship Capital

Tiles sales volume	101.71 MSM
CSR programs	115

Natural Capital

Total GHG emissions (Scope 1 and 2) 0.69 million tCO2e

MANUFACTURED CAPITAL

We are constantly looking for new ways to enhance our manufacturing capabilities. Progressive technologies and automation combined with sustainable green initiatives are critical business imperatives.

In an increasingly competitive sector, there is a premium on maximising capacity utilisation, manufacturing quality products, moderating costs and reducing carbon footprint. In view of this, efficient manufacturing provides Kajaria with a robust foundation to build its long-term sustainability. Versatility built into our system allows us to renew product offerings frequently, which enables us to stay ahead of the sectoral curve.

OUR INFRASTRUCTURE

With a cumulative 81.55 MSM tile manufacturing capacity, we are India's largest and the world's 7th largest tile manufacturer. Our annual sanitary and faucet manufacturing capacity is 7.5 lakh pieces and 16 lakh pieces, respectively. We have progressively enhanced our capacity in our product verticals to strengthen our capability to cater to growing opportunities nationwide.

Even as gas prices increased sharply, our manufacturing teams at multiple locations focused on operating facilities higher than their label capacity, which helped lessen costs. In addition, they persevered patiently in streamlining operations to enhance man-machine productivity and Grade-A output.

GAILPUR PLANT

Our Gailpur unit stands as India's largest and most certified tile manufacturing facility. In our continuous pursuit of excellence, we have recently undertaken a kiln replacement project within our ceramics division. Last year, we replaced two older kilns with a single larger kiln equipped with advanced technology variants. In the current year, we are in the process of replacing an additional two older kilns with one larger kiln. We anticipate this new kiln to be fully commissioned by the end of the first half of this year. The new kilns not only ensure high-quality output but also offer cost optimization.

In our pursuit of cost optimization and environmental sustainability, we have implemented a range of initiatives. One notable initiative involved replacing the use of natural gas in spray dryers with biomass. Additionally, we have modified our packaging methods to minimize the need for corrugated caps at the corners and have transitioned from traditional packaging materials to more eco-friendly alternatives.

SIKANDRABAD PLANT

Out of the three kilns currently in operation at our facility, we have replaced one kiln with the advanced Continua Plus technology. Upon its full commissioning, the new kiln will not only increase our operating capacity by 1.8 MSM but will also enable us to manufacture larger-size tiles. In line with our cost management strategy, we have also transitioned from using natural gas in our spray dryers to biomass, thereby reducing our reliance on Natural Gas. Furthermore, we have actively worked on replacing traditional packaging materials with more environmentally friendly options.

MALOOTANA PLANT

Following process improvements and cost optimization efforts, our unit successfully relaunched full-body tiles specifically designed for high-footfall areas, gaining significant market acceptance. As part of our ongoing initiative to streamline operations, we implemented several measures that effectively reduced our overall operational costs. These measures included:

- Replacing conventional motors with more efficient and cost-effective VFD variants.
- Identifying and adopting cost-effective alternatives to expensive chemicals and other consumables.
- Implementing optimisations in our packaging processes to reduce associated costs.

Through these strategic actions, we were able to enhance our operational efficiency and drive down costs while maintaining product quality, further establishing our position in the market.

SRIKALAHASTI PLANT

Our manufacturing unit in South India stands as a testament to our commitment to excellence. In May 2022, we proudly commissioned our second manufacturing line, utilizing the cutting-edge 'Continua Plus' technology. This advanced technology has not only bolstered our operating capacity by 3.80 MSM but also positioned us as pioneers in the southern region and enable us to manufacture larger slab tiles measuring 1200 x 2400 mm.

Moreover, we take great pride in being one of the first in India to implement an automated slab polishing and packing solution at our unit. By automating these processes, we have effectively optimized our human resources, allowing them to focus on other value-added operations. This strategic decision has streamlined our operations, further reinforcing our commitment to efficiency and productivity.

SANITARYWARE PLANT

During the year, we focused on streamlining our manufacturing operations which led to stabilization in kiln parameters. The efforts yielded good results, enhancing the Grade-A quality of output. In pursuit to strengthen our position in the market, we expanded our product range with new variants, catering to a wider customer base. Furthermore, we dedicated ourselves to improving the surface quality of our end products, aiming to enhance their aesthetic appeal.

We are confident that these measures will have a positive impact on our product offtake in the future. By prioritizing operational efficiency and product quality, we aim to meet and exceed the expectations of our customers, solidifying our presence in the competitive business landscape.

FAUCETS PLANT

Our faucet unit operated at optimal utilization during the year, marking a significant milestone for our operations. The highlight of the year was the successful introduction of the Physical Vapour Deposition (PVD) technology for producing colored faucets. This new capability enabled us to expand our faucet offering with a range of captivating colors, including Rose Gold, Gun Metal, Champagne Gold, and Black.

In response to market trends and growing demand for water-saving solutions, we also ventured into manufacturing sensor taps, which have gained considerable traction. These innovative taps not only offer convenience but also contribute to water conservation efforts.

To further optimize our plant operations, we implemented measures to balance and debottleneck processes at our electroplating division which resulted in an increased output.

By staying at the forefront of technological advancements and continuously improving our operations, we are committed to providing a diverse range of high-quality faucets to our customers, further solidifying our position in the market.

	TILES (MSM)				BATHWARE (LAKH PCS)	
Plants	Ceramic Wall & Floor Tiles	Polished Vitrified Tiles	Glazed Vitrified Tiles	Total	Sanitaryware	Faucets
Sikandrabad (UP)	-	-	8.40	8.40	-	-
Gailpur (Rajasthan)	29.40	-	9.10	38.50	-	16.00
Malootana (Rajasthan)	-	6.50	-	6.50	-	-
Morbi (Gujarat)	-	8.90	5.70	14.60	7.50	-
Srikalahasti (AP)	-	-	8.80	8.80	-	-
Balanagar (Telangana)	4.75	-	-	4.75	-	-
Total	**34.15**	**15.40**	**32.00**	**81.55**	**7.50**	**16.00**

FINANCIAL CAPITAL

Our judicious capital allocation strategy across our business enhances efficiencies across our operations and creates long-term value for our stakeholders.

Financial capital underpins our business. It is deployed to support every other capital for seamless and efficient business operations, generating returns and delivering stakeholder value. Over the years, we have worked hard to sustain our deleveraged position, which gives us confident headroom for implementing strategic initiatives that sustain our business growth and profitability.

REVENUE MIX

We have followed a balanced approach between volume-driven and value-led sales. While we continue to sell tiles across all price points and all sizes, we focus on increasing our product basket with more appealing, large-sized tiles. Further, we focus on enhancing the aesthetic appeal of regular tiles, which helps secure higher product realisation.

COST MANAGEMENT

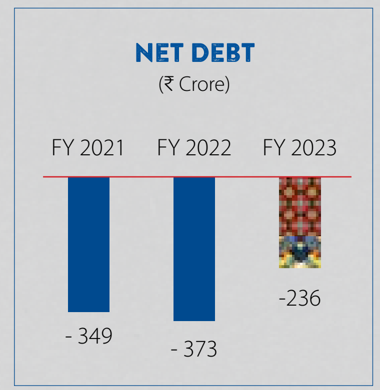
Cost management is a continuing exercise focusing squarely on minimising wastage and enhancing productivity. Further, the periodic expansion in volumes provides economies of scale which helps optimise costs. In FY23, we made an intelligent shift – our spray drying operations which used Natural Gas as fuel, now operate on energy generated from Biomass. This has and will continue to generate considerable cost savings over the coming years.

CASH FLOW GENERATION

Value and volume-driven sales, increased cost efficiencies, and stringent working capital management has allowed us to generate sufficient cash to meet its growth ambitions and optimise its external financial obligations. We adopt a prudent capital allocation strategy between capacity augmentation and dividend distribution.

DIVIDEND PAYOUT

Kajaria has been a dividend-paying company since inception, despite sectoral adversities such as a slump in the real estate sector, the NBFC crisis, demonetisation and the more recent pandemic. This has been possible owing to our solid foundation platformed on increasing liquidity. For FY23, we have paid an interim dividend of ₹6 per share and proposed a final dividend of ₹3 per share, which, if approved by the shareholders, would lead to a total payout of ₹143.31 crore.



HUMAN CAPITAL

Creating a future-ready workforce remains our top priority. We strive to make the organisation a workplace where employees are motivated and empowered to drive positive change.

At Kajaria, fostering a best-in-class working environment; providing ample learning opportunities; motivating and nurturing mature talent will continue to be the levers that create a bright future for us.

TEAM DEVELOPMENT

People development is core to our people philosophy. Training plays a pivotal role in this. Our on-the-job training focuses on improving technical and behavioral skills for career progression.

We organised behaviour development and motivational training for our dealer's sales team. Since they are the last mile in our distribution chain and opinion influencers, in a way, they are critical to Kajaria and the end customer.

Additionally, we motivate and encourage our team to attend seminars and webinars in their areas of interest and those aligned with business priorities.

TEAM BUILDING

At Kajaria, business expansion is a routine exercise that happens almost yearly. The fast-expanding multi-locational presence must be managed well to ensure these investments deliver the desired returns. We focus on broadening our selection of candidates by hiring personnel from diverse backgrounds to build a multi-talented and multi-cultured team to address the emerging market needs.

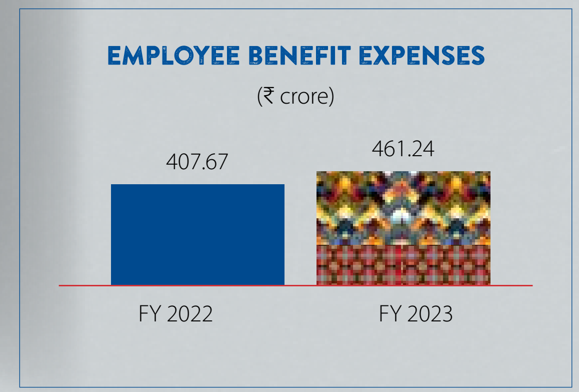
Kajaria is constantly making efforts to adopt best practices and implement policies to decrease the attrition rate. We strictly adhere to the Equal Remuneration Act for all of our employees irrespective of gender.

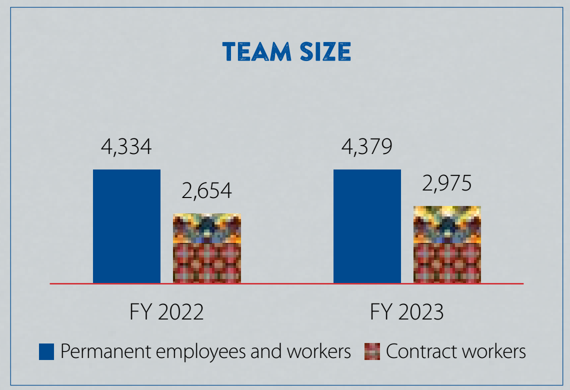
TEAM HEALTH & SAFETY

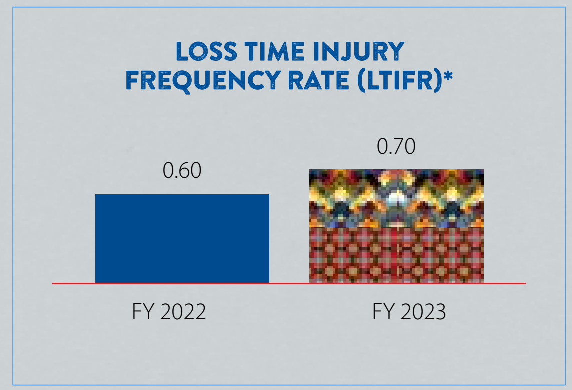
We are seized by the fact that a safe workplace motivates superior performance. Mindful of this reality, we have widened and tightened the safety net at all our operational sites through improved processes and practices.

Our Safety committee ensures that all SOPs are strictly adhered to. Safety training has been embedded in the people training calendar. Safety audits are a regular feature at all facilities. It acts as a check on the effectiveness of safety training and provides insights into areas of improvement at our manufacturing facilities.

At Kajaria, we aim to provide a healthy workspace for our entire team. At our plants, polluting areas are marked explicitly with adequate mechanisms (such as dust and fume extraction systems) to ensure a safe working ecosystem.







*per one million man hours worked

Kajaria has also partnered with hospitals to provide complete health support to their employees and families.

TEAM ENGAGEMENT

At Kajaria, we proactively work towards engaging with our employees regularly. Our various engagement platforms include digital and offline engagement channels where employees and workers can voice their issues and grievances without any restrictions.

INTELLECTUAL CAPITAL

Innovation is at the core of our value creation. We are constantly pushing boundaries to create aesthetic solutions. It propels us in staying ahead of the sectoral curve and to deliver sustainable value.

Our steadfast focus on innovation sharpens our competitive advantage in an otherwise competitive landscape. We put customer expectations and needs at the core of our product development lifecycle – it pushes us to consistently raise the bar on our innovation standards.

PRODUCT INNOVATION

Leveraging our differentiated ideation, cutting-edge technology and process engineering, we bring to the market place solutions that are aspiring and inspiring in equal measure.

In FY23, we continued to populate our product verticals with new SKUs that align with emerging trends and in-demand products.

In our tile business, we focused on widening our portfolio of large-size tiles owing to their superior aesthetic appeal. We also increased the basket of our fast-moving products by adding new designs and size variants. Overall, we added 800+ SKUs during the year making our large product offering even larger.

In our bathware vertical, we added numerous SKUs catering to multiple price points with a special effort on developing niche, high-end products.

In our plywood & laminates vertical, we introduced Liner Laminates and Solid Colour Laminates in numerous shades and colour to broaden our product portfolio.

INFORMATION TECHNOLOGY

With Information Technology (IT) emerging as the backbone of business operations, we continued to strengthen our IT infrastructure, network and solutions. Having transitioned our business operations to the contemporary SAP platform, we worked on streamlining and customising the solution to our business requirements.

In addition, we are in process of developing the Business Intelligence Solution and create relevant dashboards to provide critical information to the leadership team for monitoring performance and making strategic decisions.

To tighten governance practices, we installed a solution that facilitates in aligning with insider trading norms ensuring that Kajaria always remains on the right side of the regulatory framework.

We are working on a web and mobile based application for our sales team which will provide them all the necessary information required for achieving their business objectives. This solution should Go Live in the first half of the current year.

TECHNOLOGY DEPLOYMENT

Our passion for being better at our work pushes us to embrace new technologies that enhance our capabilities. The highlight for the year was the effective deployment of the Continua Plus technology in our new kilns installed at our Srikalahasti facility. In addition to being cost and productivity efficient, the contemporary technology allows us to manufacture large-size tiles (slabs). We also deployed the Physical Vapour Deposition technology at our bathware facility which allowed us to develop alluring variants of bathware products in stunning colours.

PROCESS ALTERATION

Our innovative power is not limited only to product development. Our deep knowledge in tile manufacturing and our ability to tweak processes to align them with the prevailing dynamism has been our defining differentiation and a showcase of our intellectual capital.

During the year, we altered the fuel source for spray driers from Natural Gas to energy from Biomass. Further, we made numerous small yet meaningful process improvements and equipment balancing measures that have unlocked invaluable manufacturing capacity at practically no capital cost.

BRAND POWER

We sustained our brand positioning due to our differentiated product offering, our penchant for innovation, our superior product quality and our unparalleled reach across the nation. It has enhanced customer trust in our products and allows us to earn a premium in the marketplace.

The highlight for the year was the effective deployment of the Continua Plus technology in our new kilns installed at our Srikalahasti facility.

SOCIAL & RELATIONSHIP CAPITAL

Mainstreaming progress and prosperity have been at the core of our thinking and actions. For more than three decades, we have worked towards creating a holistic, inclusive and sustainable society.

1) CUSTOMER RELATIONS

At Kajaria, we are mindful of the reality that our end customers make our brand. We stay invested in our relations with our customers to cement a lasting recall.

While we do not have a direct connection with our end customer, we ensure we occupy the top-of-the-mind recall. As a first step in this endeavor, we have partnered with mass-appeal celebrities who resonate with our brand and product attributes. Additionally, we engage with them through digital and physical platforms. At the digital level, we launch engaging campaigns that grab customer attention. At the physical level, we invest in large hoardings and signages in high-footfall areas (airports) and high-decibel national sporting events.

2) DEALER ENGAGEMENT

Kajaria is a highly respected name in the tile distribution network across India. For it has taught dealers to showcase tiles. It has trained them to market aesthetics and aspiration instead of selling tile. The bond established by Kajaria with its dealers decades ago continue to be nurtured down the generations. Because Kajaria does not simply offload tiles to its dealer warehouses. It facilitates dealers in selling them in several ways.

- Kajaria has tiles for every income pocket.
- We focus on improving tile display frequently; we also work on enhancing the look and feel of showrooms.
- We recognize and reward performing dealers appropriately.

3) PEOPLE ENGAGEMENT

We employ local talent to operate our manufacturing facilities. And this number continues to grow as we undertake greenfield/brownfield expansions at regular intervals. Moreover, we upskill our people in line with new technologies and processes to remain relevant to emerging trends. This job creation improves the livelihood of thousands of families and makes a small yet meaningful contribution to India's economic progress. In addition, we provide growth opportunities to many MSMEs around our facilities. As our operations increase, their growth opportunities also grow accordingly.

4) COMMUNITY ENGAGEMENT

Community well-being is deeply ingrained in our culture and integrates us with the broader world. We have focused on uplifting communities since inception. Over time, we have widened our CSR focus areas, positively touching a few thousand lives each year. Result-oriented CSR programs have helped us channel our efforts and resources in the most impactful ways, bringing about empowerment at the grassroots level.

We identify fundamental gaps which are essential for decent lives. Through our programs, we aim to plug these gaps sustainably, thereby imprinting a lasting impact on communities.

Our key intervention areas include health, sanitation, conservation of natural resources, social relief, promoting sports, Welfare of Armed Forces, Rural Development and education, etc.

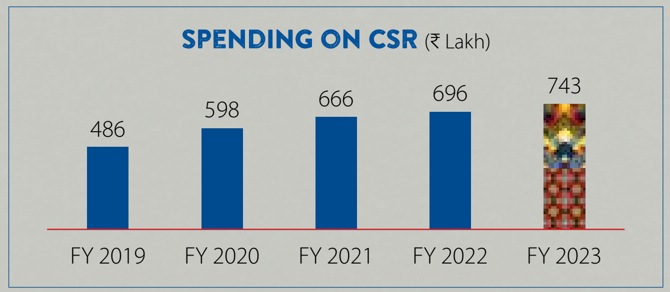
In FY23, we made significant investment towards sanitation – contributing to renovation of toilets in Government schools and institutions under the Swachh Bharat Abhiyaan programme. Our other important intervention during the period have been in preventive healthcare and eradicating poverty and malnutrition.

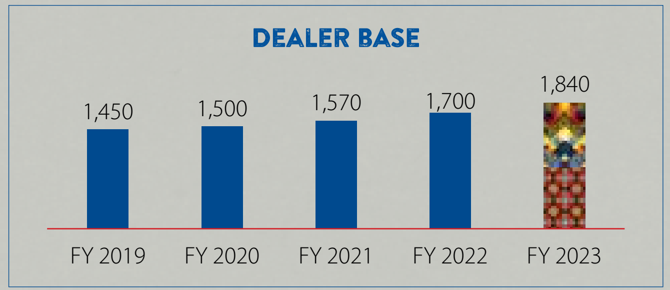
Mindful that an educated society is the harbinger of a prosperous nation, we have made significant contribution towards education of children belonging to lesser privileged families and communities.

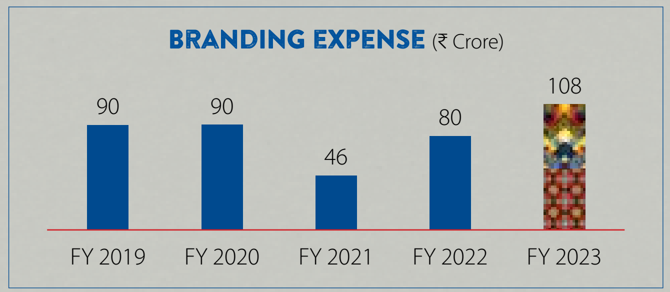
5) INVESTOR ENGAGEMENT

We maintain a close connection with the investor community. The Leadership Team and key management personnel interact with analysts and other members of the investor community regularly through multiple platforms to update them on our performance and prospects.

Sharing business profits with our co-owners is something that comes to us naturally. Despite economic and sectoral volatility, we have declared uninterrupted dividends since inception. Moreover, our industry-beating performance has created immense wealth for the investor community – the market capitalisation on BSE Limited has scaled from ₹9,295 crore as on March 31, 2017 to ₹16,784 crore as on March 31, 2023.







NATURAL CAPITAL

Natural resources are depleting faster than ever before. Their aggressive utilisation has resulted in significant climatic change worldwide adversely impacting lives and livelihoods. The need for climate change mitigation has never been greater than now.

Our business depends on the resources we draw from our environment. As a responsible business, we diligently work towards extending our environmental stewardship much beyond complying with applicable laws and regulations for resource conservation and energy efficiency.

Our actions are contributing to a better world, protecting natural capital, and are making our manufacturing more resource-efficient and resilient.

ENERGY MANAGEMENT

Our manufacturing operations consume significant volumes of energy. Hence, energy management is a critical area of focus. At Kajaria, we use LNG for majority of our plants, a non-polluting energy source for firing our kilns.

Mindful that we are using a fossil fuel, we have undertaken multiple steps to optimise energy consumption. Our in-plant initiatives include, process changes, replacement of legacy equipment with energy-saving variants, utilising waste heat in subsequent processes.

Additionally, we have invested in roof-top solar installation for power generation at some of our facilities which will, over the coming years, extend to all our operating units. In FY23, we made a defining change towards conserving natural resources.

Further, we consumed 5.09 lakh GJ of renewable energy (solar, wind and biomass) in the reporting period which constitutes 6% of our total energy consumption.

WATER MANAGEMENT

Today, sustainable access to freshwater is an imminent challenge, not only for industries, but for a large part of the global population. The careful usage and minimal wastage of freshwater is a critical need. At Kajaria, we endeavour to use water cautiously to ensure that our operations do not deplete on the water table of the area. We have created pits within our plant campus for rainwater harvesting. The harvest water partially replaces the drawl of fresh water for our manufacturing operations. Further waste water is treated though our ETP facility and reused for operations and gardening within the facility.

WASTE MANAGEMENT

In line with the 3₹(Reduce, Reuse, Recycle) of waste management, Kajaria strives to minimise waste at the source by stringently monitoring processes that lead to its generation. We strictly adhere to our maintenance schedule for all machinery which facilitates in minimising the incidence of spillage and leakage.

Through resource conservation, pollution control equipment, and sustainable waste management techniques, we remain committed to protect the environment. Our interventions in waste management Include:

- Capturing and reusing waste heat
- Treating and reusing waste water
- Minimising the human handling of finished tile to avoid breakage
- Recycling of broken tile

AIR EMISSION MANAGEMENT

Air emissions at our premises originate from kiln, dryers, glaze lines, etc. We have ensured that emissions released from our operating units are well below those mandated by the Pollution Control Board. For this, we have installed best-in-class equipment (including scrubbers, Electro-Static Precipitator (ESP), baghouse filters) to arrest emissions, ensuring a clean and ambient environment within our facilities and around them. Air emissions are monitored internally to ensure that we remain within the permissible limits of the regulatory authorities and to check any adverse impacts on the atmosphere. Additionally, we conduct third party sampling of our air emissions to ensure our measurement methods are aligned with standards.

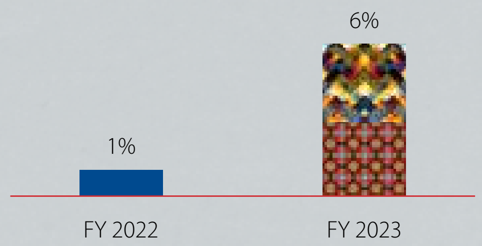
MATERIAL MANAGEMENT

Most material used in our processes exerts pressure on the environment. The realisation motivates us to implement initiatives that help us optimise the use of materials in our manufacturing process.

- Clay spillage (if any) and defective green tiles (tiles before baking) on the shop floor are also reused in the manufacturing process.
- Adopted digital printing technology that enhances tile aesthetics and reduces the consumption of inks used in printing.
- Reduced the use of film wrapping and plastic corners in tile packaging
- Optimised the grammage of paper in the packaging material
- Damaged finished tiles are crushed and reused in the manufacturing process.

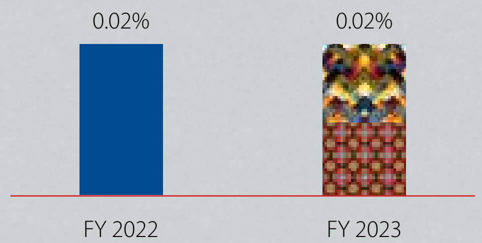
RENEWABLE ENERGY

(Percentage of total energy consumption)



WATER WITHDRAWAL INTENSITY

(KL/m2)



GOVERNANCE

Transparency and openness form the bedrock of governance at Kajaria. We firmly believe that good corporate governance practices are powerful enablers to build trust and confidence among our stakeholders. We remain committed to benchmark with the best standards of corporate governance.

GOVERNANCE FRAMEWORK

Our robust corporate governance framework enables us to form strategies, which govern our business holistically. Our comprehensive approach towards finding practical solutions to crucial, modern-day challenges with a focus on integrity and accountability have positioned us at a place of prominence in the global pecking order.

BOARD OF DIRECTORS

Balanced Board of Executive and Non-Executive, Independent Directors with diverse range of expertise and experience

Provides strategic direction and evaluates overall performance

Board Committees

Key corporate functions

OUR BOARD

At Kajaria, our Board is the highest governance body that ensures complete compliance with relevant regulations and provides strategic guidance on the economic, social and environmental aspects of sustainability.

We are headed by an admirable Board with multi-decadal expertise in their respective fields and industry. Our Board's diversity strengthens our governance practices. We leverage their vast and diversified expertise to ensure that Kajaria retains its competitive edge. They have been instrumental in guiding the management and analysing the Company's performance on a regular basis.

Our Board Committees

- Audit Committee
- Nomination and Remuneration Committee
- CSR Committee
- Stakeholder Relationship Committee
- Business Responsibility & Sustainability Committee
- Risk Management Committee
- Management Committee

BUSINESS RESPONSIBILITY POLICY

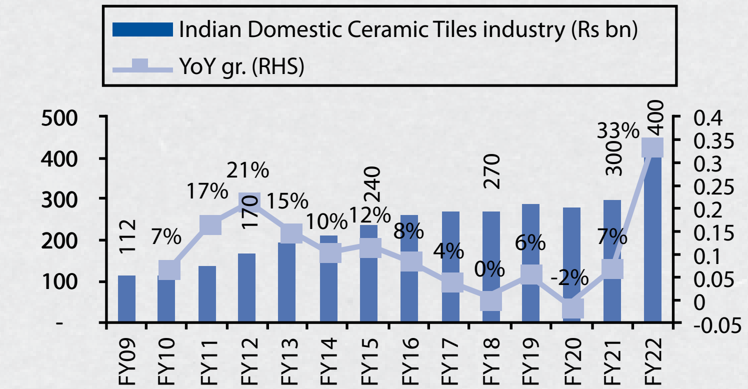
At Kajaria, we are cognizant of our responsibility towards society, the economy and the environment in which we exist today. We believe that the purpose of our business is to make a positive impact on all our stakeholders. Our unwavering focus on this responsibility is enshrined in our Business Responsibility Policy which ensures ethical and responsible conduct across our business operations. This Policy showcases the Company's commitment to follow principles and core elements in conducting its business laid down in the National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business published by the Ministry of Corporate Affairs. Our comprehensive policy includes the following aspects:

OUR BUSINESS RESPONSIBILITY FRAMEWORK

We have a board level Business Responsibility & Sustainability Committee to oversee the implementation of the Policy and review our ESG performance. The Committee ensures that we adhere to governance aspects and applicable regulations, respect the environment and engage with community while enhancing business profitability.

BUSINESS RESPONSIBILITY POLICY	OUR POLICY ON RESPONSIBLE OPERATIONS COVERS:
	Ethics, Transparency & Accountability
	Product Life Cycle Sustainability
	Employee Wellbeing
	Stakeholder Engagement
	Human Rights
	Protection of Environment
	Responsible Advocacy
	Inclusive Growth & Equitable Development
	Customer Value

MANAGEMENT DISCUSSION & ANALYSIS



Source: Ceramic World Review, PL

ECONOMIC OVERVIEW

India is now an established player in the global economy driving excellent economic growth for the second consecutive year.

FY'23 was one such "Resilience" year. Registering a GDP growth of 7.2%, India has secured its position as one of the fastest-growing major economies of the world.

The ripple-down effects of the Russia-Ukraine war and other GPR (Geo-Political Risk) factors escalated oil and gas prices and overall inflation. However, RBI's intervention through interest rate hikes tamed inflation to 5.7% in March 2023 (below RBI's upper tolerance limit of 6%) bringing the average inflation for FY23 to 6.7%.

Industrial production reflected in IIP grew by 5.1% notwithstanding inflationary headwinds. Wading through recessionary environment in developed nations, India's overall exports scaled new heights with a growth of 13.84% in FY'23 over FY'22 achieving USD 770.18 billion. This growth demonstrates India's increasing relevance in global trade.

GST collection in FY'23 was ₹18.10 lakh crore registering a growth of 22% over the previous year. The union government's net direct tax collections increased by 17.63% to ₹16.61 lakh crore in FY23, against ₹14.12 lakh crore in FY'22. This reflects high domestic demand.

Fitch Ratings affirm India's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BBB-' with a stable outlook. This rating indicates a robust growth outlook compared with other economies and resilient external finances, both of which have supported India in navigating the huge external shocks over the past year.

India's economy is expected to grow in the range of 6.0-6.5% in FY24 supported by strong domestic drivers and robust capex momentum of the government. Though elevated interest costs, high inflation, and persisting global risks could interrupt this growth momentum, India is still expected to continue to be among the fastest-growing economies.

THE TILE INDUSTRY

Tiles play a crucial role in residential, commercial, and industrial, offering versatile options for flooring, walls, and other surfaces. The industry caters to a wide range of customers, with tiles available at various price points to suit the budgets of first-time homebuyers as well as meet the aesthetic aspirations of high end customers.

Tile showrooms have proliferated across India, not limited to urban areas as they were a couple of decades ago. In recent years, massive tile showrooms have emerged even in Tier 2 and 3 towns, indicating the growing demand and popularity of tiles. This trend suggests that the demand for tiles will continue to accelerate. Since the implementation of the Goods and Services Tax (GST), the tiles industry has evolved into a more organised market and has grown by 8.2% CAGR from FY17-2022.

As the Indian tile industry continues to grow and innovate, it holds great promise for the future. With an expanding reach, continuous improvement, and a focus on meeting the diverse needs of customers, the industry has the potential to reshape skylines and contribute significantly to the evolving construction landscape in the years to come.

India's economy is expected to grow in the range of 6.0-6.5% in FY24 supported by strong domestic drivers and robust capex momentum of the government

STRUCTURE OF THE TILE INDUSTRY

The Indian tile industry can be divided into two segments: branded players and non-branded players.

The branded players consist of national and regional brands. They are instrumental in making tiles accessible pan India, with their strong distribution networks. Their dedicated efforts have resulted in the emergence of grand tile showrooms, adorned with glitz and modernity. They have ushered in a wave of transformation in the tile industry in terms of marketing, product visibility, and customer experience.

The non-branded segment is predominantly concentrated in Morbi, Gujarat, housing over 600 tile manufacturing units. These manufacturers benefit from low production costs and the proximity to ports in Gujarat, which makes them well-suited for exporting their products. Apart from their domestic presence, they have contributed significantly to the growth of the Indian tile industry in the global market, showcasing the prowess of Indian manufacturing.

PERFORMANCE OF TILE INDUSTRY IN FY'23

In 2023, the global tile industry, particularly in Europe, faced significant challenges. The European tile industry was impacted by the ongoing Russia-Ukraine war, which resulted in a gas shortage followed by a more than tenfold increase in gas prices. Additionally, other geopolitical risks such as inflation hindered the growth of the industry.

On the other hand, the Indian tile industry witnessed one of the highest growth rates in tile exports and established a significant position in the global market. Although the country faced internal challenges such as increased gas prices (though of much lower magnitude compared to Europe), there were also sky-high ocean freight costs for a couple of months, which impacted exports during that period. As a result, manufacturing operations and exports were temporarily suspended from August 10th to September 10th, 2022. However, exports showed promising growth after December 2022, taking total exports amounting to ₹17,500 crore, a notable increase from ₹12,700 crore in the previous year. India emerged as the largest exporter of tiles to the USA, with GCC countries such as Saudi Arabia and the UAE closely following.

The domestic tile market faced similar challenges, including subdued demand, disruptions in supply and increase in cost of natural gas, which hindered the industry's growth in FY23 leading to mid-single digit growth.

GROWTH OUTLOOK

The growth prospects in Indian tile industry are reinforced by several key factors. Firstly, the advancements in the real estate sector, along with government initiatives like the 'Pradhan Mantri Awas Yojana' (Prime Minister's Housing Scheme), the 'Smart Cities Mission,' and the Government insistence on creating world class infrastructure are expected to provide an additional boost to the industry.

Furthermore, the rise in disposable incomes has brought about a shift in consumer mindset. Today, consumers have a strong inclination towards enhancing the aesthetics of their living and working spaces, leading to a surge in the demand for modern and stylish tiles for new construction and renovation purposes.

Moreover, the adoption of work-from-home models in the IT and services sectors, coupled with increasing aspirations, has contributed to substantial growth in the housing sector across various cities. Despite inflationary pressures, there is a robust consumer confidence, including in home buying, driven by a stable domestic economic environment.

SOME OF THE FORESEEABLE DEMAND CATALYSTS INCLUDE:

1) The Indian Railways may be on way to becoming the country's biggest operator in real estate, with plans to develop around 43,000 hectares of surplus land. The Rail Land Development Authority (RLDA) is betting big on interest coming back into the real estate sector to commercially develop railway land parcels, and in the process, more than triple award of its lease contracts to over ₹10,000 crore in FY24.

2) The Airports Authority of India (AAI) is working on a draft to amend the AAI Act, 1994, which will allow the state-run airport operator to monetise land parcels near airport terminals across the country. AAI has 55,000-60,000 acres of land across more than 150 locations, including airports and airstrips.

HOW THE REAL ESTATE SECTOR NUMBERS STACK UP?

Several key user segments have promising growth prospects and therefore will contribute to the growth of the tiles Industry in India.

5 % plus

The luxury residential housing segment in India is projected to grow at a CAGR of above 5% between 2023-2028.

21 % plus

The commercial real estate market in India (including Grade A office spaces) is of size US$20.71 billion and is projected to grow at a CAGR of above 21.20% between 2023-2028.

7 % plus

Home Renovation has now become a US$30 billion industry in India and is projected to grow at 7% between 2023-2028.

US$ **132** Bn

The hospital industry in India accounts for 80% of the total healthcare market and is expected to reach US$132 bn by 2023 from US$61.8 bn in 2017, growing at a CAGR of 16-17%.

10

New airports are coming up in the next 18-30 months. While there are two new large international airports (Navi Mumbai & Chennai), most of the other airports are in small cities and towns.

9.1 Mn Sft

As per JLL's Data Centre Update: H2 2022 report, the new data center addition will necessitate a demand for 9.1 million sq. ft of realty space between 2023-25.

Private equity investment in real estate remained steady in FY23 at US$4.2 billion, of which foreign investors contributed over 75%. These realities suggest that the real estate sector is at the cusp of a takeoff.

ABOUT THE BUSINESS

Kajaria is the largest manufacturer of ceramic/vitrified tiles in India. We have seven tile manufacturing facilities and two manufacturing facilities for its bathware solutions.

Our product basket comprises of products at different price points with a focus on high-value products. Our value proposition has created substantial interest and demand in the key markets.

CERAMIC
WALL & FLOOR TILES

Kajaria started its business by manufacturing Ceramic Wall & Floor tiles. These are manufactured at two facilities namely Gailpur (Rajasthan) and Balanagar (Telangana). These are also outsourced partially from quality-conscious manufacturers in Gujarat and Andhra Pradesh.

Ceramic Wall & Floor tiles reported a good performance with a strong growth in sales volumes and value. This performance was owing to our perseverance in expanding our dealer network and enhancing our product offering. This Division now has 160 exclusive Ceramic Wall and Floor Tile Dealer Showrooms' across the country.

Our steadfast focus on widening our product basket continued during FY23. We launched the Italian Collection, a new value-added product range comprising 300 SKUs in multiple sizes. As part of our brand promotion blueprint, we organised 17 shows to display this collection in Northern and Eastern India.

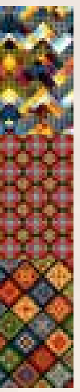
This Division also introduced 80x160 cm Ceramic Floor Tile slabs in multiple compelling variants. This aesthetically superior product was launched at a grand event at Gurgaon in November 2023 which was attended by 300 dealers from across the country. The new product has generated good volumes since its launch.

45.60 MSM
Sales Volume

36%
Contribution to Revenue

23%
Revenue Growth over the previous year

In FY22, Kajaria entered the tile adhesives and grouts business under the brand name 'GresBond.' During FY23, this segment generated a revenue of ₹37.63 crore as compared to ₹20.29 crore in the previous financial year. This vertical has tied up with multiple plants across the country to provide cost competitive pricing and timely delivery to its network of Channel Partners. Going forward we aim to expand this segment meaningfully.



POLISHED
VITRIFIED TILES (PVT)

Polished vitrified tiles, once in high demand, is experiencing competitive headwinds in recent years from other tile variants. Our PVT division registered a low single digit growth in value while volumes dropped against the previous year.

Our products are manufactured at our facilities at Malootana (Rajasthan), Morbi (Gujarat) and are outsourced partially from quality-conscious small manufactures in Gujarat.

We continued to rejuvenate our product basket with compelling products.

- We launched new products in seven different variants in the 600 x 600 mm and 800 x 1600 mm.
- We widened our Duratech range of tiles (earlier positioned as a flooring solution) to outdoor cladding solution by adding new sizes.
- We increased our 800 x 800 mm Double charge portfolio by adding new designs.
- We extended our Vitronite series (slabs of size 800 x 2400 mm) introduced in FY'22 positioned as kitchen top products to flooring solutions; we launched 1200 x 1800 mm SKUs under our Vitronite brand.

26.87 MSM
Sales Volume

25%
Contribution to Revenue

3%
Revenue growth over the previous year

GLAZED VITRIFIED TILES (GVT)

We entered into GVT segment more than a decade ago and maintain our dominance in this space, till date. Amidst intense competition in this segment, we have increased our market share by leveraging our strength of a strong brand recall and superior aesthetic appeal of its products.

Our glazed vitrified tiles are manufactured at multiple facilities namely Gailpur (Rajasthan), Sikandrabad (Uttar Pradesh), Srikalahasti (Andhra Pradesh) and Morbi (Gujarat). The widespread manufacturing base allows us to cater to the burgeoning demand for these tiles from across India seamlessly.

We reported healthy growth in sales volume and value aided by increase in sale of value-added tiles and increased traction for these aesthetic tiles in the South and West markets. This performance was despite the growing competitive intensity in this space.

We focused on adding value to our product offering with the objective of increasing the value-addition quotient in our revenue mix.

We launched bigger sized tiles (1200 x 2400 mm) of superior quality and aesthetic appeal in contemporary designs. Our new offering gained healthy traction during the year under review.

We opened a very large display center in Mumbai for showcasing our GVT products which helped in creating awareness and generating footfalls. We also opened a large showroom in Dubai, as a joint venture with a local partner to increase our footprint in international market.

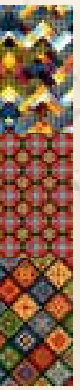
29.23 MSM
Sales Volume

30%
Contribution to Revenue

28%
Revenue Growth over the previous year

KEROVIT
Bathrooms you desire

BATHWARE



Our bathware vertical is a synergic diversification into non-tile business spaces which establishes us as a holistic bathroom solution player. In the early days, we adopted the outsourcing model to gain an appreciable foothold in the market.

Subsequently, we established large state-of-the-art manufacturing facilities (faucets at Gailpur, Rajasthan and sanitaryware at Morbi, Gujarat) that produce eye-striking products. Our products are advertised by the celebrity brand ambassador Ranveer Singh.

Although, small in size compared with other business verticals, this growth lever is gaining acceptance and rising from strength-to strength.

During FY23, the business vertical registered double-digit growth in volume and value.

We continued our efforts to widen our reach. For urban India, we expanded our Kerovit showrooms, the large and stylish display center in Mumbai is a case in point. For Tier 3 & 4 towns, we focused on creating associate dealers for entrenching our presence in these new-age construction hubs.

Launched two years ago, the 'Aurum' range of elegant products have gained considerable acceptance among the well-heeled. We widened this range with exquisite variants in multiple colours namely Rose Gold, Gun Metal, Champagne Gold and Black.

The increasing demand for our bathware products has mandated us to increase the manufacturing capacities at our operating facilities.

₹ **316** crore
Revenue

7 %
Contribution to Revenue

15 %
Revenue Growth over the previous year

Kajaria PLY & LAMINATES

PLYWOOD & LAMINATES

Our unwavering efforts over the past five years in connecting and engaging with carpenters, contractors and architects has helped create awareness of our product and the brand.

Continuing our efforts to entrench our presence in this competitive and fragmented market space, we worked tirelessly on widening our product range and improving the quality of our existing products.

In FY'23, we introduced Liner Laminates and Solid Colour Laminates in numerous shades and colours to broaden our product portfolio.

We extended our distribution network in newer regions and districts and intensified our presence in existing markets. Further, we adopted a focused approach to enhance brand awareness – our unique laminates display schemes helped gain more channel display space across multiple cities.

Additionally, we organised many promotional campaigns which includes Carpenter meets, events, exhibitions etc. to promote brand awareness in the market among our distribution network.

ANALYSIS OF FINANCIAL PERFORMANCE

(based on Consolidated Financial Statements)

Kajaria's financial performance is a testimony to its stability.

Every business faces headwinds and endures challenges every year. So it was with the Indian tile industry and Kajaria.

Notwithstanding the continuing roadblocks, we continued on our growth journey to scale past the Rs.4,000 crore topline mark with style and poise. While sales volumes increased by 11%, revenue grew by 18% from ₹3,705 crore in FY22 to ₹4,382 crore in FY23. This uptick was owing to increased volume, price and higher proportion of value-added tiles in its sales mix.

Elevated gas prices impacted profitability marginally as EBITDA slid to ₹592 crore in FY23 from ₹611 crore in FY22. And Net Profit for the year dropped from ₹377 crore in FY22 to ₹345 crore in FY23.

Networth increased by ₹204 crore owing to addition of residual business surplus (after dividend payment). It stood at ₹2327 crore as on March 31, 2023. Net Debt to equity ratio was –0.10x against –0.17x in the previous year.

Working capital requirement increased in line with expanding business operations. Net working capital days stood at 59 days in FY23 against 52 days in FY22.

We hope to sustain our growth momentum going forward with improved profitability with the diminishing inflationary headwinds and reduced gas prices. Volume increase should provide economies of scale which will absorb fixed costs better.

KEY RATIOS

	FY23	FY22
Stability Ratios		
Debt Equity Ratio (Net)	- 0.10	-0.17
Interest Coverage Ratio	21.64	40.62
Liquidity Ratios		
Current Ratio (incl. CPTL)	2.27	2.20
Debtor Turnover Ratio	7.86	7.84
Inventory Turnover Ratio	5.79	5.75
Profitability Ratios		
EBITDA Margin (%)	13.51	16.48
Net Profit Margin (%)	7.86	10.17

RISK MANAGEMENT

Businesses operate in an interconnected world with stringent regulatory and environmental standards, increased geopolitical risks, and rapid technological advancements that could significantly impact their performance and sustainability.

We place considerable importance on identifying emerging risks to effectively manage and mitigate them.

To effectively manage these risks, we have implemented a robust risk management strategy that encompasses several essential steps. These steps include comprehensive risk identification, thorough risk analysis, meticulous mitigation planning, swift action implementation, and regular reviews. By continuously staying attuned to potential risks, our aim is to safeguard our business and maintain resilience in the face of uncertainty.

1) SECTORAL RISK

Sectoral headwinds could impact the Company's performance going forward.

Mitigation measures

- Innovative measures and increase in distribution network should help in gaining market share in such tough times.
- Demand from renovation space should sustain as disposable income increases.

2) COST RISK

Elevated inflation and a spike in input costs could dampen business profitability.

Mitigation measures

- Technology upgradation of its kilns is expected to enhance productivity and optimise costs.
- Replacing Natural Gas with other eco-friendly alternatives should help in reducing fuel cost
- Increased use of renewable power sources in other manufacturing operations to reduce energy costs.

3) BRAND RISK

Being at the top intensifies the need to sustain the brand's reputation.

Mitigation measures

- Focus on maximising the output of Grade A products.
- Continue to launch new and innovative products for it enhances brand recall.
- Monitor external market trends and gather insights to develop effective brand strategies.
- Build customer engagement through electronic and digital platforms.

4) DATA SECURITY RISK

The business being platformed on IT solutions mandates intense data security measures.

Mitigation measures

- Has invested in a robust IT platform with adequate data security solutions.
- Continue to ring-fence the IT network and infrastructure from data breach possibilities with new-age and relevant IT solutions.
- Implemented robust firewalls and threat monitoring systems in place.

5) COMPLIANCE RISK

The proliferation or instability of regulatory policies related to direct/indirect taxes, data privacy, corporate governance, listing & disclosure, and labor laws can have adverse effects on our business.

Mitigation measures

- Remains fully committed to adhering to the laws and regulations of the country.
- Dedicated teams are responsible for establishing comprehensive standards and ensuring that we are compliant with the relevant rules and regulations.

BUILDING INDIA AT ITS ROOTS

1. EDUCATION

Kajaria believes that an educated society is the bedrock of a progressive nation. Education is the most critical tool that holds the potential to change an individual's life and secure a better future for the family. In keeping with this belief, we have made a humble contribution to educating today's youth.

KAJARIA ACADEMIC EXCELLENCE PROGRAM.

Under its flagship CSR Program, Kajaria Academic Excellence Program, the Company supports and motivates the best and the brightest architecture talent graduating from the top 10 architecture colleges of India. The top 3 rankers of these leading colleges are being acknowledged and rewarded.

KAJARIA IS PROUD TO PARTNER WITH VIRENDER SEHWAG FOUNDATION.

TKDES (The Krishna Drishti Educational Society), part of the Virender Sehwag Foundation, has profoundly impacted the impoverished population. Alongside operating a school in Silani Kesho, Jhajjar, Haryana, TKDES has introduced diverse sports activities within the school and across the country, benefiting economically disadvantaged individuals. The Kajaria company, in partnership with Virender Sehwag Foundation (TKDES), provides free education to thirty financially challenged students affected by the Pulwama attack.

KAJARIA JOINED HANDS WITH THE IN-DEED FOUNDATION.

In partnership with the IN-DEED Foundation, Kajaria has sponsored the implementation of education and digital skills programs in 50 model schools across four districts: Barmer, Jaisalmer, Jodhpur, and Pali. As of March 2023, over 3,500 students have participated in the assessments of the digital program across 88 schools.

2. MALNUTRITION

Kajaria recognises the importance of adequate nutrition in a child's growth and development. We remain committed to positively impacting young children's lives, empowering them to break the cycle of poverty and pursue a brighter future.

KAJARIA'S SUPPORT TO THE AKSHAYA PATRA FOUNDATION.

Akshaya Patra Foundation, a world-renowned institution, works to counter malnutrition and supports the right to education for socio-economically disadvantaged children. In partnership with them, the Company sponsored midday meals for 500 girl children studying in Class 1 to Class 8 of the Government Girls Senior Secondary School, Badarpur, for the academic year 2022-23.

KAJARIA'S COLLABORATION WITH THE WISHES AND BLESSINGS DAILY MEALS PROGRAMME.

The Wishes and Blessings Daily Meals Programme, launched in 2015, aims to combat chronic hunger and malnutrition among the underprivileged. The Company, in partnership with Wishes and Blessings, provides hot and nutritious meals to marginalised individuals, families, and communities under Daily Meals Programme across eight states in India.

3. RESPECT TO THE BRAVE HEARTS

Kajaria's respect for brave hearts is unique. We try and ensure that they, who have given the supreme sacrifice for our peace, are not forgotten and that their families live with dignity, for we believe that this is the least we can do for them.

KAJARIA'S AWARENESS EFFORTS FOR THE BRAVE.

Kajaria has partnered with the Lal Bahadur Shastri Memorial Foundation for the "21 SALAAM" project, which aims to raise awareness about selfless sacrifices in the face of the extreme challenges of 21 recipients of the Param Veer Chakra. Kajaria's Honorary Brand Ambassador, Shri Akshay Kumar, has lent his full support as the project's Brand Ambassador.

KAJARIA ASSOCIATES WITH GAUTAM GAMBHIR FOUNDATION.

This initiative aims to help the children of military, para-military and police personnel who have made the ultimate sacrifice in the line of duty and war widows, enabling them to live with dignity. The program focuses on the particular emphasis on fostering the intellectual, physical, and emotional development of these children and their mothers.

4. SKILL DEVELOPMENT

We are focused on upskilling the underprivileged to allow them to earn respect and work towards a better tomorrow.

KAJARIA PARTNERS WITH PHD FAMILY WELFARE FOUNDATION.

The PHD Family Welfare Foundation actively nurtures essential skills like knitting and hand weaving in Lakhimpur, Assam, to empower individuals from marginalised backgrounds. Through its partnership, Kajaria aims to positively impact the livelihood of the people and the socioeconomic development of the Lakhimpur district.

5. CARE FOR THE EARTH

Kajaria understands that the industrial world has misused the Earth and its natural resources for decades. It's time to correct that misuse and replenish the resources before it gets too late. We continue to take steps to reduce our burden on the Earth.

KAJARIA'S EFFORTS TOWARD BUILDING THE ECOLOGICAL BALANCE.

Kajaria's Sikandrabad Plant organised a massive plantation drive in July-August 2022 covering 1.5 hectares, more than 25,000 trees were planted. The initiative created a greener landscape and a more sustainable environment. The Malootana Plant also conducted a plantation drive in the Thanagazi Tehsil.

Directors' Report

Dear shareholders,

Your Directors are pleased to present the 37th Annual Report together with the audited financial statements of your Company for the financial year ended 31st March 2023.

Financial Results

The Company's financial performance for the financial year ended on 31st March 2023 is summarised below:

(₹ in Crores)

PARTICULARS	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations	3971	3299	4382	3705
Profit Before Other Income, Exceptional Items, Depreciation, Interest and taxes	514	532	592	611
Profit before Tax	**463**	**485**	**462**	**510**
Tax Expense	119	123	116	127
Profit After Tax (before Minority interest)	344	362	346	383
Minority Interest	-	-	2	-6
Profit After Tax (after Minority interest)	**344**	**362**	**345**	**377**

Financial highlights and state of Affairs of the Company

We reported a healthy performance in difficult times. Having crossed ₹3,000 crore mark comprehensively in FY22, we scaled past the ₹4,000 crore milestone in FY23. We achieved volume and revenue growth of 11% and 18% y-o-y, respectively showcasing the organisation's resilience and brand's strength.

Spiraling gas prices, impacted business profitability of all tile majors and Kajaria. Our focus on value-addition helped cushion the drop in profitability. Your Company reported a Net Profit of ₹345 crore in FY23. We sustained our deleveraged position which strengthens our ability to undertake capital projects over the coming years to capitalise on growth opportunities.

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

Outlook

The positivity in the external environment coupled with reduced inflation suggest a promising current year.

The healthy uptick in the real estate sector across India coupled with the Government's impetus to creating world-class infrastructure is expected to fuel demand over the medium term. Further, Government agencies have decided to offer large land parcels for real estate development which adds to the optimism of the tile sector.

After a lag of a few years, residential housing is growing rapidly as cities widen their municipal limits and Tier 2 and 3 towns emerge as new residential hubs. Additionally, demand for Grade-A office space is growing at a healthy pace as global conglomerates are looking to set shop in India. Further, realty creation has gained steam in other segments such as warehouses, data, centers retail segment and hospitality.

From an organisational standpoint, our recently commissioned capacities coupled with our reduced reliance on natural gas (owing to the use of bio mass) should help in sustaining profitable business growth.

Dividend

Your Directors have recommended to the shareholders a final dividend of ₹3/- (i.e. 300%) per equity share of ₹1/- each fully paid-up for the financial year ended March 31, 2023, if approved at the ensuing Annual General Meeting ('AGM').

During the year 2022-23, the Company has also paid Interim Dividend of ₹6/- (i.e. 600%) per equity share of ₹1 each fully paid-up aggregating to ₹95.54 crores thereby making the total Dividend (Interim Dividend & Final Dividend) of ₹9/- per equity share of ₹1/- each fully paid-up (previous year ₹11/- per equity shares of ₹1/- each fully paid-up) aggregating to ₹143.31 crores.

Consolidated Financial Statements

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

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, Kajaria International DMCC and South Asian Ceramic Tiles Private Limited have become a wholly-owned subsidiary and a subsidiary of the Company, respectively.

Vennar Ceramics Limited ceased to be a subsidiary of the Company pursuant to the Company's Board approval to dispose off the entire stake of the Company in Vennar Ceramics Limited, in a phased manner.

On 3rd November 2022, the Company entered into a Joint Venture Agreement with various individuals affiliated with Ramesh Corp, Nepal to establish a manufacturing facility in Nepal for Ceramic Floor/Wall Tiles and glazed vitrified tiles in equal ratio. Accordingly, a Joint Venture Company ('JVC') named Kajaria Ramesh Tiles Limited has been incorporated in Nepal, which is yet to commence its commercial production.

A report on performance and financial position (Form AOC-1) of each of the subsidiaries / joint venture as per the Act is provided as Annexure-1.

Share Capital

As on 31st March, 2023, the Authorised Share Capital of the Company is ₹154,10,00,000 (Rupees One Hundred Fifty Four Crores Ten Lacs only) divided into 77,00,00,000 (Seventy Seven Crores) Equity Shares of ₹1/- each (Rupee One Only) aggregating to ₹77,00,00,000 (Rupees Seventy Seven Crores Only) and 77,10,000 (Seventy Seven Lacs Ten Thousand) Redeemable Preference Shares of ₹100/- each (Rupees One Hundred Only) aggregating to ₹ 77,10,00,000 (Rupees Seventy Seven Crores Ten Lacs Only).

During the financial year 2022-23, the Company's paid up share capital has been increased by issue of 28,500 equity shares of ₹1/- each pursuant to the Kajaria Employee Stock Option Scheme 2015. Accordingly, as on 31st March, 2023, the paid-up and subscribed share capital of the Company is 15,92,32,550 equity shares of ₹1 each.

After the closure of the financial year 2022-23, the Company's paid up share capital has further been increased by issue of 25,750 equity shares of ₹1/- each pursuant to the Kajaria Employee Stock Option Scheme 2015. Thus, presently, the paid up share capital of the Company is 15,92,58,300 equity shares of ₹1 each.

The Company has not issued shares with differential voting rights or sweat equity shares during the financial year 2022-23. As on 31st March, 2023, none of the Directors of the Company hold any instruments convertible into equity shares of the Company.

Employee Stock Option Scheme

Kajaria Employee Stock Option Scheme 2015 ('ESOP Scheme 2015') was approved by the shareholders of the Company on 7th September, 2015 for issue and allotment of options exercisable into not more than 10,62,000* equity shares of ₹1 each (Originally the ESOP Scheme 2015 was for 5,31,000 equity shares of ₹2 each) to eligible employees of the Company and its subsidiaries. The ESOP Scheme 2015 is administered by the Nomination and Remuneration Committee of the Board of Directors ('the Board') of the Company. On 20th October 2015, the Nomination and Remuneration Committee of the Company had granted 4,58,000* equity shares of ₹1 each ('Stock option') to the employees of the Company and its subsidiaries.

During the year 2021-22, the stock options under the ESOP Scheme 2015 have further been increased from 10,62,000 options to 15,87,000 options equivalent to 15,87,000 equity shares of ₹1/- each by addition of 5,25,000 options through the shareholders' approval obtained on 24th March, 2022. Further, the Company has granted 8,37,600 options equivalent to 8,37,600 equity shares of ₹1/- each to the eligible employees of the Company and its subsidiaries @ ₹980 per option in two tranches and the same will be vested within 5 years of the grant date. Details regarding the ESOP Scheme 2015 are given at Note No. 43 to the financial statements.

Total 1,49,700 equity shares of ₹1 each (12,000 equity shares during the year 2022-23, 11,700 equity shares during the year 2020-21, 29,000 equity shares during the year 2019-20, 44,000 equity shares during the year 2018-19, 13,000 equity shares during the year 2017-18 and 40,000 equity shares during the year 2016-17) had been forfeited/lapsed due to resignation/death of ESOP Option holders.

During the year under review, there are no material changes in the ESOP Scheme 2015 and the same is in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('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_SE_Reg_2021_for_FY_2022_23.pdf

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

Transfer to Reserves

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

Directors' Responsibility Statement

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

i) In the preparation of the annual accounts for the year ended on 31st March, 2023, 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, 2023 and of the profit of the Company for the period ended 31st March, 2023;

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 Listing Regulations. A separate section on corporate governance, along with a certificate from M/s Chandrasekaran Associates, Company Secretaries 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 approvals of the Audit Committee and the Board of Directors, as may be required under the applicable laws, were obtained. Further, the omnibus approvals of 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, were 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. The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Act in the prescribed Form AOC-2 is annexed as Annexure- 2.

During the year under review, the Related Party Transaction Policy of the Company has been revised in order to ensure compliance of the provisions of the Listing Regulations and circulars, issued by the SEBI, from time to time. The Related Party Transaction 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 Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ['the CSR Rules'], the Company has formulated a Corporate Social Responsibility Policy ('CSR Policy') indicating the activities to be undertaken by the Company. The constitution of the Corporate Social Responsibility Committee ('CSR Committee') is disclosed in the Annual Report on CSR Activities as an Annexure - 3 of this report.

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

Your Company strives to make a difference in the lives of people with a special focus on neighbouring and local areas of the Company's manufacturing locations. Your Company has implemented various CSR programmes/projects which made positive impacts mainly in the areas of health, sanitation, social relief and education, etc. During the year under review, the CSR programmes/activities 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, social welfare and social economic development of under privileged children, etc. These CSR initiatives are implemented directly and/or through trusts/societies/NGOs. These projects/activities are also in accordance with Schedule VII of the Act.

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

The Company has incurred CSR expenditures of ₹743.34 Lacs during the year 2022-23. However, ₹88.10 Lacs are yet to be incurred to the CSR activity(ies)/project(s) as that were not fully completed during the financial year 2022-23, being ongoing activity(ies)/project(s). The said CSR activity(ies)/project(s) would be completed during the financial year 2023-24 and onwards and the unspent amounts of ₹88.10 Lacs towards the said CSR activity(ies)/project(s) has been carried over to the financial year 2023-24 and onwards, in accordance with the provisions of the Act read with CSR Rules.

The Company has also completed the ongoing CSR project/activity of ₹54 Lacs pertaining to the financial year 2021-22.

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 inter-linked 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 Act read with the Listing Regulations is in place and is uploaded on the Company's website i.e. https://www.kajariaceramics.com/pdf/Risk_Management_Policy.pdf

Internal Control Systems and their adequacy

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

Internal Audit of the Company's operations are carried out by the Internal Auditors and periodically covers different areas of business. The audit scope, methodology 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. Raj Kumar Bhargava and Mr. Debi Prasad Bagchi completed their tenure as the Independent Director(s) of the Company and accordingly, they ceased to be the Independent Director(s) of the Company from the conclusion of the 36th Annual General Meeting held on 23rd September, 2022.

During the year 2022-23, the shareholders of the Company has accorded their approval(s) at the 36th Annual General Meeting ('AGM') of the Company held on 23rd September, 2022 for appointment(s) of Dr. Lalit Kumar Panwar and Mr. Sudhir Bhargava as the Independent Director(s) for a period of five consecutive years effective from the conclusion of the 36th AGM of the Company.

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

All Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulations 16(1)(b) & 25(8) of the Listing Regulations and in the opinion of the Board of the Company, all Independent Directors of the Company have integrity, expertise, experience and proficiency 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, except as stated above there is no other change in the composition of Key Managerial Personnel of the Company.

Performance Evaluation

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

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

Nomination and Remuneration Policy

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

Details of remuneration under Section 197 of the Act 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(s) on the financial statements (Standalone & Consolidated) of the Company for the financial year ended 31st March, 2023, which form part of the Annual Report. There is no qualification, reservation, adverse remark, comments, observations or disclaimer given by the Statutory Auditors in their report(s). There were no frauds reported by the Statutory Auditors under the provisions of Section 143 of the Act.

M/s Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration Number 001076N/N500013), were re-appointed as the Statutory Auditors of the Company at the 36th Annual General Meeting of the Company held on 23rd September, 2022, for second term of five consecutive years to hold office from the conclusion of the 36th Annual General Meeting of the Company till the conclusion of the 41st Annual General Meeting of the Company. Hence, the tenure of the existing Statutory Auditors of the Company would expire at the conclusion of the 41st Annual General Meeting 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 Act read with rules made thereunder and applicable laws.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act 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 2023. 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 the provisions of Section 143 of the Act.

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

Annual Return

The Annual Return in Form MGT-7 is available at https://www.kajariaceramics.com/pdf/Annual_Return_Form_2022-23.pdf

Compliance of the Secretarial Standards

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

Particulars of Loans, Investments and Guarantees

Particulars of Loans, Investments and Guarantees, covered under the provisions of Section 186 of the Act are given in the Notes Nos. 6, 7, and 40 to the Financial Statements.

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed under the Act are provided in Annexure - 6 to this report.

Meetings of Board

The Board of the Company met six (6) times during the financial year 2022-23 on 17th May, 2022, 21st July, 2022, 3rd October, 2022, 2nd November, 2022, 28th January, 2023 and 25th March, 2023. Details of the meetings of the Board of Directors held during the financial year 2022-23 and attendance thereof are disclosed in the Corporate Governance Report.

Audit Committee

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

Vigil Mechanism

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

Maintenance of Cost Records

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

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

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

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, Contractual, Temporary and Trainees) are covered under this Policy. The Company has not received any sexual harassment complaints during the year 2022-23 nor any complaint is pending at the end of the year 2022-23.

Particulars of Employees

The information required pursuant to Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is attached as Annexure- 7 to this Report.

Deposits

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

Proceeding under Insolvency and Bankruptcy Code, 2016

No application or any proceeding has been filed against the Company under the Insolvency and Bankruptcy Code, 2016, during the financial year 2022-23.

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

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

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

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

Cautionary Statement

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

Appreciation and Acknowledgement

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

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

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

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

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

Place: New Delhi
Date: 26th July, 2023

Annexure - 1

AOC-1 (ANNUAL PERFORMANCE)

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

(₹. in Crores)

Name of the Subsidiary Company / Joint Venture	Kajaria Vitrified Private Limited (CIN: U26933GJ 2010PTC062933)		Vennar Ceramics Limited ('Vennar') * (CIN: U26919TG 1994PLC031858)		Kajaria Infinity Private Limited (CIN: U26933GJ 2010PTC063444)		Kajaria Bathware Private Limited ('KBPL') ** (CIN: U26943DL 2013PTC252495)		Kajaria Plywood Private Limited (CIN: U36109DL 2017PTC324260)		South Asian Ceramic Tiles Private Limited (CIN: U26931TG2015 PTC101548)		Kajaria International DMCC ('KIDMCC') ^		Kajaria Ramesh Tiles Private Limited ('KRTL')^^	
Date since when subsidiary/joint venture were acquired	15/01/12		09/04/12		17/10/12		15/05/14		05/06/18		31/08/22		19/09/22		-	
AS AT	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Capital																-
- Equity Shares	14.95	14.95	24.00	24.00	9.10	9.10	25.00	25.00	9.90	9.90	21.00	-	2.25	-	-	-
- Preference Shares	0	0	0	0	0	0	4.41	4.41	0	0	0	-	0	-	-	-
Reserves	14.03	8.20	14.01	16.43	55.79	55.21	72.75	60.76	-47.64	-37.37	-12.17	-	-0.29	-	-	-
Total Assets	243.21	264.69	76.55	73.08	132.8	136.29	227.84	220.82	24.32	17.25	102.17	-	3.96	-	-	-
Total Liabilities	214.23	241.54	38.54	38.85	67.91	71.98	125.33	131.24	62.06	44.72	93.34	-	2	-	-	-
Investments	0	0	0	0	0	0	0	0	0	0	0	-	1.94	-	-	-
Turnover	343.16	233.09	70.82	66.66	168.65	163.02	315.71	275.74	77.32	66.06	62.24	-	0	-	-	-
Profit before Taxation	5.04	12.95	-3.17	4.91	0.84	-3.98	14.22	22.80	-10.37	-10.28	-3.25	-	-0.19	-	-	-
Provision for Taxation	0.75	0	0.77	-1.35	-0.14	0.99	-1.29	-4.34	0	0	2.69	-	0	-	-	-
Profit After Taxation	5.79	12.95	-2.40	3.56	0.70	-2.99	12.93	18.46	-10.37	-10.28	-0.56	-	-0.19	-	-	-
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-	Nil	-	-	-
% of Shareholding	95%	87.37%	51%*	51%	77%	51%	100%	100%	100%	97.89%	51%	-	100%	-	-	-

*Presently, Vennar ceased to be a subsidiary of the Company, pursuant to the Board's approval of the Company to dispose of entire stake of the Company in Vennar in a phased manner.

**Consolidated figures including performance of its subsidiaries - Kajaria Sanitaryware Private Limited and Kerovit Global Private Limited ('KGPL'). The Company holds 100% (85% on diluted basis) equity shares of KBPL and KBPL holds 100% equity shares of KGPL.

^During the year under review, KIDMCC (U.A.E.) has entered into a joint venture agreement with AL Rathath Marble Factory LLC (U.A.E.) and a joint venture company named Kajaria RMF Trading LLC has been incorporated in U.A.E.

^^ During the year under review, the Company entered into a Joint Venture Agreement with various individuals affiliated with Ramesh Corp, Nepal to estalish a Joint Venture Company ('JVC') in equal ratio. Accordingly, a JVC named Kajaria Ramesh Tiles Limited has been incorporated in Nepal on 31st January, 2023, which has yet to commence its commercial production.

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

For and on behalf of Board

Ashok Kajaria	**Chetan Kajaria**	**Rishi Kajaria**	**Ram Chandra Rawat**	**Sanjeev Agarwal**
Chairman & Managing Director	Joint Managing Director	Joint Managing Director	COO (A&T) & Company Secretary	Chief Financial Officer
(DIN: 00273877)	(DIN: 00273928)	(DIN: 00228455)	(FCS 5101)	

Place : New Delhi
Date : 26th July, 2023

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 31.03.2023

Sl. No.	Name(s) of the Related Party and Nature of Relationship	Nature of Contract / Arrange-ment / Transactions	Duration of the Contract / Arrange-ment / Trans-actions	Salient terms of contract / Arrangement / Transactions including the value, if any	Justification for entering into such contract / Ar-rangement / 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 31.03.2023

Sl. No.	Name(s) of the Related Party and Nature of Relationship	Nature of Contract / Arrangement / Transactions	Duration of the Contract / Arrangement / Transactions	Salient terms of Contract / Arrangement / Transactions	Date of Approval by the Board, if any	Amount paid as advance	Total Amount
NIL							

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

Place: New Delhi
Date: 26th July, 2023

Annexure – 3

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

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

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

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

2. Composition of CSR Committee of the Company:

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

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

Web-link of Composition of CSR Committee	https://www.kajariaceramics.com/composition-of-committees.php
Web-link of CSR Policy	https://www.kajariaceramics.com/pdf/CSR_Policy.pdf
Web-link of CSR Project	https://www.kajariaceramics.com/pdf/CSR_Project_for_FY_2022_23.pdf

4. Executive summary along with web-link of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not Applicable

5. (a) Average net profit of the Company as per Section 135(5): ₹ 413.55 Crores

(b) Two percent of average net profit of the Company as per Section 135(5): ₹8.27 Crores

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Not Applicable

(d) Amount required to be set-off for the financial year, if any: ₹0.03 Crores (Please refer clause 6(f) below)

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹8.24 Crores

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹8.31 Crore

(b) Amount spent in Administrative Overheads: Nil

(c) Amount spent on Impact Assessment, if applicable: Not Applicable

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹8.31 Crore

(e) CSR amount spent or unspent for the Financial Year:

Total amount spent for the Financial Year (₹ in Lacs)	Amount Unspent (₹ in Lacs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
743.34	88.10	18.04.2023	Not Applicable		

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

Sl. No.	Particular	Amount (₹ in Lacs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per Section 135(5)	827.00
(ii)	Total amount spent for the financial year	831.44
(iii)	Excess amount spent for the financial year [(ii) – (i)]	4.44
(iv)	Excess amount spent for the financial year 2021-22	3.48
(v)	Surplus arising out of the CSR projects or programmes to activities of the previous Financial Years, if any	0.00
(vi)	Amount available for set-off in succeeding financial years [(iii)+(iv) – (v)]	7.92

7. Details of Unspent CSR amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under Section 135(6) (₹ in Lacs)	Balance Amount in Unspent CSR Account under Section 135(6) (₹ in Lacs)	Amount Spent in the Financial Year (₹ in Lacs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to Section 135(5), if any		Amount remaining to be spent in succeeding Financial Years (₹ in Lacs)	Deficiency, if any
					Amount (₹ in Lacs)	Date of Transfer		
1.	2021-22	54.00	0.00	54.00	Not Applicable		0.00	0.00
2.	2020-21	0.00	0.00	0.00			0.00	0.00
3.	2019-20	0.00	0.00	0.00			0.00	0.00

8. Whether any capital assets have been created or acquired through CSR amount spent in the Financial Year:

Yes ☐ No ☑

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

Not Applicable

For and on behalf of the Board

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

Sushmita Singha
Chairperson, CSR Committee
(DIN: 02284266)

Place: New Delhi
Date: 26th July, 2023

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 2022-23, the percentage increase in remuneration of Chairman & Managing Director, Joint Managing Directors, Executive Director, Company Secretary and Chief Financial Officer of the Company during the financial year 2022-23:

Sl. No.	Name of Director / KMP	Designation	Ratio of Remuneration of each Director to median remuneration of employees	Percentage increase in Remuneration
1	Mr. Ashok Kajaria (DIN: 00273877)	Chairman & Managing Director	92:1	Nil
2	Mr. Chetan Kajaria (DIN: 00273928)	Joint Managing Director	91:1	Nil
3	Mr. Rishi Kajaria (DIN: 00228455)	Joint Managing Director	91:1	Nil
4	Mr. Ram Chandra Rawat (FCS 5101)	COO (A&T) & Company Secretary	Not Applicable	12.71%
5	Mr. Sanjeev Agarwal	Chief Financial Officer	Not Applicable	10.98%

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 2022-23	8.36%
2	Total number of permanent employees on the rolls of the Company as on 31st March, 2023 (on standalone basis)	2600
3	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2022-23 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 2022-23 was 11.34%. Whereas, there was no 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: 26th July, 2023

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 Employee Stock Option Scheme 2015 ('ESOP Scheme 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 Scheme 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 Scheme 2015;

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

   f. other matters which may be relevant for administration of ESOP Scheme 2015, from time to time.
9. To do all other acts as may be delegated by the Board of Directors of the Company or prescribed by law, from time to time.

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

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his

/ her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

2. The Company shall not appoint or continue the employment of any person as Managing Director/ Whole time Director, who has attained the age of 70 years provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

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

Term / Tenure:

1. **Managing Director / Whole-time Director:**

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

2. **Independent Director:**

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

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

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

3. **KMPs / Senior Management:**

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

Performance Evaluation:

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

The major criteria for performance evaluation are as follows:

1. **Role & Accountability:**
   - Application of knowledge for rendering advice to management for resolution of business issues.
   - Active engagement with the management and attentiveness to progress of decisions taken.
   - Fulfillment of Independence criteria by Independent Directors, as specified under the Act / the Listing Regulations.

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

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

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

Removal:

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

Retirement:

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

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

General:

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

(ii) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage/slabs/conditions as per the provisions of the Act & the Listing Regulations.

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

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

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

   o the annual remuneration payable to such Executive Director exceeds ₹5 crore or 2.5% of the net profits of the Company, whichever is higher; or

   o where there is more than one such Executive Director, the aggregate annual remuneration to such Executive Directors exceeds 5% of the net profits of the Company.

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

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

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

1. **Salary & Perquisites:**

   The Whole-time Director/Managing Director ('MD')/Joint Managing Director ('JMD'), KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, re- imbursement of gas electricity and water expenses, HRA, Club fees, etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be subject to approvals of shareholders of the Company and compliance of the Act & the Listing Regulations.

2. **Commission:**

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

3. **Minimum Remuneration:**

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

4. **Provisions for excess remuneration:**

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

5. **Stock Options:**

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

   Remuneration to Non- Executive / Independent Director

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

1. **Sitting Fees:**

   The Non-executive/Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee(s) of the Company, as approved by the Board, from time to time, which will be subject to the limits prescribed under the Act.

2. **Stock Options:**

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

9. SEVERANCE ARRANGEMENTS

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

10. DISCLOSURE

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

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

11. EFFECTIVE DATE

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

12. REVIEW / AMENDMENT

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

Annexure – 5

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2023

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Kajaria Ceramics Limited (hereinafter referred as "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, 2023 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, 2023 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 **Not Applicable**;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (including erstwhile Regulations) to the extent applicable;

   (e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **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) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **Not Applicable**

   (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **Not Applicable**

(vi) As confirmed and certified by the Management of the Company, there is no Law specifically applicable to the Company based on the sectors/businesses.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

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

We further report that:

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

1. The Board of Directors of the Company in its meeting held on May 17, 2022 approved the increase of its stake in Kajaria Plywood Private Limited from 97.89% to 100% to make it wholly owned subsidiary.
2. The Board of Directors of the Company in its meeting held on July 21, 2022, approved acquisition of 51% Equity shares of South Asian Ceramic Tiles Private Limited.
3. The Board of Directors of the Company in its meeting held on October 3, 2022 approved investment for establishment of a manufacturing facility in Nepal by incorporation of a company in Nepal as Joint Venture basis between the Company and various individuals affiliated with Ramesh Corp, Nepal. Accordingly, a Joint Venture Agreement executed on November 3, 2022 and a joint venture company namely - Kajaria Ramesh Tiles Limited, has been incorporated in Nepal.

For **Chandrasekaran Associates**
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No: 1428/2021

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302E000681527

Date: 26th July, 2023
Place: Delhi

Note:

1) 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.
2) The management has confirmed that the records submitted to us are true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/expired on or before March 31, 2023 pertaining to Financial Year 2022-23.

Annexure-A

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

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. 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
FRN: P1988DE002500
Peer Review Certificate No: 1428/2021

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302E000681527

Date: 26th July, 2023
Place: Delhi

Annexure - 6

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

A. CONSERVATION OF ENERGY

(i) Energy conservations measures taken

The manufacturing plants of the Company have continued their efforts to reduce the specific energy consumption and the same is monitored in order to minimize wastage and facilitate optimum utilization of energy. The initiatives are being planned and implemented. Maintenance and repairs of all equipment and machineries are carried out timely to ensure optimum energy efficiency. Apart from regular practices and measures for energy conservation, some of the key measures taken to enhance energy conservation during the financial year 2022-23 are as follows:

- Maintaining heat recovery system at Gailpur & Malootana (Rajasthan), Sikandrabad (U.P.), Srikalahasti (Andhra Pradesh) 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.
- Maintaining Power Factor near to Unity for effective utilisation of Grid power and reduction of apparent energy consumption. Utilisation of planned switching and effective use of VFD's with blowers resulting in reduction of apparent as well as active energy consumption.
- 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.
- 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.
- Installation of bio mass fuel based hot air generator in all spray driers at Gailpur (Rajasthan) Plant & Sikandrabad of the Company to minimize the energy cost.
- Auto switching on and off of conveyors, blowers, etc., when not in use.
- Air leakage audit conducted and the air leakage arrested.
- Installation of Natural ventilators in Press area.

(ii) Utilising alternate sources of energy

a. Solar Energy:

Total installed rooftop solar energy capacity is 7.30 MW at Gailpur & Malootana (Rajasthan), Sikandrabad, (U.P.) and Srikalahasti (Andhra Pradesh) plants of the Company.

For the financial year 2022-23, the solar project has generated about 88.27 Lacs units, which is about 4.93 % 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 2022-23, the wind turbine project generated about 31.11 Lacs units, which is about 1.74 % of electricity consumption across all the plants of the Company.

(iii) Capital investment on energy conservation equipments

The Company has spent ₹73.62 Lacs on energy conservation equipments, during the financial year 2022-23.

B. TECHNOLOGY ABSORPTION

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

(i) Major efforts made towards technology absorption

a. New technology of pressing system (i.e. Continua and Roller Pressing Technology) has been installed at Srikalahasti (Andhra Pradesh) plant of the Company to make bigger size slab tiles.

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

c. The 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.

(ii) Benefits derived through such efforts

a. The production capacity enhanced through its continuous value generation process by way of formulation, re-engineering, sourcing efficiency, process optimization, searching of new raw material / techniques.

b. 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.

c. 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.

d. Installation of new technology of pressing system at Srikalahasti (Andhra Pradesh) plant of the Company provides best surface flatness and uniform pressing buk density across the tile surface which improves the quality as well as productivity. This technology is also an environment friendly and an energy efficient technology having high flexibility in production and low time required for size changeover which increases the flexibility of bigger size slab tiles.

(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	2022-23	2021-22
a) Capital	0.44	0.10
b) Recurring	7.54	7.58
Total	**7.98**	**7.68**
Total R&D expenditure as a percentage of total turnover	0.20%	0.23%

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange earned in terms of actual inflow during the financial year 2022-23 was ₹51.94 Crores (equivalent value of various currencies).

Foreign exchange outgo in terms of actual outflow during the financial year 2022-23 was ₹89.61 Crores (equivalent value of various currencies).

For and on behalf of the Board

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

Place: New Delhi
Date: 26th July, 2023

Annexure - 7

NAME OF EMPLOYEES OF THE COMPANY

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

(a) Top Ten Employees in terms of Remuneration drawn including the Employees who was in receipt of remuneration exceeding ₹1.02 crores per annum, who was employed throughout the financial year 2022-23:

Sl. No.	Name	Age	Designation	Qualification	Experience	Date of commencement of employment	Remuneration received during the financial year 2022-23 (₹ in Crores)	Particular of last employment
1.	Mr. Ashok Kajaria	76	Chairman & Managing Director	B.Sc., BSME, UCLA (California), USA	47	01.01.1987	5.67	Managing Director -Kajaria Exports Limited
2.	Mr. Chetan Kajaria	48	Joint Managing Director	B. Engg. (Petrochem), Pune University, MBA from Boston College (USA)	23	15.01.2000	5.57	Managing Director - Kajaria Plus Limited
3.	Mr. Rishi Kajaria	45	Joint Managing Director	B.Sc. in Business Administration from Boston University (USA)	19	26.07.2003	5.57	Director - Kajaria Infotech Limited
4.	Mr. Ram Chandra Rawat	67	COO (A&T) & Company Secretary	M. Com. FCA, FCS	43	14.07.1987	1.95	Chief Accounts Officer - RCS Vanaspati Limited
5.	Mr. Sanjeev Agarwal	59	CFO	B.Com., FCA	36	09.02.1994	1.92	Dy. Manager (Finance) - Orissa Synthetics Limited
6.	Mr. Pankaj Sethi	52	COO (Marketing)	BE - Civil Engg.	31	01.04.2003	2.65	Regional Manager -Kajaria Infotech Limited
7.	Mr. Vivek Goyal	54	Sr. VP (Marketing)	PGDBA (Marketing)	32	01.05.2000	2.47	DGM (Marketing) - Kajaria Plus Limited
8.	Mr. Bhupendra Vyas	65	COO (Marketing)	MMS	42	01.08.2016	2.19	Executive Director- City Tiles Limited
9.	Mr. Gautam Seth	49	Sr. VP (Marketing & Technical)	BE- Mech. Engg.	24	01.09.2009	2.06	VP (Marketing) - Kajaria Plus Limited
10.	Dr. Rajveer Choudhary	69	COO (Gailpur Plant)	M.A., Ph.D.	41	03.08.1998	1.98	VP - Venus Sugars Limited
11.	Mr. Amit S Jain	47	AVP (Marketing)	PGDBM (Marketing)	23	01.08.2000	1.55	Auditing – B.S. Sharma & Consultancy
12.	Mr. Balmukund Sharma	47	AVP (Marketing)	PGDBA	25	17.01.2005	1.44	Asst. Manager (Sales) – Kajaria Tiles (Aust.) Private Limited
13.	Mr. Jaganathan B.	58	VP (Sales)	B.Com.	34	19.02.2018	1.43	VP (Sales & Marketing) - H&R Johnson (I) Limited
14.	Mr. Rajender Kumar Bhagat	57	AVP (Marketing)	B.Com.	36	15.06.1998	1.42	Sales Executive – Infra India Limited
15.	Mr. Joseph Singh A.	60	AVP (Marketing)	MBA	36	09.04.2007	1.40	Sales Manager – Bell Granito Ceramics Limited

Sl. No.	Name	Age	Designation	Qualification	Experience	Date of commencement of employment	Remuneration received during the financial year 2022-23 (₹ in Crores)	Particular of last employment
16.	Mr. G.P. Nirmal	62	Sr. VP (I&E)	B.Com (Hons.)	44	01.08.1997	1.32	Sr. Manager – Kajaria Exports Limited
17.	Mr. Dipankar Bhattacharya	55	AVP (Marketing)	PGDBA	30	01.08.2007	1.25	AGM (Sales) - Vermora Granito Private Limited
18.	Mr. Thushar K G	49	AVP (Marketing)	PGDBM	27	17.01.2001	1.24	Sr. Sales Executive – Classic Paints & Chemicals
19.	Mr. Rajiv Kumar Chauhan	49	AVP (Marketing)	PGDM (Marketing & IT)	28	06.04.1998	1.23	Sr. Marketing Executive – Kamakshi Electricals Limited
20.	Mr. Cheriyan M Tharakan	49	AVP (Marketing)	MBA	26	02.03.2020	1.13	General Manager – RAK Ceramics

(b) No employee was in receipt of remuneration exceeding ₹8.50 Lacs per month, who was employed for a part of financial year 2022-23.

(c) During the financial year 2022-23, no employee was in receipt of remuneration exceeding the remuneration drawn by the Managing Director or Whole-Time Director of the Company.

Notes:

1. Remuneration includes salary, allowances & perquisites and excludes Provident Fund, Gratuity Fund & Personal Accident Insurance as the same are paid for the Company as whole and the shares exercised under Kajaria Employee Stock Option Scheme 2015.
2. All above mentioned employees are on the rolls of the Company and nature of employment is as per the appointment letter given by the Company.
3. Mr. Ashok Kajaria, Mr. Chetan Kajaria, Mr. Rishi Kajaria, Mr. Pankaj Sethi, Mr. Vivek Goyal, Mr. Amit S Jain, Mr. Balmukund Sharma, Mr. Rajender Kumar Bhagat, Mr. G. P. Nirmal, Mr. Dipankar Bhattacharya and Mr. Thushar K G hold 10,47,004 equity shares, 13,39,880 equity shares, 18,05,716 equity shares, 20,000 equity shares, 7,352 equity shares, 11,300 equity shares, 11,500 equity shares, 11,000 equity shares, 16,000 equity shares, 4,500 equity shares and 6,000 equity shares of the Company, respectively.
4. None of the above referred employees, except as mentioned in Note No. 3 above, hold equity shares of the Company.
5. Mr. Ashok Kajaria, Chairman & Managing Director is father of Mr. Chetan Kajaria and Mr. Rishi Kajaria, Joint Managing Directors, of the Company. Except this, no employee is relative of any Directors of the Company.

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

Place: New Delhi
Date: 26th July, 2023

Report on Corporate Governance

The Company's Philosophy on Corporate Governance

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

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

Being an industry leader for more than 22 years, gives us immense pride and at the same time puts onus on us to raise our own bar of governance. Achieving milestones is important for us, but achieving them the right and ethical way is all the more important and essential.

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

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

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

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

i. Appropriate composition of the Board;

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

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

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

Board of Directors

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

Selection of the Board

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

Composition

The Board has an optimum combination of Executive and Non-Executive Directors including Independent Directors and Woman Director as required under the applicable legislations. The Board consists of eminent individuals from the Industry, management, technical, financial and marketing, etc. The Company is managed by the Board in co-ordination with their Committees and the Senior Management team. As on 31st March, 2023, the Company has Eight (8) Directors on its Board, out of which Three (3) are Executive Directors, One (1) is Non-executive Non-Independent Director and Four (4) are Non-executive-Independent Directors including one (1) Woman Non-executive Independent Director. The Board, on recommendation of the Nomination and Remuneration Committee periodically evaluates the need for change in composition and size of the Board of the Company.

The details of composition of the Board, category of Directorship, number of Directorships in other companies, Chairmanship/ Membership of the Committee of each Director in other Companies, attendance of the Directors at Board Meetings and last Annual General Meeting ('AGM') as on 31st March 2023 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)	6	6	Yes	1	0	2
Mr. Chetan Kajaria (DIN: 00273928) $	Joint Managing Director	6	6	Yes	1	0	1
Mr. Rishi Kajaria (DIN: 00228455) $	Joint Managing Director	6	6	Yes	1	0	0
Mr. Dev Datt Rishi (DIN: 00312882)	Director (Non-Executive)	6	6	Yes	1	0	0
Mr. Raj Kumar Bhargava (DIN: 00016949)#	Director (Non-Executive & Independent)	2	2	Yes	2	2	2
Mr. Debi Prasad Bagchi (DIN: 00061648)#	Director (Non-Executive & Independent)	2	2	Yes	0	0	0
Mr. H. Rathnakar Hegde (DIN: 05158270)	Director (Non-Executive & Independent)	6	6	Yes	1	1	0
Mrs. Sushmita Singha (DIN: 02284266)	Director (Non-Executive & Independent)	6	6	Yes	3	0	0
Dr. Lalit Kumar Panwar (DIN: 03086982)@	Director (Non-Executive & Independent)	4	4	-	1	0	1
Mr. Sudhir Bhargava (DIN: 00247515)@	Director (Non-Executive & Independent)	4	4	-	2	2	1

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

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

$ Promoter Group.

Mr. Raj Kumar Bhargava and Mr. Debi Prasad Bagchi ceased to be the Independent Director(s) of the Company from the conclusion of the 36th AGM of the Company held on 23rd September, 2022 as they had completed their tenure of the Independent Director(s) of the Company.

@ Dr. Lalit Kumar Panwar and Mr. Sudhir Bhargava appointed as the Independent Director(s) of the Company for a period of five consecutive years effective from the conclusion of the 36th AGM of the Company held on 23rd September, 2022.

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

During the year 2022-23, 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 inter-se 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 recognised Stock Exchange(s) in which the Directors of the Company hold position of Directorship (alongwith category of Directorship), as on 31st March, 2023, 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. H. Rathnakar Hegde (DIN: 05158270)	-	-
Mrs. Sushmita Singha (DIN: 02284266)	Radico Khaitan Limited	Non-executive & Independent Director
Dr. Lalit Kumar Panwar (DIN: 03086982)	-	-
Mr. Sudhir Bhargava (DIN: 00247515)	-	-

* 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, 2023 are as under:

Name of Independent /Non-executive Directors	Category	No. of equity shares of ₹1 each of the Company held as on 31st March, 2023
Mr. Dev Datt Rishi	Non-executive Director	1200

No other Independent Directors, hold any share of the Company as on 31st March, 2023.

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

Board Meetings

The Board meets at least once in every quarter through physical and/or electronic mode, 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 the Act, the Listing Regulations [including Notifications/Circulars issued thereunder, from time to time] and the Secretarial Standards, as applicable thereon.

During the financial year 2022-23, six (6) Board Meetings were held, at least one in every calendar quarter as permitted under the Act read with the Listing Regulations. The dates on which the Board Meetings were held, are as follows:

17th May, 2022, 21st July, 2022, 3rd October, 2022, 2nd November, 2022, 28th January, 2023 and 25th March, 2023.

Post meeting follow up Mechanism

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

Board Support

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

Separate Meeting for Independent Directors

The Independent Directors of the Company meet once in a financial year without the presence of non-Independent Directors and Management Personnel. Such Meeting reviews the performance of Non-Independent Directors and the Board as a whole, reviews the performance of Chairman of the Company taking into account the views of Executive Directors and Non-executive Directors, access the quality, quantity and timeliness of the flow of information between management and the Board that is necessary to effectively and reasonably perform its duties. A meeting of Independent Directors was held on 16th May, 2023.

Familiarization Programme for Independent Directors

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

The familiarization program alongwith details thereof has been uploaded on the Company's website at https://www.kajariaceramics.com/pdf/FamiliarisationProgrammeforIndependentDirectors.pdf / https://www.kajariaceramics.com/pdf/Details_of_Familarisation_Programme_of_Independent_Directors_231021.pdf

Audit Committee

During the year 2022-23, the Committee has been reconstituted as under and met six (6) times i.e. 17th May, 2022, 21st July, 2022, 3rd October, 2022, 2nd November, 2022, 28th January, 2023 and 25th March, 2023. 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. H. Rathnakar Hegde*	Non-executive & Independent	Chairman	6
Mr. Raj Kumar Bhargava#	Non-executive & Independent	Chairman	2
Mr. Ashok Kajaria	Executive	Member	6
Dr. Lalit Kumar Panwar*	Non-executive & Independent	Member	4
Mr. Sudhir Bhargava*	Non-executive & Independent	Member	4
Mr. Debi Prasad Bagchi#	Non-executive & Independent	Member	2

*Mr. H. Rathnakar Hegde has been appointed as the Chairman and Dr. Lalit Kumar Panwar and Mr. Sudhir Bhargava have been appointed as the Member(s) of the Audit Committee w.e.f 28th September, 2022.

#Mr. Raj Kumar Bhargava and Mr. Debi Prasad Bagchi ceased to be the Chairman and Member of the Audit Committee, respectively, from the conclusion of the 36th AGM of the Company held on 23rd September, 2022.

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

Mr. Ram Chandra Rawat, COO (A&T) & Company Secretary of the Company acts as the Secretary of the Audit Committee. Mr. Raj Kumar Bhargava, the then Chairman of the Audit Committee also attended the last Annual General Meeting of the Company held on 23rd September, 2022.

Terms of Reference of Audit Committee

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for the appointment, remuneration, terms of appointment of the Auditors of the Company and

reviewing & monitoring the auditor's independence and performance and effectiveness of the audit processes;

3. Approval for payment to the Statutory Auditors for any other permitted services rendered by Statutory Auditors;

4. Reviewing and examining, with the management, the annual financial statements and the Auditors' report thereon, before submission to the Board for approval, with particular reference to:

   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Act;

   b. Changes, if any, in accounting policies and practices and reasons for the same;

   c. Major accounting entries involving estimates based on the exercise of judgment by management;

   d. Significant adjustments made in the financial statements arising out of audit findings;

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

   f. Disclosure of any related party transactions;

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

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

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

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

8. Scrutiny of inter-corporate loans and investments;

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

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

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

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

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

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

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

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

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

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

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

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

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

Nomination and Remuneration Committee

During the year 2022-23, the Committee has been reconstituted as under and met three (3) times i.e. 19th April, 2022, 21st July, 2022 and 29th August, 2022. The composition of the Committee is as follows:

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

*Mrs. Sushmita Singha has been appointed as the Chairperson and Mr. Sudhir Bhargava has been appointed as the Member of the Nomination and Remuneration Committee w.e.f. 28th September, 2022.

Mr. Debi Prasad Bagchi ceased to be the Chairman of the Nomination and Remuneration Committee from the conclusion of the 36th AGM of the Company held on 23rd September, 2022.

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

Mr. Debi Prasad Bagchi, the then Chairman of the Nomination and Remuneration Committee was present in the last Annual General Meeting of the Company held on 23rd September, 2022.

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

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

2. Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;

3. While formulating the policy as above said, to ensure that:

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

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

   c) Remuneration to Directors, Key Managerial Personnel and Senior Management (one level below the functional heads including the Company Secretary and Chief Financial Officer) involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

4. Recommending the Board, all remuneration, in whatever form, payable to senior management including the Company Secretary and the Chief Financial Officer;

5. Formulating the criteria for evaluation of Independent Directors and the Board of Directors of the Company;

6. To extend or continue the term of appointment of Independent Director, on the basis of performance evaluation of Independent Directors;

7. Devising a policy on diversity of Board of Directors;

8. To formulate the detailed terms and conditions of the Kajaria Employee Stock Option Scheme 2015 ('ESOP Scheme 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 Scheme 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 Scheme 2015;

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

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

9. For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an

Independent Director shall have the capabilities identified in such description;

10. For the purpose of identifying suitable candidates as above, the Committee may:
    - To use the services of an external agencies, if required;
    - To consider candidates from a wide range of backgrounds, having due regard to diversity;
    - To consider the time commitments of the candidates.
11. 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 2022-23, the Committee has been re-constituted as under and met two (2) times i.e. 15th July, 2022 and 2nd January, 2023. The details of meetings 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	2
Mr. Chetan Kajaria	Executive	Member	2
Mr. Rishi Kajaria	Executive	Member	1
Mr. Dev Datt Rishi	Non-Executive	Member	1
Mr. H. Rathnakar Hegde*	Non-Executive & Independent	Member	1
Mrs. Sushmita Singha	Non-Executive & Independent	Member	1
Mr. Ram Chandra Rawat	COO (A&T) & Company Secretary	Member	2
Mr. Sanjeev Agarwal	Chief Financial Officer	Member	2

*Mr. H. Rathnakar Hedge ceased to be a Member of the Risk Management Committee w.e.f. 28th September, 2022.

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

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

1. To formulate a detailed Risk Management Policy which shall include:
   a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the Risk Management Committee;
   b. Measures for risk mitigation including systems and processes for internal control of identified risks; and
   c. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems;
4. To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. To review appointment, removal and terms of remuneration of the Chief Risk Officer (if any).
7. Any other role/function as be assigned by the Board of Directors or required under the applicable law, from time to time.

Performance Evaluation

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

Remuneration

A. Remuneration to Independent / Non-executive Directors

The Independent / Non-executive Directors are paid remuneration by way of sitting fees for each meeting of the Board and Committee of Directors attended by them. The total amount of sitting fees paid during the financial year 2022-23 was ₹40.20 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 a part of Annexure- 4 to the Directors Report and is also disclosed on the website of the Company https://www.kajariaceramics.com/pdf/nomination_remuneration_policy.pdf

The details of remuneration paid to Independent / Non-executive Directors during the financial year ended 31st March 2023 is as under:

Sr. No.	Name of Independent/Non-Executive Director	Sitting Fees (₹ in Lakhs)
1	Mr. Raj Kumar Bhargava^	3.00
2	Mr. Debi Prasad Bagchi^	3.90
3	Mr. H. Rathnakar Hegde	10.20
4	Mr. Dev Datt Rishi	4.50
5	Mrs. Sushmita Singha	6.60
6	Dr. Lalit Kumar Panwar*	6.00
7	Mr. Sudhir Bhargava*	6.00

^ Ceased to be the Independent Director(s) of the Company from the conclusion of the 36th AGM of the Company held on 23rd September, 2022.

* Appointed as the Independent Director(s) of the Company with effect from the conclusion of the 36th AGM of the Company held on 23rd September, 2022.

Other than sitting fees as mentioned above including reimbursement of expenses incurred for attending the meetings of the Board/its Committees, the Independent / Non-Executive Directors did not have any pecuniary relationship or transactions with the Company during the year 2022-23.

B. Remuneration to Executive Directors

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

The details of remuneration paid to Executive Directors during the year ended 31st March 2023 is as under:

(₹in Crores)

Name of Directors	Fixed Component		Performance Linked Incentive	Total
	Salary	Perquisites & other Benefits	Commission	
Mr. Ashok Kajaria	5.35	0.32	-	5.67
Mr. Chetan Kajaria	5.25	0.32	-	5.57
Mr. Rishi Kajaria	5.25	0.32	-	5.57

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

Stakeholders Relationship Committee

The Committee is responsible for the satisfactory redressal of investor's grievances and recommends measures for overall improvement in the quality of investor's services. During the year 2022-23, the Committee has been re-constituted as under and met five (5) times i.e. 19th April, 2022, 11th July, 2022, 6th October, 2022, 21st October, 2022 and 2nd January, 2023.

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. Sudhir Bhargava*	Non-executive & Independent	Chairman	0
Mrs. Sushmita Singha*	Non-executive & Independent	Chairperson	1
Mr. Ashok Kajaria	Executive	Member	5
Mr. Chetan Kajaria	Executive	Member	5

* Mr. Sudhir Bhargava has been appointed as the Chairman and Mrs. Sushmita Singha ceased to be the Chairperson of the Stakeholders Relationship Committee w.e.f 28th September, 2022.

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

During the year 2022-23, seven (7) shareholders related complaints were received. Out of the said seven (7) received complaints, six (6) complaints were duly addressed/disposed, during the year

2022-23. 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, if any 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 2022-23, the Committee met two (2) times i.e. 16th May, 2022 and 18th January, 2023. 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. Chetan Kajaria	Executive	Member	2
Mr. Rishi Kajaria	Executive	Member	2

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 Act and rules made thereunder, the Company has framed a CSR Policy, which is uploaded on the website of the Company i.e. www.kajariaceramics.com

As a part of initiative of CSR drive, the Company has implemented various CSR programmes/projects which made positive impacts mainly in the areas of health, sanitation, social relief, 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, social welfare and social economic development of under privileged children and for rural area development. These projects are also in accordance with Schedule VII of the Act.

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

Business Responsibility & Sustainability Committee

During the year 2022-23, the Committee met one (1) time i.e. 20th July, 2022. The composition of the Committee is as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Ashok Kajaria	Executive Director	Chairman	1
Mr. Chetan Kajaria	Executive Director	Member	1
Mr. Rishi Kajaria	Executive Director	Member	1
Dr. Rajveer Choudhary	COO (Works)	Member	1
Mr. Bhupendra Vyas	COO (Marketing)	Member	1
Mr. A Venkat Madhavan	Chief Human Resources Officer	Member	1

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

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

Management Committee

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

Ethics / Governance Policies

1. Code of Business Conduct and Ethics

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

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

The Code has been circulated to all the Directors and Senior Management Personnel. All members of the Board and Senior Officers have affirmed compliance to the Code as on 31st March, 2023.

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

2. Insider Trading Code

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

3. Material Subsidiary Policy

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

4. Related Party Transaction Policy

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

During the year 2022-23, the Related Party Transaction Policy has been revised in compliance with the Listing Regulations (including amendments thereof, from time to time).

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

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

5. Dividend Distribution Policy

Pursuant to the Regulation 43A of the Listing Regulations, the Company has adopted the Dividend Distribution Policy. The said policy is uploaded at the Company's website i.e. https://www.kajariaceramics.com/pdf/Dividend_Distribution_Policy.pdf

6. Risk Management Policy

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

7. Business Responsibility & Sustainability Report

Pursuant to the amendment of Regulation 34(2)(f) of the Listing Regulations, a Business Responsibility and Sustainability Report for the financial year 2022-23 is given as Annexure- A. The Company has also framed and adopted the Business Responsibility Policy and the same is uploaded at the Company's website i.e. https://www.kajariaceramics.com/pdf/BusinessResponsibilityPolicy.pdf

General Body Meetings

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

Year	Date	Time	Venue	Details of Special Resolutions Passed, if any.
2021-22	23rd September, 2022	3:00 p.m.	Deemed Venue: Registered Office of the Company as the Annual General Meeting was conducted through Video Conferencing / Other Audio Visual Means	• Appointment of Dr. Lalit Kumar Panwar as an Independent Director of the Company • Appointment of Mr. Sudhir Bhargava as an Independent Director of the Company
2020-21	28th September, 2021	3:00 p.m.	Deemed Venue: Registered Office of the Company as the Annual General Meeting was conducted through Video Conferencing / Other Audio Visual Means	• Re-appointment of Mr. Ashok Kajaria as the Chairman & Managing Director of the Company • Re-appointment of Mr. Chetan Kajaria as the Joint Managing Director of the Company • Re-appointment of Mr. Rishi Kajaria as the Joint Managing Director of the Company
2019-20	28th September, 2020	3:00 p.m.	Deemed Venue: Registered Office of the Company as the Annual General Meeting was conducted through Video Conferencing / Other Audio Visual Means	Nil

b) Special Resolution passed through Postal Ballot: During the year 2022-23, one Special Resolution was passed on December 22, 2022 through Postal Ballot as under:

- To consider and approve revised limit(s) of advancing loan(s) to the subsidiary(ies) of the Company under Section 185 of Companies Act, 2013

The voting results for the above said Resolution are given below:

No. of total valid votes received	Votes cast (No. of shares)	
	For	Against
136245095	118082663	18162432

Mr. Shashikant Tiwari, Partner of M/s Chandrasekaran Associates, Company Secretaries, Delhi had conducted the Postal Ballot exercises for the above said Postal Ballot as the Scrutinizer and submitted the report in compliance of the applicable laws.

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

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

d) Procedure for Postal Ballot:

- In compliance with Regulation 44 of the Listing Regulations read with Sections 108, 110 and other applicable provisions, if any, of the Act and the rules made thereunder and the Secretarial Standard on General Meetings ('SS-2'), the Company provides facility for casting votes by way of e-voting and/or postal ballot to all its shareholders, as may be permitted by the applicable laws. 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, as may be permitted by the applicable laws.
- The Company dispatches postal ballot notices, etc. 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) as may be permitted by the applicable laws. Subject to the applicable laws, physical copy of notice is sent to the shareholders, whose email is not registered or who has requested for physical copy of notice. The Company also publishes a notice in the newspaper(s) declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and other applicable rules and regulations.
- Voting rights are reckoned on the paid-up value of the shares registered in the names of the shareholders as on the cut-off date. Subject to the applicable laws, shareholders desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the Scrutiniser on or before the closure of the voting period. Shareholders desiring to exercise their votes by electronic mode are requested to vote before the closure of the voting period.
- In compliance with the applicable laws, the Scrutiniser submits his report to the Chairman or a person authorised by the Chairman, after the completion of scrutiny, and consolidated results of the voting by postal ballot and e-voting are announced by the Chairman or a person authorised by the Chairman to do the same. The results are also displayed at the Company's Registered Office & the Corporate Office and also on the Company's website i.e. www.kajariaceramics.com, besides being communicated to the Stock Exchange(s), within the prescribed timeline.

e) Except above, the Company did not hold Extra-Ordinary General Meeting of the Shareholders during the financial year 2022-23.

Disclosures

a) Materially Significant Related party transactions

During the financial year 2022-23, there are no materially significant transactions with the related parties' viz. Promoters, Directors or the Management, their subsidiaries or relatives that had potential conflict with the Company's Interest.

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

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

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

c) Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) and 177(10) of the Act and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy with vigil mechanism for the Directors and Employees of the Company to report to the management about the genuine concerns, unethical behaviour, fraud or violation of Company's Code of Conduct, leakage or suspected leakage of Unpublished Price Sensitive Information with respect to the Company. The mechanism provides for adequate safeguards against victimization of employees and directors who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. No complaint has been received during the year 2022-23.

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

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

e) In accordance with the provisions of Regulation 24A(2)of the Listing Regulations (including amendment thereto), the Annual Secretarial Compliance Report for the year 2022-23 has been issued by Mr. Shashikant Tiwari, Partner of M/s Chandrasekaran Associates, Company Secretaries, Delhi, which forms part of this report.

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

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

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

Accordingly, in the opinion of the Board of the Company, all Independent Directors of the Company fulfill the conditions/criteria specified in the Listing Regulations read with the Act and rules made thereunder 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 2022-23, the Board of the Company had accepted all recommendations of the Committee(s) of the Board of the Company.

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

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

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

- Number of complaints filed during the year 2022-23 : Nil
- Number complaints disposed of during the year 2022-23: Nil
- Number of complaints pending as at end of the year 2022-23 : Nil

j) Details of all credit ratings obtained by the Company along with any revisions thereto during year 2022-23, 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 2022-23, 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 2022-23, 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 2022-23 including Limited Review)	88.00
2	Other Services and out of pocket expenses	23.00
	Total	**111.00**

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

1. Kajaria Bathware Private Limited

Sr. No.	Particulars	₹ in Lakhs (exclusive of applicable taxes)
1	Audit Fee of Financial Statements (Standalone & Consolidated) for the financial year 2022-23	10.00
2	Other Services and out of pocket expenses	-
	Total	**10.00**

2. Kajaria Sanitaryware Private Limited (Step-down subsidiary)

Sr. No.	Particulars	₹ in Lakhs (exclusive of applicable taxes)
1	Audit Fee of Financial Statements (Standalone & Consolidated) for the financial year 2022-23	8.00
2	Other Services and out of pocket expenses	-
	Total	**8.00**

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

l) Skills/ Experience/Competencies of the Directors of the Company:

The Board of Directors of the Company have also identified the 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 the 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. H. Rathnakar Hegde	Mrs. Sushmita Singha	Dr. Lalit Kumar Panwar	Mr. Sudhir Bhargava
Technology	Yes	Yes	Yes	Yes	-	-	-	-
Manufacturing process	Yes	Yes	Yes	Yes	-	-	-	-
Accountancy	Yes	Yes	Yes	-	Yes	-	Yes	Yes
Finance and financial management	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes
Law	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes
Economics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Business Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Risk Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Administration	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Human Resources	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

Sr. No.	Name of Entity belongs to Promoter/Promoter Group of the Company	Category	Nature of Transaction during the financial year 2022-23	Amount of Transaction during the financial year 2022-23 (₹ in Crores)
1	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	Promoter Group	Final/Interim Dividend Paid	23.28
2	RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust)	Promoter Group	Final/Interim Dividend Paid	23.28

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

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

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

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

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

c. **Modified opinion(s) in Audit Report:** The Audit Report(s) on the Financial Statements (Standalone & Consolidated) for the year ended 31st March, 2023, do not contain any modified opinion.

d. **Separate posts of Chairperson and the Managing Director or the Chief Executive Officer:** As per the Articles of Association of the Company and in accordance with the provisions of the Companies Act, 2013, the Company continues to appoint one person as the Chairman & Managing Director of the Company

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

o) CEO / CFO Certificate

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

p) Loans and Advances in the nature of loans given by the Company and its subsidiaries to firms/companies in which Directors are interested:

i) By the Company:

Loans given to		Advances in the nature of loans given to	
Firm/companies	**Amount (₹ in Crores) (Outstanding as on March 31, 2023)**	**Firm/companies**	**Amount (₹ in Crores) (Outstanding as on March 31, 2023)**
Kajaria Bathware Private Limited	20.00	Nil	Nil
Kajaria Sanitayware Private Limited*	37.00	Nil	Nil
Kajaria Plywood Private Limited	45.75	Nil	Nil
Kajaria Infinity Private Limited	20.00	Nil	Nil
Kajaria Vitrified Private Limited	153.57	Nil	Nil
Vennar Ceramics Limited^	4.70	Nil	Nil
South Asian Ceramic Tiles Private Limited	9.00	Nil	Nil
Kajaria International DMCC	1.80	Nil	Nil

* Step-down subsidiary of the Company.

^ ceased to be a subsidiary of the Company.

ii) By subsidiary(ies) of the Company:

Loans given to		Advances in the nature of loans given to	
Firm/companies	**Amount (₹ in Crores) (Outstanding as on March 31, 2023)**	**Firm/companies**	**Amount (₹ in Crores) (Outstanding as on March 31, 2023)**
Kerovit Global Private Limited	3.45		Nil

q) Details of material subsidiaries of the Company, as on 31st March, 2023:

Name of Material Subsidiaries	Date of Incorporation of Material Subsidiaries	Place of Incorporation of Material Subsidiaries	Name of Statutory Auditors of Material subsidiaries	Date of appointment of Statutory Auditors of Material subsidiaries
Not Applicable				

r) During the year 2022-23, the Company has not raised any fund through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulations.

s) Details of Senior Management of the Company and changes therein:

Name	Designation
Mr. Ram Chandra Rawat	COO (A&T) & Company Secretary
Mr. Sanjeev Agarwal	Chief Financial Officer
Dr. Rajveer Choudhary	COO (Gailpur Plant)
Mr. G. P. Nirmal	Sr. VP (I&E)
Mr. Pankaj Sethi	COO (Marketing)
Mr. Vivek Goyal	Sr. VP (Marketing)
Mr. Gautam Seth	Sr. VP (Marketing & Technical)
Mr. Bhupendra Vyas	COO (Marketing)
Mr. Arun Lath	Sr. VP (Works)
Mr. Jaganathan B.	VP (Sales)
Mr. A Venkat Madhavan	Chief Human Resources Officer
Mr. S P Rajendran	COO
Mr. Atul Nigam*	VP (IT)

*Appointed on 27th February, 2023.

Except as mentioned above, there are no changes in the senior management since close of the previous financial year.

s) Details of information disclosed under Clause 5A of Paragraph A of Part A of Schedule III of the Listing Regulations: Not Applicable.

Means of Communication

Quarterly, Half-Yearly & Annual Financial Results:

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

Investor Release

The official release made to institutional Investors/Analysts, if any, are sent to NSE / BSE and posted on the Company's website. The Company also uploads the recording of Conference Call and transcript thereof at its website alongwith submission of the same to NSE & BSE, in compliance of the provisions of the Listing Regulations.

General Shareholders Information

Notice relating to the 37th Annual General Meeting is sent to the members at their registered address/email address available with the Depositories / the Company, as permitted by the applicable laws.

Date, Time and Venue of the 37th Annual General Meeting ('AGM')

Day & Date : Tuesday, 12th September, 2023

Time : 1:00 p.m. (IST)

Venue : Registered Office of the Company will be deemed as the venue of the AGM

Dates of Book closure : Wednesday, 6th September, 2023 to Tuesday, 12th September, 2023 (Both days Inclusive)

Financial Year	: April 1 to March 31
Financial Calendar (Tentative)	
First Quarter Results	: 26th July, 2023
Second Quarter / Half Yearly Results	: 4th week of October 2023
Third Quarter / Nine Months Results	: 4th week of January 2024
Fourth Quarter / Annual Results for the year ending 31st March 2024	: 2nd week of May, 2024

Dividend Payment date

Final Dividend will be paid to all eligible shareholders within 30 days from the date of declaration of dividend at the 37th Annual General Meeting.

Dividend history for the last 5 years is as under:

Year	Dividend Rate (%)	In per Share	Dividend Amount (Rupees in Crores)
2021-22	300	₹3.00	47.77
2021-22*	800	₹8.00	127.34
2020-21*	1000	₹10.00	159.08
2019-20*	300	₹3.00	47.69
2018-19	300	₹3.00	47.69
2017-18	300	₹3.00	47.69

* Interim Dividend

During the year 2022-23, the Company has also paid Interim Dividend @ ₹6 per share aggregating to ₹95.54 crores.

Unpaid / Unclaimed Dividend:

The entire unpaid / unclaimed dividend up to the financial year 2014-15 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 2015-16 is due to be transferred to the IEPF 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, pursuant to the IEPF Rules, the Company has transferred total 5,91,608 equity shares of ₹1/- each, in respect of which dividend had not been claimed by the shareholders for 7 consecutive years or more to IEPF Authority and as on 31st March, 2023, the IEPF Authority has released 27,050 equity shares of ₹1/- each to the claimant(s).

Pursuant to the IEPF Rules, the unclaimed dividend for the financial year 2015-16 will become due for transfer in favour of the IEPF Authority on 27th September, 2023 (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 2022-23:

Month	BSE		NSE	
	High	Low	High	Low
April, 2022	1079.95	996.45	1075.00	993.10
May, 2022	1090.80	920.00	1091.95	918.05
June, 2022	1059.80	898.00	1059.30	898.00
July, 2022	1185.00	937.40	1181.00	937.20
August, 2022	1212.10	1010.10	1214.00	1110.00
September, 2022	1279.95	1107.00	1282.65	1107.00
October, 2022	1224.35	1046.00	1205.55	1044.50
November, 2022	1194.50	1009.65	1194.90	1009.70
December, 2022	1211.95	1060.00	1212.00	1062.55
January, 2023	1199.00	1020.20	1199.05	1021.00
February, 2023	1125.00	1039.05	1125.00	1041.05
March, 2023	1139.95	1006.40	1091.50	1006.50

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 2023-24 have been paid by the Company within the stipulated time.

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

ISIN : INE217B01036

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

Registrar & Share Transfer Agent

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

MCS Share Transfer Agent Limited

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

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

E-mail ID: admin@mcsregistrars.com

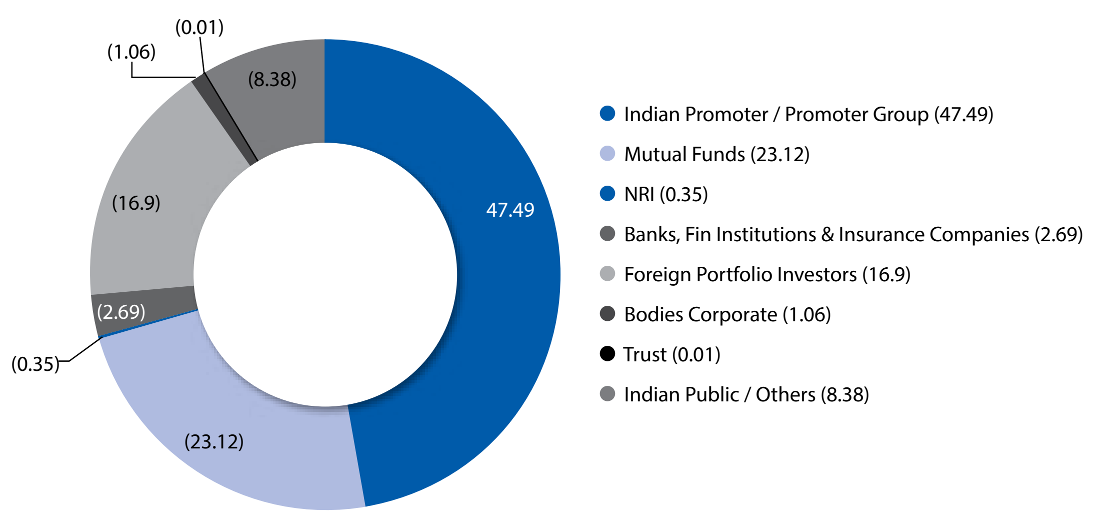
Share Transfer System

MCS Share Transfer Agent Limited is the Registrar and Share Transfer Agent ('RTA') for handling the share registry work relating to shares held in physical and electronic format at single point. Subject to the provisions of the applicable laws, the applications received by the Company/the Registrar and Share Transfer Agent for the transfer/transmission of shares are processed and the share certificate/letter of confirmation for the same are sent to the transferee within the stipulated period.

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

Shareholding Pattern as on 31.03.2023

Category	No. of Shares Held	Percentage of Shareholding
Promoters/Promoter Group		
Indian Promoters	75625231	47.49
Institutional Investors & Others		
Mutual Funds	36803990	23.12
Banks, Financial Institutions & Insurance Companies	4287997	2.69
Foreign Portfolio Investors	26902394	16.90
Bodies Corporate	1694106	1.06
NRI	562946	0.35
Trust	11191	0.01
Indian Public	13344695	8.38
Total	**159232550**	**100.00**



Distribution of Shareholding as on 31.03.2023

Category Range	No. of Shareholders		No. of Shares	
	Total	% of shareholders	Total	% of share capital
1-500	65257	93.85	3072933	1.93
501-1000	1857	2.67	1469075	0.92
1001-2000	1163	1.67	1782136	1.12
2001-3000	393	0.57	1000542	0.63
3001-4000	190	0.27	676432	0.43
4001-5000	121	0.17	561231	0.35
5001-10000	205	0.30	1470359	0.92
10001 and above	348	0.50	149199842	93.70
Total	**69534**	**100.00**	**159232550**	**100.00**

Dematerialisation of shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in depository systems of both the National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As at 31st March 2023, 158354247 equity shares out of 159232550 equity shares of the Company, forming 99.45% of the Company's paid up capital is held in dematerialised form. The status of shares held in demat and physical format is given below:

Particulars	No. of Shares	%
Shares in Demat Form		
NSDL	148232412	93.09
CDSL	10121835	06.36
Shares in Physical Form	878303	00.55
Total	**159232550**	**100.00**

Outstanding GDR/ ADR/ Warrants or other Convertible Instruments

The Company has not issued any GDR/ADR/Warrants or other convertible instruments during the year 2022-23.

Other Information

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

b) **Reconciliation Audit for Share Capital as on 31st March, 2023**

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 2023. The details of foreign currency exposure as on 31st March 2023 is provided in Note No. 48 of the Financial Statements. All import liabilities are unhedged because cost of forward premium was higher. However, all import liabilities are paid on the due date. There is no commodity price risk and commodity hedging risk during the financial year 2022-23.

Plant Locations

The plants of the Company are located as under:

- A-27 to 30, Industrial Area, Sikandrabad, Distt.: Bulandshahr (U.P.) - 203205.

- Alwar Shahpura Road, Village & Post: Malootana, Tehsil: Thanagazi, Distt.: Alwar (Rajasthan) -301022.
- 19 KM Stone, Bhiwadi - Alwar Road, Village: Gailpur, Distt.: Alwar (Rajasthan) - 301707.
- Survey No. 129, Industrial Park, Opp. Bhavanisankarapuram, Thatiparthi (V), Thottambedu (M), Near Srikalahasti, Distt.: Chittoor (A.P.) - 517 642

Subsidiary Companies

As on 31st March, 2023, the Company does not have any material unlisted subsidiary company as defined under the Listing Regulations.

Address for Correspondence

i. Registered Office:

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

ii. Corporate Office:

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

Email ID for Investors

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

Declaration related to the Code of Conduct to Directors/ Senior Management

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

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

Place: New Delhi
Date: 26th July, 2023

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, 2023 and that to the best of our knowledge and belief we state that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2023, which are fraudulent, illegal or in violation of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

1. significant changes in internal control over financial reporting during the year ended 31st March, 2023;
2. significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
3. instances to significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi
Date : 16th May, 2023

Ashok Kajaria
Chairman & Managing Director

Sanjeev Agarwal
CFO

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Members
KAJARIA CERAMICS LIMITED
SF-11, Second Floor
JMD Regent Plaza
Mehrauli Gurgaon Road,
Village Sikanderpur Ghosi,
Gurgaon, Haryana - 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 2023. 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
FRN: P1988DE002500
Peer Review Certificate No.: 1428/2021

Rupesh Agarwal
Managing Partner
Membership No. ACS 16302
Certificate of Practice No. 5673
UDIN: A016302E000681441

Place: Delhi
Date: 26th July, 2023

SECRETARIAL COMPLIANCE REPORT OF KAJARIA CERAMICS LIMITED

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

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 Chandrasekaran Associates, Company Secretaries have examined:

All the documents and records made available to us and explanation provided by Kajaria Ceramics Limited ("the Listed Entity/Company"),

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

(b) Website of the listed entity,

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

for the financial year ended on March 31, 2023 **("Review Period")** in respect of compliance with the applicable 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 and include:-

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

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not Applicable during the review period**;

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

(d) Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **Not Applicable**

(e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

(f) Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulation, 2021 **Not Applicable**

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

(h) 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;

(i) 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;

(j) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009;

(k) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company): **Not Applicable**

We have examined the compliance of above regulations, circulars, guidelines issued thereunder as applicable during the review period and based on confirmation received from management of the Company as and wherever required and affirm that:

S. No.	Particulars	Compliance Status (Yes/ No/NA)	Observations/Remarks by PCS
1.	**Secretarial Standard** The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI). We have examined the Secretarial Standards issued by Institute of Company Secretaries of India and as notified by Ministry of Corporate Affairs.	Yes	
2.	**Adoption and timely updation of the Policies:** a. All applicable policies under Securities Exchange Board of India ('SEBI') Regulations are adopted with the approval of Board of Directors of the listed entity. b. All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/circulars/ guidelines issued by SEBI	Yes	
3.	**Maintenance and disclosures on Website:** • The listed entity is maintaining a functional website • Timely dissemination of the documents/ information under a separate section on the website • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website	Yes	
4.	**Disqualification of Director:** None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	
5.	To examine details related to Subsidiaries of listed entity: a) Identification of material subsidiary companies	NA	The management had identified that during the period under review, there were no Material Subsidiary Company.
	b) Requirements with respect to disclosure of material as well as other subsidiaries (Company is not having any material subsidiaries)	Yes	
6.	**Preservation of Documents:** The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015	Yes	
7.	**Performance Evaluation:** The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	Yes	
8.	**Related Party Transactions:** (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions.	Yes	
	(b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit committee	N.A.	The Company has obtained prior approval of the Audit Committee for all Related Party Transactions
9.	**Disclosure of events or information:** The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder	Yes	
10.	**Prohibition of Insider Trading:** The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	
11.	**Actions taken by SEBI or Stock Exchange(s), if any:** No Actions taken against the listed entity/ its promoters/directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder with respect to the listed entity.	Yes	No action was taken against the listed entity/ its promoters/directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.
12.	Additional Non-compliances, if any: No any additional non-compliance observed for all SEBI regulation/ circular/guidance note etc.	Yes	No non-compliance observed for all SEBI regulation/circular/guidance note etc.

Further, based on the above examination, we hereby report, during the review period that:

(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:-

S. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
NA										

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

S. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
NA										

(c) The listed entity 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 terms of appointment of statutory auditor of the Listed entity.

For **Chandrasekaran Associates**
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No: 1428/2021

Shashikant Tiwari
Partner
Membership No. F11919
Certificate of Practice No. 13050
UDIN: F011919E000369980

Date: 24.05.2023
Place: Delhi

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C 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, Haryana, 122001

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, and declarations received from respective Directors, We hereby certify that as on Financial Year ended on March 31, 2023, none of the Directors on the Board of the Company as stated below 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	Mr. Ashok Kajaria	00273877	20/12/1985
2	Mr. Chetan Kajaria	00273928	15/06/2000
3	Mr. Rishi Kajaria	00228455	26/07/2003
4	Mr. H. Rathnakar Hegde	05158270	17/01/2012
5	Mr. Dev Datt Rishi	00312882	14/01/2015
6	Mrs. Sushmita Singha	02284266	30/03/2015
7	Mr. Sudhir Bhargava	00247515	23/09/2022
8	Dr. Lalit Kumar Panwar	03086982	23/09/2022

Ensuring the eligibility 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
FRN: P1988DE002500
Peer Review Certificate No: 1428/2021

Rupesh Agarwal
Managing Partner
Membership No. A16302
Certificate of Practice No. 5673
UDIN: A016302E000681494

Place: Delhi
Date:26th July, 2023

Annexure-A

Business Resonsibility & Sustainability Report

At global level we are facing various risks driven by environmental and societal issues. We need to address these issues on a serious front to avoid becoming these risks uncontrollable. Failure to which could result into tough consequences for company, nation and globe at larger level, both in term of health and wealth.

Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Introduction of 'Business Responsibility and Sustainability Reporting' ("BRSR") reporting framework by the Securities and Exchange Board of India ("SEBI") containing detailed Environmental, Social and Governance ("ESG") disclosures, is a desired step.

This report briefs about our ESG approach which shows our sincere efforts and our responsible behavior towards environment and society.

This section provides the disclosure as per BRSR requirements.

SECTION A - GENERAL DISCLOSURES

I. Details of the listed entity

Corporate Identity number:	L26924HR1985PLC056150
Name of the Listed Entity:	Kajaria Ceramics Limited ("the Company")
Year of incorporation:	1985
Registered office address:	SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana- 122001
Corporate address:	J-1/B-1 (Extn.), Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110044
E-mail:	investors@kajariaceramics.com
Telephone:	91-124-4081281 91-11-26946409
Website:	www.kajariaceramics.com
Financial year for which reporting is being done:	2022-23
Name of the Stock Exchange(s) where shares are listed:	BSE Limited (BSE), National Stock Exchange of India Limited (NSE)
Paid-up Capital:	INR 15.92 Crore
Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:	Investor Relations Cell 91-11-26946409 investors@kajariaceramics.com
Reporting boundary:	The boundary covers Kajaria Ceramics Limited and its subsidiaries namely: • Kajaria Infinity Pvt. Ltd. • Kajaria Vitrified Pvt. Ltd. • Kajaria Plywood Pvt. Ltd. • Vennar Ceramics Ltd. * • South Asian Ceramic Tiles Pvt. Ltd. • Kajaria Bathware Pvt. Ltd. • Kajaria Sanitaryware Pvt. Ltd. (Step-down subsidiary) • Kajaria International DMCC • Kerovit Global Pvt. Ltd. (Step-down subsidiary)

*Presently ceased to be a subsidiary

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
i	Tiles	Manufacturing and trading of ceramic and vitrified tiles	90.2%
ii	Others including bathware, plywood and adheshives	Manufacturing and trading of sanitaryware and faucet and trading of plywood, laminates and Adheshives	9.8%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
i	Manufacturing of Ceramic / Vitrified Tiles. This activity accounts for majority turnover received by our Company	239|2392|23929	90.2%
ii	Manufacturing of Faucets/ Sanitaryware	281|2813|28132 239|2392|23922	7.2%
iii	Trading of plywood, laminates and Adheshives	466|4663|46631	2.6%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	9	60	69
International	0	3	3

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of states)	The Company operates pan India
International (No. of countries)	The Company has presence across various countries

b. What is the contribution of exports as a percentage of the total turnover of the entity?

1.30%

c. A brief on types of customers

Kajaria caters to a wide range of customers including home owners, architects, interior designers, contractors etc. through its entrenched dealer and sub-dealer network. The company also directly caters to the institutional customers like builders, corporates and government etc.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1.	Permanent (D)	2,359	2,271	96%	88	4%
2.	Other than Permanent (E)	13	13	100%	0	0%
3.	Total employees (D + E)	2,372	2,284	96%	88	4%
Workers						
4.	Permanent (F)	2,020	1,877	93%	143	7%
5.	Other than Permanent (G)	2,962	2,874	97%	88	3%
6.	Total workers (F + G)	4,982	4,751	95%	231	5%

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Differently Abled Employees						
1.	Permanent (D)	0	0	0	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D + E)	0	0	0	0	0
Differently Abled Workers						
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	0	0	0	0	0
6.	Total differently abled workers (F + G)	0	0	0	0	0

19. Participation/Inclusion/Representation of women

	Total (A)	Number and percentage of females	
		No. (B)	% (B/A)
Board of Directors	8	1	12.5%
Key Management Personnel	2	0	0%

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	14%	21%	14%	11%	17%	12%	9%	23%	10%
Permanent Workers	10%	15%	10%	7%	4%	7%	3%	5%	3%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

As on 31st March 2023, the Company has 6 subsidiaries and two step down subsidiary alongwith one Joint Venture. The holding Company is Kajaria Ceramics Limited. The details of the subsidiaries have been disclosed in the Annual Report for the financial year 2022-23. Our subsidiaries are listed below:

1. Kajaria Vitrified Private Limited.
2. Vennar Ceramics Limited.*
3. Kajaria Infinity Private Limited.
4. South Asian Ceramic Tiles Private Limited
5. Kajaria Plywood Private Limited.
6. Kajaria Bathware Private Limited.

*Presently ceased to be a subsidiary

7. Kajaria Sanitaryware Private Limited (Step-down subsidiary)
8. Kajaria International DMCC
9. Kajaria Ramesh Tiles Limited (Joint Venture)
10. Kerovit Global Pvt. Ltd. (Step-down subsidiary)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Kajaria Bathware Private Limited	Subsidiary	85.00*	No
2	Kajaria Sanitaryware Private Limited	step-down subsidiary	0	No
3	Kajaria Plywood Private Limited (KPPL)	Subsidiary	100.00	No
4	Kajaria Vitrified Private Limited	Subsidiary	95.0	No
5	Kajaria Infinity Private Limited (KIPL)	Subsidiary	77.0	No
6	Vennar Ceramics Limited	Subsidiary	51.00	No
7	South Asian Ceramic Tiles Private Limited	Subsidiary	51.00	No
8	Kajaria International DMCC	Subsidiary	100%	No
9	Kajaria Ramesh Tiles Limited	Joint Venture	50%#	No
10	Kerovit Global Pvt. Ltd. (Step-down subsidiary)		85%*	No

* Diluted basis

#yet to be alloted

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013

Yes

(ii) Turnover (in Rs.):

4,381.93 Crore

(iii) Net worth (in Rs.):

2,326.78 Crore

VI. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23		FY 2021-22	
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Number of complaints filed during the year	Number of complaints pending resolution at close of the year
Communities	Yes, https://www.kajariaceramics.com/pdf/whistel_blowing_policy.pdf	0	0	0	0
Investors (other than shareholders)		0	0	0	0
Shareholders		7	1	6	0
Employees and workers		0	0	0	0
Customers		55	0	43	0
Value Chain Partners		0	0	0	0
Other (please specify)		0	0	0	0

24. Overview of the entity's material responsible business conduct issues.

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity
Refer materiality assessment section in Integrated Annual Report					

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

The National Guidelines for Responsible Business Conduct (NGRBC) as brought out by the Ministry of Corporate Affairs advocates the following nine principles:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Disclosure Questions	**Ethics & Trans-parency**	**Product Responsi-bility**	**Human Re-sources**	**Stake-holders Engage-ment**	**Respect for Human Rights**	**Respon-sible manu-facturing**	**Public Policy Advocacy**	**Inclusive Growth**	**Customer Engage-ment**
Policy and management processes									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	https://www.kajariaceramics.com/corporate-governance.php								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	The Company adheres to all the requirements of our BR policy and we also encourage our value chain partners to adopt best practices to achieve responsible business operations								

4. Name of the national and international codes/ certifications/ labels/ standards adopted by your entity and mapped to each principle.	The Company has also adopted various standard specified by the International Organization for Standardization (ISO) at different plants, which are mentioned below: 1. ISO 9001:2015 for Quality Management System 2. ISO 14001:2015 for Environmental Management System 3. ISO 45001:2018 for Occupational Health & Safety Management System 4. SA 8000:2008 for Social Accountability Standards 5. ISO 22000:2005 for Preparation & Serving of Vegetarian Food/Non-Alcoholic Beverages for employees & visitors in its canteen 6. ISO 45001 for Occupational Health and Safety 7. ISO 50001:2011- Energy Conservation 8. Membership: India Green Building Council (IGBC) 9. CE Certified Product 10. BISL: ISI Certified product (IS15622/2017) 11. CII-Green Products and Services Council Certified Entity Vitrified Tiles as Green Product
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Our Business Responsibility Policy outlines our commitments towards sustainability and responsible business
6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	Performance details are mentioned in various sections of our Integrated Annual Report
Governance, leadership, and oversight	
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements	Our sustainability strategy mainstreams environmental and social considerations into economic decision making. We are proud to share that we have integrated financial and non-financial disclosures into one document – The Integrated Annual Report. The report covers performance on six capitals along with the value created by each capital.
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Ashok Kajaria Chairman & Managing Director DIN : 00273877
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The Company has constituted a Business Responsibility & Sustainability Committee ("BRS Committee") to oversee the implementation of the policy.

10. Details of Review of NGRBCs by the Company:

Subject for review	Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee	Frequency (Annually/ Half-yearly/ Quarterly/ Any other – please specify)
	P1 P2 P3 P4 P5 P6 P7 P8 P9	P1 P2 P3 P4 P5 P6 P7 P8 P9
Performance against above policies and follow up action	Yes, our BRS Committee reviews the Company Performance	Annually
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company complies with all applicable laws and regulations. As of March 31st, 2023, there were no fines or penalties against any of the NGRBC principles.	We have internal control measures that check compliance on a regular basis.

	P1 P2 P3 P4 P5 P6 P7 P8 P9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	The Company has not carried out independent audit / evaluation of working of the BR Policy by an internal or external agency as of now. However, our internal control procedures ensure periodic assessment of our operations to verify compliance to our policies and applicable regulations.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators:

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors **Key Managerial Personnel**	6 (as part of board Meetings)	Updates and awareness related to regulatory changes are conducted for the Board of Directors & KMPs. Topics covered includes: 1) Corporate Governance 2) Companies Act and rules made thereunder 3) SEBI Regulations 4) Environmental & Safety matters	100%
Employees other than BoD and KMPs	Multiple	Our employees receive multiple trainings throughout the year on topics such as - Health and Safety trainings, Anti-corruption and bribery topics, Prevention of Sexual Harassment topics, Energy efficiency, etc.	100%
Workers	Multiple	Our workers receive multiple trainings throughout the year on topics such as - Health and Safety trainings, Anti-corruption and bribery topics, Prevention of Sexual Harassment topics, Plantation activities, etc.	100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year:

Monetary					
	NGRBC Principle	**Name of the regulatory/ enforcement**	**Amount (In INR)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty/Punishment Fine	NIL				
Settlement					
Compounding fee					

Non-Monetary				
	NGRBC Principle	**Name of the regulatory/ enforcement**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Imprisonment		NIL		
Punishment				

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:

Not applicable

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

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.

The Company also has a whistle-blower mechanism that allows to raise voice against any instances of unethical/fraudulent activities, etc. The Whistle-blower policy is available at https://www.kajariaceramics.com/pdf/whistel_blowing_policy.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY 2022-23	FY 2021-22
Directors	NIL	NIL
KMPs		
Employees		
Workers		

6. **Details of complaints with regard to conflict of interest:**

	FY 2022-23	FY 2021-22
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL	
Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.	Not Applicable	

7. **Provide details of any corrective action taken or underway on issues related to fines/penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not applicable. However, we are constantly updating our systems for emerging risks and regulatory changes

Leadership Indicators:

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Total number of awareness programmes held	Topics/principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programmes
• Launched Dealer Salesmen Training Program during FY 22-23, covering about 800 dealers of North India.		

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

Yes, all directors of the Company disclose their interest in the company(ies)/firm(s)/bodies corporate/other association of individuals and any changes therein, annually or upon any change. Further, Directors of the Company also provide a declaration under the Code of Business Conduct and Ethics confirming that there is no violation of the said code which also covers the processes to avoid the instances of conflict of interest. In the meeting of the Board, the Directors abstain from participating in the items in which they are concerned or interested.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicator:

1. Percentage of R&D and capital expenditure (CAPEX) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and CAPEX investments made by the entity, respectively.

	FY 2022-23 (%)	FY 2021-22 (%)	Details of improvements in environmental and social impacts
R&D and Capex	Environmental and Social impact assessment is one of the key inputs for the new product development/ process changes. Capital expenditure and R&D spends incurred by the Company embeds cost incurred to mitigate environmental & social hazards. These are inseparable cost of the projects and hence separately identifying such cost is not feasible.		

2. **a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes, we endeavour that majority of our raw material is sourced within the district or the locations surrounding our plants. Wherever feasible, we ensure no hazardous materials are used and process wastes are reused or recycled into our manufacturing process.

2. **b. If yes, what percentage of inputs were sourced sustainably?**

Majority of the resources involved in our manufacturing process are sourced sustainably. We aspire to associate with raw material vendors, who comply with environment and labour laws. In addition, we encourage our vendors to be mindful of responsible business conduct principles such as prevention of environmental pollution, no child labour/forced labour, implementation of safety procedures, etc.

Most of our raw material vendors are located in proximity to our manufacturing units which helps to minimize transportation and related GHG emissions. The Company continuously strives for load and route optimization to ensure fuel efficiency of the fleets and subsequently lower GHG emissions

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

We are not undertaking reclamation of our products sold as our tiles, sanitaryware and bathware products have a long lifespan.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

EPR is not applicable to us.

Leadership Indicator:

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for the manufacturing industry) or for its services (for the service industry)? If yes, provide details:**

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective /Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
We have not conducted any LCA studies. However we recognize the importance of understanding the impact of our products on environmental and social aspects.					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
Our products are made from non-hazardous materials and we practice environment-friendly manufacturing processes while ensuring compliance with applicable regulations and laws. However, we recognize the importance of understanding the impact of our products on environmental and social aspects.		

3. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed:

	FY 2022-23			FY 2021-22		
	Re-Used	**Recycled**	**Safely Disposed**	**Re-Used**	**Recycled**	**Safely Disposed**
Plastics(including packaging)	Very small quantity of plastic is used in our packaging. There is no process of reclaiming it.					
E-waste	Not applicable, the Company does not sell electronic products					
Hazardous waste	Not applicable, the Company does not sell products with hazardous substances					
Other waste	Not applicable					

4. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
We are not undertaking reclamation of our products sold as our tiles, sanitaryware and bathware products have a long lifespan. The cardboard used in our packaging material is recyclable.	

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicator

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	**2,271**	683	**30%**	2,271	**100%**	0	**0**	0	**0**	0	**0**
Female	**88**	25	**28%**	88	**100%**	88	**100%**	0	**0**	0	**0**
Total	**2,359**	708	**30%**	2,359	**100%**	88	**4%**	0	**0**	0	**0**
Other than Permanent employees											
Male	**13**	0	**0**	13	**100%**	0	**0**	0	**0**	0	**0**
Female	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**
Total	**13**	0	**0**	13	**100%**	0	**0**	0	**0**	0	**0**

b. Details of measures for the well-being of workers:

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/ A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E/ A)	Number (F)	% (F / A)
Permanent workers											
Male	1,877	134	7%	1,877	100%	0	0	0	0	0	0
Female	143	0	0	143	100%	143	100%	0	0	0	0
Total	2,020	134	7%	2,020	100%	143	7%	0	0	0	0
Other than Permanent workers											
Male	2,874	0	0	0	0	0	0	0	0	0	0
Female	88	0	0	0	0	0	0	0	0	0	0
Total	2,962	0	0	0	0	0	0	0	0	0	0

2. Details of retirement benefits.

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	**No. of workers covered as a % of total workers ***	**Deducted and deposited with the authority (Y/N/N.A.)**	**No. of employees covered as a % of total employees**	**No. of workers covered as a % of total workers***	**Deducted and deposited with the authority (Y/N/N.A.)**
PF	97%	54%	Yes	97%	55%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	5%	21%	Yes	7%	21%	Yes

*Permanent workers

3. Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

We ensure differently abled persons do not face any issue in all Kajaria locations/facilities.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, our Business Responsibility policy clearly states our commitment as an equal opportunity employer. The policy is aligned with the Rights of Persons with Disabilities Act. The Company advocates a constructive business environment which ensures equal employment opportunities for all without any discrimination with respect to caste, creed, gender, nationality, colour, race, religion, disability or sexual orientation.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	**Retention rate**	**Return to work rate**	**Retention rate**
Male	NA	NA	NA	NA
Female	100%	60%	100%	100%
Total	-	-	-	-

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes, we have grievance redressal mechanism in place for all our employees and workers, irrespective of categories. At the same time, employees and workers at any level are encouraged to discuss any grievance with HoD and/or HR head
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/ C)
Total Permanent Employees	2,359	0	0	2,310	0	0
Male	2,271	0	0	2,217	0	0
Female	88	0	0	93	0	0
Total Permanent Workers	2,020	191	9%	2,024	204	10%
Male	1,877	191	10%	1,890	204	11%
Female	143	0	0	134	0	0

8. Details of training given to employees and workers (Permanent only) :

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	**2,271**	405	18%	670	30%	**2,217**	148	7%	115	5%
Female	**88**	1	1%	15	17%	**93**	9	10%	9	10%
Total	**2,359**	406	17%	685	29%	**2,310**	157	7%	124	5%
Workmen										
Male	**1,877**	656	35%	662	35%	**1,890**	419	22%	425	22%
Female	**143**	51	36%	30	21%	**134**	64	48%	25	19%
Total	**2,020**	707	35%	692	24%	**2,024**	483	24%	450	22%

9. Details of performance and career development reviews of employees and workers:

Category	FY 2022-23 and FY 2021-22		
	Total (A)	No. (B)	% (B / A)
	Employees		
Male	Annual review of performance is conducted by respective line managers, reporting department heads and HR department.		
Female			
Total			
	Workers		
Male	Annual review of performance is conducted by respective line managers, reporting department heads and HR department.		
Female			
Total			

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? If yes, the coverage such system

Yes, we have a health and safety management system in all our locations. The health & safety team in all our location regularly undertakes audits & inspections including workers and supervisor's feedback. Recommendations are discussed and suitably implemented.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

We follow our hazard identification framework and conduct regular site inspections to ensure all safety procedures are being followed. Subsequently, we encourage our employees and workers to report any unsafe conditions or unsafe acts or near miss incidents promptly to the health & safety team to ensure corrective action in timely manner.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

All workers are permitted to work only after they are given safety briefing on the activities to be performed. Workers are encouraged to report any work related hazard through internal communication. All work hazard reported are actioned upon by health & safety team.

d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?

The employees and workers of Kajaria Ceramics, Kajaria Bathware, Kajaria Sanitaryware and Kajaria Plywood have access to non-occupational medical and healthcare services.

11. Details of safety related incidents:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) per one million-person hours worked*	Permanent Employees and Workers	0.4	0.7
	Contract Workers	0.9	0.5
Total recordable work-related injuries#	Permanent Employees and Workers	1	2
	Contract Workers	0	0
No. of fatalities	Permanent Employees and Workers	0	1
	Contract Workers	1	0
High consequence work-related injury or ill-health (excluding fatalities)	Permanent Employees and Workers	0	0
	Contract Workers	0	0

*includes all injuries with minimum 24 hours away from workplace

#injuries with minimum 48 hours away from workplace

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

At Kajaria, safety of our employees and workers are our utmost priority. Our safety team conducts safety trainings and inspections to ensure all workers follow safety guidelines. We track health & safety performance of all our plants on a regular basis. All incidents found are thoroughly investigated with a root cause analysis followed by corrective actions.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0		0	0	
Health & Safety	0	0		0	0	

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	We have not conducted any external assessment.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions:

The incidents reported are thoroughly investigated by the health & safety team to find the root cause followed by corrective actions and training

Leadership Indicator

1. Does the entity extend any life insurance or any compensatory package in the event of death of :

(A) Employees – Yes (Permanent)

(B) Workers – Yes (Permanent)

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company ensures all applicable statutory dues related to transactions within its remit are deducted and deposited in accordance with regulations. These transactions are reviewed by our internal teams and external auditors. The Company expects its value chain partners to uphold business responsibility principles and values of transparency and accountability.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	FY 2022-23 and FY 2021-22	
	Total no. of affected employees/ workers	No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment
Employees	NIL	Not applicable
Workers		

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	We expect all our value chain partners to follow applicable regulations and laws, including those related to health and safety practices and working conditions.
Working Conditions	

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicator

1. Describe the processes for identifying key stakeholder groups of the entity.

The process involves identifying any individual or institution that adds value to the company through regular interactions. This inter alia includes Investors, Government and Regulatory Bodies, Industry Bodies and Associations, Employees, Consumers or end users, Communities, Suppliers and Dealers

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Refer stakeholder engagement section of Integrated Annual Report				

Leadership Indicator

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The processes for the consultation between stakeholders and the Board on economic, environmental, and social topics are mentioned in 'Stakeholdes' Engagement' section at page no 18 of this report. Once we receive the inputs/feedbacks from stakeholders, the same is discussed with the Board on the basis of matters of priority and importance from time to time.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics. If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, we have engaged with our internal stakeholders to discuss risk and opportunities on Environment, Social & Governance topics. Consequently, we identified list of material topics important to the company and stakeholders. Refer materiality section in the annual integrated report for details

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

There are no identified disadvantaged, vulnerable & marginalized stakeholders.

Principle 5: Businesses should respect and promote human rights

Essential Indicator

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	Our code of conduct covers principles of human rights. During our induction session the code of conduct, human rights principles are explained in detail. All employees are expected to adhere to it during the course of their association with the company					
Other than permanent						
Total						
Workmen						
Permanent	Our code of conduct covers principles of human rights. During our induction session the code of conduct, human rights principles are explained in detail. All workers are expected to adhere to it during the course of their association with the company					
Other than permanent						
Total						

2. Details of minimum wages paid to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	2,359	0	0	2,359	100%	2,310	0	0	2,310	100%
Male	2,271	0	0	2,271	100%	2,217	0	0	2,217	100%
Female	88	0	0	88	100%	93	0	0	93	100%
Other than Permanent	13	3	23%	10	77%	20	8	40%	12	60%
Male	13	3	23%	10	77%	20	8	40%	12	60%
Female	0	0	0	0	0	0	0	0	0	0
Workmen										
Permanent	2,020	0	0	2,020	100%	2,024	0	0	2,024	100%
Male	1,877	0	0	1,991	100%	1,890	0	0	1,890	100%
Female	143	0	0	81	100%	134	0	0	134	100%
Other than Permanent	2,962	1,513	51%	1,449	49%	2,634	1,579	60%	1,055	40%
Male	2,874	1,495	52%	1,379	48%	2,604	1,549	59%	1,055	41%
Female	88	18	20%	70	80%	30	30	100%	0	0

3. Details of remuneration/salary/wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Director (BOD)	7	Refer director's report	1	Refer director's report
Key Managerial Personnel	2	₹194 Lakhs per annum	0	None
Employees other than BoD and KMP (permanent)	2,269	₹7.05 Lakhs per annum	88	₹5.67 Lakhs per annum
Workers	1,877	₹3.61 Lakhs per annum	143	₹3.84 Lakhs per annum

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

Our Human Resources function is responsible for handling human rights related impacts and issues arising from our operations. In addition, our Business Responsibility committee along with the respective business heads are responsible for addressing any human rights issues caused or contributed by the business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Our employees and workers can register any grievances through our suggestion or complaint boxes. Alternatively, they can write or consult the Chief Human Resource Officer or HR heads of respective plants.

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23 and FY 2021-22	
	Filed during the year	Pending resolution at the end of year
Sexual Harassment	NIL	NIL
Discrimination at workplace		
Child Labor		
Forced Labor/ Involuntary Labor		
Wages		
Other Human Rights related issues		

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases

Stakeholder are encouraged to express freely, responsibly, and in an orderly way the opinions and feelings about any problem or complaint of harassment. We ensure protection against retaliation to complainants, witnesses, committee members and other employees involved in prevention and complaint resolution.

Our whistleblower policy provides the following guiding principles:

(i) ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so;

(ii) treat victimization as a serious matter including initiating disciplinary action on such person/(s);

(iii) ensure complete confidentiality;

(iv) not attempt to conceal evidence of the Protected Disclosure;

(v) take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;

(vi) provide an opportunity of being heard to the persons involved especially to the Subject;

8. Do human rights requirements form part of your business agreements and contracts?

We do not include the requirements in our contracts. However, we encourage our business partners to adhere to responsible business practices and follow all applicable laws and regulations

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment	We are not conducting formal assessments on these topics; however, we are in compliance with all applicable laws and regulations
Discrimination at workplace	
Child Labor	
Forced Labor/ Involuntary Labor	
Wages	
Human Rights Issues	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not applicable

Leadership Indicator

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

During the reporting period, we have not received any grievance/complaint which required any modification or introduction of new business process for pertaining to human right

2. Details of the scope and coverage of any Human rights due diligence conducted.

We have not conducted any formal due diligence procedures for human rights issues during the year.

However, we are an equal opportunity employer for all without any discrimination with respect to caste, creed, gender, nationality, colour, race, religion, disability or sexual orientation

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

We ensure differently abled persons do not face any issue in all Kajaria locations/facilities.

4. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	We have not conducted any formal assessments of our value chain partners. The Company expects all value chain partners to adopt responsible business principles and comply with applicable laws and regulations in all our dealings.
Discrimination at workplace	
Child Labor	
Forced Labor/Involuntary Labor	
Wages	
Others	

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

We have not conducted any formal assessments of our value chain partners. However, the company expects its value chain partners to adhere to the same values, principles and business ethics upheld by us in all their dealings

Principle 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicator

1. **Details of total energy consumption (Giga Joules) and energy intensity:**

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	9,78,510	7,88,476
Total fuel consumption (B)	72,09,700	63,83,425
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	81,88,211	71,71,901
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.00019	0.00019

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No independent assessment/ evaluation/assurance was carried out for the reporting period

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No, we are not a designated consumer of the PAT scheme.

3. **Provide details of the following disclosures related to water:**

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kiloliters)		
(i) Surface water	3,38,967	1,59,294
(ii) Groundwater	8,04,432	7,76,949
(iii) Third party water	2,22,927	1,66,187
(iv) Seawater / desalinated water	0	0
(v) Others - municipality	0	0
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	**13,66,325**	**11,02,430**
Total volume of water consumption (in kiloliters)	**13,66,325**	**11,02,430**
Water intensity per rupee of turnover (Water consumed / turnover)	0.000031	0.000030

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No independent assessment/ evaluation/assurance was carried out for the reporting period

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

All the plants are zero liquid discharge facilities. We recycle all effluents in our ETP and STP and reuse the water recycled back into our manufacturing process.

5. **Please provide details of air emissions (other than GHG emissions) by the entity:**

Air emissions are monitored regularly to ensure that we are in compliance with the permissible limits of regulatory norms.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No independent assessment/ evaluation/assurance was carried out for the reporting period

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions	Tonnes CO2e	5,04,367	4,31,649
Total Scope 2 emissions	Tonnes CO2e	1,84,161	1,44,382
Total Scope 1 and Scope 2 emissions	Tonnes CO2e	6,88,528	5,76,031
Total Scope 1 and Scope 2 emission intensity per rupee of turnover	Tonnes CO2e/turnover	0.000016	0.000016

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No independent assessment/ evaluation/assurance was carried out for the reporting period

7. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

We do not have dedicated projects to reduce GHG emissions. However, we do undertake measures to improve our energy efficiency and reduce our energy consumption, which impact our greenhouse gas emissions.

8. **Provide details related to waste management by the entity:**

Parameter	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	1,537.3	1,366.1
E-waste (B)	1.1	1.2
Bio-medical waste (C)	0.0	0.0
Construction and demolition waste (D)	-	-
Battery waste (E)	9.2	15.3
Radioactive waste (F)	-	-
Other Hazardous waste (G)	137.7	48.4
Other Non-hazardous waste generated (Orange Category) (H)	110,166.0	86,851.8
Total (A+B + C + D + E + F + G + H)	**111,851.2**	**88,282.8**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	94,448.70	70,251.20
(ii) Re-used	-	-
(iii) Other recovery operations (a+b)		
a) Sold to authorized vendors	138.8	49.5
b) Sold to scrap vendors	17,158.80	17,982.0
Total	**111,746.2**	**88,282.8**

Parameter	FY 2022-23	FY 2021-22
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	Nil	
(ii) Landfilling		
(iii) Other disposal operations		
Total		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

No independent assessment/ evaluation/assurance was carried out for the reporting period

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

Waste generation is an inevitable part of manufacturing process however, efforts have been taken to minimize generation of waste and at the same time create value from it. We have proactive maintenance schedule for all our machinery, engineering teams to handle any kind of spillage, leakages and periodic inspection schedule for machinery to minimize the quantity of waste generated. Simultaneously, majority of the broken tile pieces, rejected tiles are reused as raw material.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not applicable		

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
During the reporting period no environmental impact assessments of projects undertaken.					

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder. If not, provide details of all such non-compliances:

Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
The company is in compliance with all environment related applicable legislations			

Leadership Indicator

1. Provide break-up of the total energy consumed (in Giga Joules) from renewable and non-renewable sources:

Parameter	FY 2022-23	FY 2021-22
From renewable sources		
Total electricity consumption (A)	44,731	45,939
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	4,64,713	46,501
Total energy consumed from renewable sources (A+B+C)	**5,09,444**	**92,440**
From non-renewable sources		
Total electricity consumption (D)	9,33,779	7,42,537
Total fuel consumption (E)	67,44,987	63,36,924
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	**76,78,767**	**70,79,461**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency

No independent assessment/ evaluation/assurance was carried out for the reporting period? If yes, name of the external agency.

2. Provide the following details related to water discharged:

Parameter	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	Entire quantity of wastewater is recycled and used back in our plants	
(ii) To Groundwater		
(iii) To Seawater		
- No treatment		
- With treatment – in effluent treatment plant		
(iv) Sent to third parties		
(v) Gardening		
- No treatment		
- With treatment – sewage treatment plant		
Total water discharged (in kiloliters)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency

No independent assessment/ evaluation/assurance was carried out for the reporting period

3. Water withdrawal, consumption, and discharge in areas of water stress (in kiloliters): For each facility / plant located in areas of water stress, provide the following information:

Plant (1):-

(i) Name of the area: Gailpur (Tijara block)

(ii) Nature of operations: tiles manufacturing

(iii) Water withdrawal, consumption, and discharge:

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	4,55,890	4,38,500
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
Total volume of water withdrawal (in kiloliters)	4,55,890	4,38,500
Total volume of water consumption (in kiloliters)	4,55,890	4,38,500
Water intensity per rupee of turnover (Water consumed / turnover)	**0.000010**	**0.000012**
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	Entire quantity of wastewater is recycled and used back in our plants	
(ii) To Groundwater		
(iii) To Seawater		
- No treatment		
- With treatment – in effluent treatment plant		
(iv) Sent to third parties		
(v) Gardening		
- No treatment		
- With treatment – sewage treatment plant		
Total water discharged (in kiloliters)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency

No independent assessment/ evaluation/assurance was carried out for the reporting period

Plant (2):-

(i) Name of the area: Gailpur (Tijara block)

(ii) Nature of operations: faucet manufacturing

(iii) Water withdrawal, consumption, and discharge:

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	9,256	8,897
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
Total volume of water withdrawal (in kiloliters)	9,256	8,897
Total volume of water consumption (in kiloliters)	9,256	8,897
Water intensity per rupee of turnover (Water consumed / turnover)	**0.0000002**	**0.0000002**

Water discharge by destination and level of treatment (in kiloliters)	
(i) To Surface water	Entire quantity of wastewater is recycled and used back in our plants
(ii) To Groundwater	
(iii) To Seawater	
- No treatment	
- With treatment – in effluent treatment plant	
(iv) Sent to third parties	
(v) Gardening	
- No treatment	
- With treatment – sewage treatment plant	
Total water discharged (in kiloliters)	

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency

No independent assessment/ evaluation/assurance was carried out for the reporting period

Plant (3):-

(i) Name of the area: Sikandarabad

(ii) Nature of operations: tiles manufacturing

(iii) Water withdrawal, consumption, and discharge:

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	1,92,944	1,49,207
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
Total volume of water withdrawal (in kiloliters)	1,92,944	1,49,207
Total volume of water consumption (in kiloliters)	1,92,944	1,49,207
Water intensity per rupee of turnover (Water consumed / turnover)	**0.000004**	**0.000004**
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	Entire quantity of wastewater is recycled and used back in our plants	
(ii) To Groundwater		
(iii) To Seawater		
- No treatment		
- With treatment – in effluent treatment plant		
(iv) Sent to third parties		
(v) Gardening		
- No treatment		
- With treatment – sewage treatment plant		
Total water discharged (in kiloliters)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency

No independent assessment/ evaluation/assurance was carried out for the reporting period

4. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions for fuel and electricity upstream only	We have not calculated Scope 3 GHG emissions		
Total Scope 3 emissions per rupee of turnover for fuel and electricity upstream only			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not applicable

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

S. No.	Initiative undertaken	Details of the initiative	Outcome of the initiative
1	Utilization of process waste in production process to conserve natural resources and reduce wastages in all plants	We re-use majority of broken tiles, sludge and other process waste back into our manufacturing process	Lower waste generation during manufacturing process
2	Installation of rainwater harvesting structure to conserve water	We have rainwater harvesting structures in our Srikalahasti plant and draw the water required from these sources, thus reducing our usage of ground water resources	Lower dependency on ground water
3	Use of renewable fuel sources	We utilise renewable electricity wherever possible in our plants. In addition, our Srikalahasti plant uses biomass as one of the fuel options during manufacturing	Lower dependency on thermal energy, resulting in lower emission

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Our Risk Committee is pivotal in defining our risk management strategies related to disaster management and business continuity. We have location-based emergency response plans which includes periodic mock drills against events such as fire, earthquake, etc. Our highly experienced team with right mix of people, and frequent knowledge exchange sessions between leadership team and plant representatives ensures highest product quality, desired production levels and no disruptions in any business functions.

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

We have not conducted formal assessment our value chain partners on their impact on environment. However, we expect our value chain partners to be mindful of their impacts on the environment and comply with applicable laws and regulations.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

We have not conducted formal assessment our value chain partners on their impact on environment.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essenial Indicator

1. **a. Number of affiliations with trade and industry chambers/ associations.**

We are affiliated with seven trade and industry chambers and associations

1. **b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Federation of Indian Chamber of Commerce and Industry	Pan India
2	PHD Chamber of Commerce	Pan India
3	Indian Council of Ceramic Tile and Sanitaryware	Pan India
4	Bhiwadi Manufacturers Association	Greater Bhiwadi
5	Sikandrabad Industries Association	Industrial Estate Sikandrabad
6	Indian Industries Association	Pan India
7	Bhiwadi Chamber of Commerce and Industries	Greater Bhiwadi

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities:**

Adjudicating Authority	Brief of the case	Corrective action taken
The company has not received any order from the regulatory authority		

Leadership Indicator

1. **Details of public policy positions advocated by the entity.**

Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board	Web Link
The Company is associated with various chambers of commerce/ associations with an intention of mutual learning and contribution in development process. As and when required the Company put forth its view on the issues faced by the industry with respective business forums/chambers		No	As per requirements	Not Applicable

Principle 8: Businesses should promote inclusive growth and equitable development

Essential Indicator

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
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. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Not Applicable.

3. **Describe the mechanisms to receive and redress grievances of the community.**

Grievance Redressal of community is paramount in strengthening our relations with them. This provides us the social license to operate and execution of CSR projects. Our local HR team regularly interact with community members to identify and address their concerns. We have not encountered any specific grievances from the community in the reporting period.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	21%	22%
Sourced directly from within the district and neighboring districts	The Company gives priority to suppliers in local community for sourcing of input material.	

Leadership Indicator

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
No Social Impact Assessment was conducted during the year.	

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

State	Aspirational District	Amount spent (In INR)
None		

3. **(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

No, we do not have such procurement criteria

(b) From which marginalized /vulnerable groups do you procure?

No, we do not have such procurement criteria

(c) What percentage of total procurement (by value) does it constitute?

Not applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Intellectual Property based on traditional knowledge	owned/ acquired	Benefit shared	Basis of calculating benefit share
Not applicable			

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:**

Name of authority	Brief of the Case	Corrective action taken
Not applicable		

6. **Details of beneficiaries of CSR Projects:**

Please refer to director's report for CSR details

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicator

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback -**

The Company is dedicated to deliver 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. 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. Further all the dealers are advised to ensure that the customer complaints are redressed in the shortest possible time.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	0
Safe and responsible usage	100%
Recycling and/or safe disposal	0

3. **Number of consumer complaints in respect of the following:**

	FY 2022-23		FY 2021-22	
	Received during the year	Pending resolution at end of year		
Data privacy	NIL			
Advertising				
Cyber-security				
Delivery of essential services				
Restrictive Trade Practices				
Unfair Trade Practices				

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	NIL	NA
Forced recalls	NIL	NA

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   We have an information security management policy which comprises of data protection, email, web and network protection. It also includes access control policy with two-factor authentication to protect the system from unauthorised access. Multiple security controls like firewall, end-point protection, web protection, etc. have been implemented to prevent data attacks and threats.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services-**

   Not applicable

Leadership Indicator

1. **Channels / platforms where information on products and services of the entity can be accessed**

   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 dealer network, display boards, exhibitions, catalogues, advertisements, etc.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services-**

   Our packaging provides information on safe and responsible usage of products.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

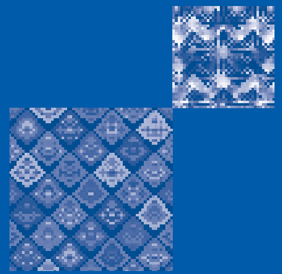
   None of our products are classified as essential services, hence it is not applicable.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   No.

5. **Provide the following information relating to data breaches:**

a. Number of instances of data breaches along-with impact	Not applicable
b. Percentage of data breaches involving personally identifiable information of customers	



STANDALONE FINANCIAL STATEMENTS

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 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including 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 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, 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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition We refer to the Company's significant accounting policies in note 3C(b) and the revenue related disclosures in note 26 of the standalone financial statements. The Company recognises revenue from sale of goods when it satisfies its performance obligation, in accordance with the principles of Ind AS 115, Revenue from Contracts with Customers, by transferring the control of goods to its customers at the time of dispatch evidenced by acknowledgement of receipt of goods by the transporter. Further, Ind AS 115 requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers, determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations. Owing to the volume of sales transactions, size of distribution network and varied terms of contracts with customers, revenue is determined to be an area involving significant risk and requires significant auditor attention. Accordingly, this matter has been determined as a key audit matter for current year audit.	**Our audit procedures, related to revenue recognition, included, but were not limited to, the following:** a) Assessed the design and tested operating effectiveness of Company's controls (including the automated controls) around revenue recognition (including rebates / discounts); b) Assessed the appropriateness of Company's identification of performance obligations in its contracts with customers, its determination of transaction price, and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115; c) Scrutinized sales ledgers to verify completeness of sales transactions; d) On a sample basis, tested the revenue recognized including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches and approved incentives / discounts schemes; e) Tested the appropriateness of accruals for various rebates and discounts as at the year-end; f) Assessed the revenue recognized with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level; g) Circularized balance confirmations to a sample of customers and reviewed the reconciling items, if any; and h) Tested the related disclosures made in notes to the standalone financial statements in respect of the revenue from operations for appropriateness in accordance with the requirements of the applicable accounting standards.
Recoverability of investments made and loans given to certain subsidiaries As disclosed in note 6 to the accompanying standalone financial statements, the Company has a carrying value of ₹ 44.33 Crores as at 31 March, 2023 in respect of its investment in two of its subsidiary companies and has outstanding long-term loans recoverable from such subsidiaries aggregating to ₹ 199.32 Crores as on such date. Considering the continued losses recorded over the years by aforementioned subsidiary companies, the management has identified that indicators exist that requires the management to test the carrying value of such loans and investments for possible impairment.	**Our audit work included, but was not restricted to, performing the following procedures:** a) Obtained an understanding of the management's process, and evaluated design and tested operating effectiveness of controls on identification of indicators of impairment of the carrying value of investment and recoverability of loans under Ind AS 36 'Impairment of assets'; b) Assessed the professional competence, objectivity and capabilities of the specialist used by the management for performing required valuations to estimate the recoverable value of the investment in such subsidiary companies; 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.,

Management's assessment of the recoverable amount of investments in and loans given to these subsidiary companies requires estimation and judgement around assumptions used in the Discounted Cash Flow valuation model adopted by the Company for the purpose. The principal driver of recoverable value is the estimated growth in the operations of the subsidiary and ability to generate cash profits in the future. The key assumptions supporting management's assessment of such fair valuation include, but are not limited to, the estimated future financial performance, capital expenditure and the discount rates applied. Changes to assumptions could lead to material changes in estimated recoverable amounts, resulting in impairment of the investment in subsidiary companies. Complexity involved in such assumptions and estimates increased in the current year. 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.	d) Tested the future business projections, used for performing above said valuations, for the subsidiary from the business plans approved by the board of directors of the subsidiary company, and ensured its consistency with our understanding of future business plans of the subsidiary companies obtained through interviews with both operating and senior management; e) Assessed operating and capital costs included in the cash flow forecasts for consistency with current operating costs and forecast production; f) Performed sensitivity analysis on management's calculated recoverable value for key assumptions such as growth rates during explicit period, terminal growth rate and the discount rate used in the valuations performed; g) Tested the arithmetical accuracy of the valuation workings performed by the management expert; h) Tested the disclosures made in note 6 for appropriateness in accordance with the requirements of the accounting standards

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

6. The 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 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 do 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 and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation 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 Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the Board of Directors are 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act 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 Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

16. As required by the Companies (Auditor's Report) Order, 2020 ('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, to the extent applicable.

17. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

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

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

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

e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Company, as detailed in note 38 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;

iv.

a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 54 (ii) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 54 (ii) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim/final dividend declared and paid by the Company during the year ended 31 March 2023 and until the date of this audit report is in compliance with section 123 of the Act. Further, as stated in note 58 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

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

Nalin Jain
Partner
Membership No.: 503498
UDIN: 23503498BGRGBQ1332

Place: New Delhi
Date: 16 May 2023

Annexure I referred to in Paragraph 16 of 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 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work–in-progress and right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment, capital work-in-progress and right of use assets 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 physical verification programme adopted by the Company, 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 held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 4 IV to the standalone financial statements are held in the name of the Company, except for the following properties, for which the Company's management is in the process of getting the registration in the name of the Company:

(₹ in crores)

Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of company
Land	12.42	Erstwhile Kajaria Tiles Private Limited (now merged with the Company)	-	More than 1 year	Refer note 4 IV and 39 to standalone financial statements.
Building	44.95				

(d) The Company has not revalued its Property, Plant and Equipment including Right of Use assets or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.

(b) As disclosed in note 51 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of Rs 5 crore by banks based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and such returns are in agreement with the books of account of the Company for the respective periods, which were subject to audit/review.

(iii) (a) The Company has made investments in and provided loans and guarantees to Subsidiaries/ Others during the year as per details given below:

(₹ in crores)

Particulars	Guarantees	Loans
Aggregate amount provided/ granted during the year:		
- Subsidiaries	53.74	34.30
- Others	Nil	15.15
Balance outstanding as at balance sheet date in respect of above cases:		
- Subsidiaries	53.74	34.30
- Others	Nil	Nil

(b) In our opinion, and according to the information and explanations given to us, the investments made and guarantees provided and terms and conditions of the grant of all loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/ receipts of principal and interest are regular.

(d) There is no overdue amount in respect of loans granted to such companies, LLPs or other parties.

(e) The Company has not granted any loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans that existed as at the beginning of the year.

(f) The Company has not granted any loan, which is repayable on demand or without specifying any terms or period of repayment

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Companies (Auditor's Report) Order, 2020 (hereinafter referred to as 'the Order') is not applicable to the Company.

(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/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

(₹ in crores)

Name of the statute	Nature of dues	Gross Amount	Amount paid under Protest	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	2.76	0.21	FY 2012-2015	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	1.51	0.15	FY 2010-2017	Appellate authorities till Commissioner level
Income Tax Act, 1961	Income-tax	2.52	-	FY 1990-2000	High Court
Value Added Tax, 2015	Value Added Tax	0.05	-	FY 2016-2017	Assistant Commissioner
Goods and Service tax laws	Goods and Service tax	0.18	-	FY 2017-2018	Superintendent

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and there has been no utilisation during the current year of the term loans obtained by the Company during any previous years. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint venture.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries and joint venture.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) No report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.

(b) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Companies.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has transferred the remaining unspent amounts towards Corporate Social Responsibility (CSR) under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act,

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

Nalin Jain
Partner
Membership No.: 503498
UDIN: 23503498BGRGBQ1332

Place: New Delhi
Date: 16 May 2023

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 2023

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 2023, 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 financial controls with reference to standalone financial statements 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 Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone 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 standalone 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 standalone 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone 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 standalone 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 standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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 standalone financial statements and such controls were operating effectively as at 31 March 2023, based on internal financial controls with reference to standalone financial statements 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

Nalin Jain
Partner
Membership No.: 503498
UDIN: 23503498BGRGBQ1332

Place: New Delhi
Date: 16 May 2023

Standalone Balance Sheet as at 31 March, 2023

CIN No.: L26924HR1985PLC056150

(Amount in ₹ crores, unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	951.80	781.82
(b) Right-of-use assets	37	37.48	32.97
(c) Capital work-in-progress	4	77.98	181.39
(d) Intangible assets	5	1.18	2.05
(e) Financial assets			
(i) Investments	6	143.52	119.12
(ii) Loans	7	287.12	289.52
(iii) Other financial assets	8	68.52	92.44
(f) Non-current tax assets (net)	9	9.34	10.15
(g) Other non-current assets	10	16.79	3.04
Total non-current assets		**1,593.73**	**1,512.50**
Current assets			
(a) Inventories	11	381.51	286.79
(b) Financial assets			
(i) Trade receivables	12	535.08	441.84
(ii) Cash and cash equivalents	13	6.61	31.04
(iii) Bank balances other than (ii) above	14	383.28	391.61
(iv) Loans	7	8.49	15.45
(v) Other financial assets	8	1.20	0.30
(c) Other current assets	10	32.45	12.32
Total current assets		**1,348.62**	**1,179.35**
Assets of disposal company classified as held for Sale	15	18.25	-
TOTAL ASSETS		**2,960.60**	**2,691.85**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	16	15.92	15.92
(b) Other equity	17	2,304.02	2,094.86
Total equity		**2,319.94**	**2,110.78**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	5.90	9.96
(ii) Lease liabilities	19	23.74	19.09
(b) Provisions	20	16.74	14.65
(c) Deferred tax liabilities (net)	21	70.59	67.94
(d) Other non-current liabilities	22	0.45	0.98
Total non-current liabilities		**117.42**	**112.62**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	94.06	30.00
(ii) Lease liabilities	19	11.74	11.31
(iii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises; and		25.48	12.56
- Total outstanding dues of creditors other than micro enterprises and small enterprises		205.32	203.03
(iv) Other financial liabilities	24	112.43	126.96
(b) Other current liabilities	22	62.26	66.92
(c) Provisions	20	7.70	7.25
(d) Current tax liabilities (net)	25	4.25	10.42
Total current liabilities		**523.24**	**468.45**
TOTAL LIABILITIES		**640.66**	**581.07**
TOTAL EQUITY AND LIABILITIES		**2,960.60**	**2,691.85**

Summary of significant accounting policies and other explanatory information. 1-59

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

For and on behalf of the Board of Directors of
Kajaria Ceramics Limited

Nalin Jain
Partner
Membership no. : 503498

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 16 May 2023

Standalone Statement of Profit and Loss for the year ended 31 March 2023

CIN No.: L26924HR1985PLC056150

(Amount in ₹ crores, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
INCOME			
Revenue from operations	26	3,970.75	3,299.38
Other income	27	50.71	43.77
TOTAL INCOME		**4,021.46**	**3,343.15**
EXPENSES			
Cost of materials consumed	28	687.54	586.94
Purchases of stock-in-trade		1,375.49	1,076.69
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(79.67)	(33.79)
Employee benefits expense	30	354.00	314.22
Finance costs	31	10.80	6.12
Depreciation and amortisation expense	32	90.91	84.16
Other expenses	33	1,118.98	823.76
TOTAL EXPENSES		**3,558.05**	**2,858.10**
Profit before tax		**463.41**	**485.05**
Tax expense:	34		
Current tax		116.37	120.95
Deferred tax		2.65	1.76
Profit for the year		**344.39**	**362.34**
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of profit or loss			
- Re-measurement of defined benefit plans		(0.86)	(0.58)
- Income-tax relating to items that will not be reclassified to statement of profit or loss		0.22	0.15
Total other comprehensive income for the year, net of tax		**(0.64)**	**(0.43)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**343.75**	**361.91**
Earnings per equity share (face value of ₹ 1 each)	35		
- Basic (in ₹)		21.63	22.77
- Diluted (in ₹)		21.62	22.76

Summary of significant accounting policies and other explanatory information. 1-59

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

For and on behalf of the Board of Directors of
Kajaria Ceramics Limited

Nalin Jain
Partner
Membership no. : 503498

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 16 May 2023

Standalone Statement of Cash Flows for the year ended 31 March 2023

CIN No.: L26924HR1985PLC056150

(Amount in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	463.41	485.05
Adjusted for :		
Depreciation and amortisation expenses	90.91	84.16
Interest income	(44.13)	(41.01)
Interest expense	10.80	6.12
Share based payments to employees (net)	7.51	0.47
Loss on disposal of property, plant and equipment	1.12	1.10
Gain on disposal of current investment	-	(0.14)
Subsidy income	(0.54)	(0.53)
Provision for expected credit loss on trade receivables	0.20	0.96
Operating profit before working capital changes	**529.28**	**536.18**
Working capital adjustments:		
Movement in inventories	(94.72)	(47.14)
Movement in trade and other receivables	(93.44)	(70.90)
Movement in other assets	(22.05)	2.64
Movement in trade and other payables	18.42	66.01
Movement in provisions	1.68	1.69
Cash flow generated from operations	**339.17**	**488.48**
Less: Direct taxes (paid)	(121.51)	(126.34)
Net cash flow generated from operations (A)	**217.66**	**362.14**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment (including capital advances, capital work-in-progress, intangible assets, intangible assets under development and payable towards property, plant and equipment)	(184.27)	(169.52)
Proceeds from disposal of property, plant and equipment	7.82	4.50
Purchase of long-term investments	(24.40)	(6.95)
Proceeds/ (adjustment) from disposal of current investments	(18.25)	5.11
Loans given	(29.90)	(113.50)
Loans received back	38.42	51.34
Interest received	43.23	41.06
Movement in deposits having original maturity of more than 3 months (net)	35.09	(51.25)
Net cash flow (used in) investing activities (B)	**(132.26)**	**(239.21)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(12.44)	(2.64)
Repayment of non-current borrowings (net)	(5.19)	-
Proceeds of current borrowings (net)	64.06	30.00
Payment of lease liabilities	(14.16)	(15.02)
Proceeds from issue of shares	1.21	5.22
Dividend and dividend distribution tax paid	(143.31)	(127.34)
Net cash flow (used in) financing activities (C)	**(109.83)**	**(109.78)**

Standalone Statement of Cash Flows (contd.) for the year ended 31 March 2023

CIN No.: L26924HR1985PLC056150

(Amount in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(24.43)**	**13.15**
Cash and cash equivalents at the beginning of the year	31.04	17.89
Cash and cash equivalents at the end of the period (refer note 13)	**6.61**	**31.04**
Components of cash and cash equivalents at the end of the year		
Balances with banks		
- Current accounts	6.25	30.69
Cash on hand	0.36	0.35
	6.61	**31.04**

Note :

1. This cash flow statement presented in accordance with "indirect method" as set out in Indian Accounting Standard - 7 ' Statement of cash flows' as specified in Indian Accounting Standard Rules, 2015 (as amended)

Net debt reconciliation

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

	Year ended 31 March 2023	Year ended 31 March 2022
Current borrowings	94.06	30.00
Lease liabilities	35.48	30.40
Non-current borrowings	5.90	9.96
Net debt	**135.44**	**70.36**

	Current borrowings	Lease liabilities	Non-current borrowings	Total
Net debt as at 1 April 2021	**-**	**24.34**	**8.94**	**33.28**
Add : Lease liabilities on leased entered during the year	-	18.62	-	18.62
Interest expenses on lease liabilities	-	2.46	-	2.46
Cash flows (net)	30.00	(15.02)	-	14.98
Non-cash adjustments - Fair value adjustments*	-	-	1.02	1.02
Net debt as at 31 March 2022	**30.00**	**30.40**	**9.96**	**70.36**
Add : Lease liabilities on leased entered during the year	-	17.95	-	17.95
Interest expenses on lease liabilities	-	1.29	-	1.29
Cash flows (net)	64.06	(14.16)	(5.19)	44.71
Non-cash adjustments - Fair value adjustments*	-	-	1.13	1.13
Net debt as at 31 March 2023	**94.06**	**35.48**	**5.90**	**135.44**

*pertains to unwinding of interest cost on non-current borrowings.

Summary of significant accounting policies and other explanatory information. 1-59

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Nalin Jain
Partner
Membership no. : 503498

Place: New Delhi
Date: 16 May 2023

For and on behalf of the Board of Directors of
Kajaria Ceramics Limited

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

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

Sanjeev Agarwal
Chief Financial Officer

Standalone Statement of changes in equity for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

A. Equity share capital

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the reporting year	15.92	15.91
Add: Changes in equity share capital during the year (refer note 16)	#	0.01
Balance at the end of the reporting year	**15.92**	**15.92**

(# rounded off to Nil)

B. Other equity (refer note 17)

Particulars	Reserves and surplus						Total other equity
	General reserve	Securities premium	Capital redemption reserve	Share options outstanding account	Capital reserve	Retained earnings	
Balance as at 1 April 2021	**320.37**	**171.55**	**5.00**	**3.56**	**(29.57)**	**1,383.69**	**1,854.60**
Profit for the year	-	-	-	-	-	362.34	362.34
Re-measurement of defined benefit plans	-	-	-	-	-	(0.43)	(0.43)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**361.91**	**361.91**
Employee stock option scheme	-	-	-	0.47	-	-	0.47
Shares issued during the year	-	5.21	-	-	-	-	5.21
Transferred from share options outstanding account to security premium reserve on issue of shares	-	2.16	-	(2.16)	-	-	-
Dividend distributed	-	-	-	-	-	(127.33)	(127.33)
Balance as at 31 March 2022	**320.37**	**178.92**	**5.00**	**1.87**	**(29.57)**	**1,618.27**	**2,094.86**
Profit for the year	-		-	-	-	344.39	344.39
Items of OCI for the year, net of tax							
Re-measurement of defined benefit plans	-	-	-	-	-	(0.64)	(0.64)
Total comprehensive income	-	-	-	-	-	**343.75**	**343.75**
Employee stock option scheme	-	-	-	7.51	-	-	7.51
Shares issued during the year	-	1.21	-	-	-	-	1.21
Amount transferred from Share option outstanding account to Security premium on issue of shares	-	0.50	-	(0.50)	-	-	-
Dividend distributed	-	-	-	-	-	(143.31)	(143.31)
Balance as at 31 March 2023	**320.37**	**180.63**	**5.00**	**8.88**	**(29.57)**	**1,818.71**	**2,304.02**

Summary of significant accounting policies and other explanatory information. 1-59

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

For and on behalf of the Board of Directors of
Kajaria Ceramics Limited

Nalin Jain
Partner
Membership no. : 503498

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 16 May 2023

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(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.

The Company is engaged in the business of a manufacturing, selling and distribution of Ceramic and Vitrified wall and floor tiles.

The financial statements for the year ended 31 March 2023 were authorised in accordance with a resolution of Board of Directors on 16 May 2023.

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

In March 2023, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amended certain Ind AS as explained below:

a. Ind AS 1 – Presentation of Financial Statements – the amendment prescribes disclosure of material accounting policies instead of significant accounting policies. The impact of the amendment on the Financial Statements is expected to be insignificant basis the preliminary evaluation.

b. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – the amendment added definition of accounting estimate and clarifies what is accounting estimate and treatment of change in the accounting estimate and accounting policy. There is no impact of the amendment on the Financial Statements basis the preliminary evaluation.

c. Ind AS 12 – Income taxes – the definition of deferred tax asset and deferred tax liability is amended to apply initial recognition exception on assets and liabilities that does not give rise to equal taxable and deductible temporary differences. There is no impact of the amendment on the Financial Statements basis the preliminary evaluation.

The above amendments are effective from annual periods beginning on or after 1st April, 2023.

The amendments under Indian Accounting Standards, effective from 1 April 2022, do not have any material impact on the Company.

3. Significant accounting policies and other explanatory information

A. Basis of preparation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("Act") read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and guidelines issued by the Security Exchange Boards of India.

The financial statements have been prepared under the historical cost convention and amortised costs basis except for certain financial assets and liabilities which are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial statements of the Company are presented in Indian Rupees (₹/Rs.), which is also its functional currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest two decimals in crores as per the requirement of Schedule III to the Act, unless otherwise stated.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The Company has prepared the standalone financial statements on the basis that it will continue to operate as a going concern.

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

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. Significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset/liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b. Revenue Recognition

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognises revenue at the point in time, when control of the asset is transferred to the customer depending upon the terms of sale with the customers.

When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

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

Interest income and dividend:

Interest income is recognised using effective interest method.

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

Export benefits:

The Company recognises income from duty drawback and export benefit on an accrual basis.

c. Inventories

Raw materials, work-in-progress, finished goods, packing materials, stores and spares, stock-in-trade and other products are carried at the lower of cost and net realizable value.

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

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads and other costs incurred in bringing the inventories to their present location and condition.

d. Property, plant and equipment
Measurement and recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalised under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred.

Capital work-in-progress and capital advances

Capital work in progress includes construction stores including material / equipment / services, etc. received at site for use in the projects. All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalised at the time of commissioning of such assets. Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress.

Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as per requirement of Schedule III.

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

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset 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.

De-recognition

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

f. Research and development costs

Expenditure on research is recognised as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognised as an expense when it is incurred.

Items of property, plant and equipment utilized for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

g. Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised, if any. All other borrowing costs are expensed in the period in which they occur.

h. Foreign currency transactions

Initial recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit and Loss.

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

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity/other comprehensive income is recognised in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k. Employee benefits

Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-employment benefits:

I. Defined contribution plans:

The Company makes payments made to defined contribution plans such as provident fund and employees' state insurance. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

II. Defined benefit plans:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Other long-term employee benefits:

Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss as and when they accrue. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the Statement of Profit and Loss.

l. Share-based payments

The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit and loss, with a corresponding adjustment to equity.

m. Leases

The Company as a lessee

The Company's lease asset classes primarily consist of property leases. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

Notes on the Standalone Financial Statements for the year ended 31 March 2023
(Amount in ₹ crores, unless otherwise stated)

n. Segment reporting

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

o. Provisions, contingent liabilities and contingent assets

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

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

Contingent liability is disclosed in the case of:

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

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

p. Earnings per share

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

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

q. Cash and cash equivalents

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

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

r. Financial instruments

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

a) Financial assets

Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. However, Trade Receivables that does not contain a significant financial component are measured at transaction price.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

  A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

  A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**
  A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

De-recognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

b) Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**
  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**
  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

d) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

s. Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount. The carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

t. Fair value measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- 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.

C. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

(d) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(e) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(f) Estimation of current tax and deferred tax

Management judgement is required for the calculation of provision of income- taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date

Notes on the Standalone Financial Statements for the year ended 31 March 2023
(Amount in ₹ crores, unless otherwise stated)

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.

(g) Right-of-use assets and lease liability:

The Company has exercised judgement in determining the lease term as the no cancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised. Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

(h) Share based payment transactions

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk free interest rate (based on government bonds). The details of variables used are given in note 43.

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

4. Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computers	Display assets	Total
Gross carrying amount									
As at 1 April 2021	67.93	307.68	932.65	10.04	41.30	9.56	7.25	18.69	**1,395.10**
Additions	0.28	3.95	25.69	0.61	6.81	0.53	0.27	2.10	**40.24**
Disposals	-	-	16.93	0.22	3.92	0.54	0.48	1.46	**23.55**
As at 31 March 2022	**68.21**	**311.63**	**941.41**	**10.43**	**44.19**	**9.55**	**7.04**	**19.33**	**1,411.79**
Additions		48.64	189.07	0.46	12.49	1.29	0.40	3.17	**255.52**
Disposals		1.77	28.16	0.66	5.80	0.96	0.01	2.37	**39.73**
As at 31 March 2023	**68.21**	**358.50**	**1,102.32**	**10.23**	**50.88**	**9.88**	**7.43**	**20.13**	**1,627.58**
Accumulated depreciation									
As at 1 April 2021	-	85.72	446.77	6.01	14.23	6.03	3.99	13.59	**576.34**
Depreciation charge for the year (refer note 32)	-	8.15	54.18	0.62	5.01	0.89	0.86	1.87	**71.58**
Disposals	-	-	13.28	0.16	2.27	0.46	0.45	1.33	**17.95**
As at 31 March 2022	**-**	**93.87**	**487.67**	**6.47**	**16.97**	**6.46**	**4.40**	**14.13**	**629.97**
Depreciation charge for the year (refer note 32)		8.80	59.07	0.63	5.37	0.73	0.78	1.22	**76.60**
Disposals		0.01	24.38	0.62	3.19	0.78	0.02	1.79	**30.79**
As at 31 March 2023	**-**	**102.66**	**522.36**	**6.48**	**19.15**	**6.41**	**5.16**	**13.56**	**675.78**
Net carrying amount :									
As at 31 March 2023	**68.21**	**255.84**	**579.96**	**3.75**	**31.73**	**3.47**	**2.27**	**6.57**	**951.80**
As at 31 March 2022	**68.21**	**217.76**	**453.74**	**3.96**	**27.22**	**3.09**	**2.64**	**5.20**	**781.82**

Notes:

I. Property, plant and equipment pledged as security

Refer note 50 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. Title deeds

Title deeds of all the immovable property held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are in the name of the Company.

IV. As part of the merger plan freehold land and buildings amounting to Rs. 12.42 crore and Rs. 44.95 was merged, The Company has already initiated the process of changing the name with the Registrar of properties from erstwhile Kajaria Tiles Private Limited to Kajaria Ceramics Limited. (refer note 39 for details).

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

4. Property, plant and equipment (cont'd)

V. Capital work-in-progress

Capital work-in-progress amounting to ₹ 77.98 crores (31 March 2022 : ₹ 181.39 crores) mainly pertains to machinery pending installation and civil work being carried on at the plants of the Company.

VI. Details of Capital Work in Progress (CWIP) ageing is as below:

	As at 31 March 2023				
Capital work-in-progress	**Less than 1 Year**	**1-2 years**	**2-3 years**	**More than 3 Years**	**Total**
Projects in progress	65.14	12.84	-	-	77.98

	As at 31 March 2022				
Capital work-in-progress	**Less than 1 Year**	**1-2 years**	**2-3 years**	**More than 3 Years**	**Total**
Projects in progress	181.39	-	-	-	181.39

Note : There are no such project under capital work in progress whose completion is overdue or has exceeded it's cost compared to its original plan as of 31 March 2023 and 31 March 2022.

5. Other intangible assets

Particulars	Software	Total
Gross carrying amount		
As at 1 April 2021	9.66	9.66
Additions	-	-
Disposals	-	-
As at 31 March 2022	**9.66**	**9.66**
Additions	-	-
Disposals	-	-
As at 31 March 2023	**9.66**	**9.66**
Accumulated amortisation		
As at 1 April 2021	6.92	6.92
Amortisation charge for the year (refer note 32)	0.69	0.69
Disposals	-	-
As at 31 March 2022	**7.61**	**7.61**
Amortisation charge for the year (refer note 32)	0.87	0.87
Disposals	-	-
As at 31 March 2023	**8.48**	**8.48**
Net carrying amount :		
As at 31 March 2023	**1.18**	**1.18**
As at 31 March 2022	**2.05**	**2.05**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

6. Investments- Non-current

Particulars	As at 31 March 2023	As at 31 March 2022
Investments in equity instruments (unquoted)		
Investments in subsidiaries (measured at cost) - Trade		
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited) * 14,202,500 (31 March 2022: 13,061,532) equity shares of ₹ 10 each fully paid up	34.43	32.63
Vennar Ceramics Limited Nil (31 March 2022: 12,240,000) equity shares of ₹ 10 each fully paid up	-	18.24
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited) 7,008,561 (31 March 2022: 5,430,881) equity shares of ₹ 10 each fully paid up	32.44	18.56
Kajaria International DMCC 1000 (31 March 2022: NIL) equity shares of United Arab Emirates (UAE) Dirham 1000 each fully paid up	2.25	-
Kajaria Bathware Private Limited 25,000,000 (31 March 2022: 25,000,000) equity shares of ₹ 10 each fully paid up	40.00	40.00
Kajaria Plywood Private Limited* 9,990,000 (31 March 2022: 9,691,000) equity shares of ₹ 10 each fully paid up	9.90	9.69
South Asian Ceramic Tiles Private Limited 10,710,000 (31 March 2022: Nil) equity shares of ₹ 10 each fully paid up	24.50	-
Total	**143.52**	**119.12**

Aggregate amount of unquoted investments	**143.52**	**119.12**

* With respect to investments done amounting to ₹ 44.33 crore (previous year ₹ 42.32 crore) and loan given to these subsidiary companies of ₹ 199.32 crore (previous year ₹ 206.82 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 2023 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.

7. Loans#

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Considered good - unsecured				
Loans to other companies (refer note (i))	-	-	7.38	13.40
Loans to related parties (refer note (ii))	287.12	289.52	0.44	0.54
Others	-	-	0.67	1.51
Total	**287.12**	**289.52**	**8.49**	**15.45**

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 for the business purposes.

(ii) Represents loans given to subsidiary companies and Kajaria Ceramics Employee Gratuity Trust. The loan granted to these subsidiaries is used for business purposes (refer note 40 (4) for details).

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

8. Other financial assets

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Considered good - unsecured				
Deposits with original maturity of greater than twelve months	50.21	77.00	-	-
Interest accrued on deposits	-	-	1.20	0.30
Security deposits	18.31	15.44	-	-
Total	**68.52**	**92.44**	**1.20**	**0.30**

9. Non-current tax assets (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Advance tax (net of provisions)#	9.34	10.15
Total	**9.34**	**10.15**

Includes tax receivable amounting to ₹6.24 crore recognised pursuant to the Scheme (also refer note 39)

10. Other assets

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Considered good- unsecured				
Capital advances	15.91	2.05	-	-
Advances other than above:				
Advance to suppliers	-	-	17.95	2.66
Prepaid expenses	0.88	0.99	6.48	3.71
Export benefit receivables	-	-	0.25	0.09
Balances with statutory authorities	-	-	7.77	5.86
Total	**16.79**	**3.04**	**32.45**	**12.32**

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

Particulars	As at 31 March 2023	As at 31 March 2022
Raw materials	39.92	37.93
Work-in-progress	7.88	9.79
Finished goods	245.26	159.51
Stock-in-trade	13.35	17.52
Stores and spares	56.39	47.01
Packing material	18.71	15.03
Total	**381.51**	**286.79**

For mode of valuation refer Accounting policy number 3C (c)

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

12. Trade receivables

Particulars	As at 31 March 2023	As at 31 March 2022
Considered good - unsecured	535.08	441.84
Credit impaired	6.62	6.42
Less: Allowance for expected credit losses	(6.62)	(6.42)
Total	**535.08**	**441.84**

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.

Particulars	As at 31 March 2023					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 Years	Total
(I) Undisputed Trade receivables - considered goods	528.33	2.24	0.17	0.14	4.20	535.08
(ii) Disputed Trade receivables - considered goods	0.01	0.04	0.05	0.03	6.49	6.62
Less: Allowance for expected credit losses	(0.01)	(0.04)	(0.05)	(0.03)	(6.49)	(6.62)
	528.35	**2.24**	**0.17**	**0.14**	**4.20**	**535.08**

Particulars	As at 31 March 2022					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 Years	Total
(I) Undisputed Trade receivables - considered goods	435.46	0.28	0.46	1.83	3.81	441.84
(ii) Disputed Trade receivables - considered goods	-	0.01	0.12	0.55	5.74	6.42
Less: Allowance for expected credit losses	-	(0.01)	(0.12)	(0.55)	(5.74)	(6.42)
	435.46	**0.28**	**0.46**	**1.83**	**3.81**	**441.84**

Note: There are no unbilled receivables.

Note: There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

13. Cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Balances with banks		
- Current accounts	6.25	30.69
Cash on hand	0.36	0.35
Total	**6.61**	**31.04**

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

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

14. Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Earmarked balances with banks in current accounts - unpaid dividends*	2.50	2.53
Deposits with original maturity of greater than three months and remaining maturity of less than twelve months**	380.78	389.08
Total	**383.28**	**391.61**

* 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 ₹ 227.51 crores (31 March 2022 : ₹ 191.77 crores) have been pledged by the Company against facilities taken by various subsidiaries and against performance guarantees of the Company.

15. Assets of disposal company classified as held for Sale

Particulars	As at 31 March 2023	As at 31 March 2022
Investments held for sale (unquoted) - measured at FVTPL		
Vennar Ceramics Limited	18.25	-
Total	**18.25**	**-**
Aggregate amount of unquoted investments and market value thereof	**18.25**	**-**

Refer note 45 for the fair value disclosures

16. Equity share capital

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised:		
770,000,000 equity shares of ₹ 1 each (31 March 2022: 770,000,000 of ₹ 1 each)	77.00	77.00
7,710,000 preference shares of ₹ 100 each (31 March 2022: 7,710,000 of ₹ 100 each)	77.10	77.10
	154.10	**154.10**
Issued and subscribed:		
159,232,550 equity shares of ₹ 1 each (31 March 2022: 159,204,050 equity shares of ₹ 1 each)	15.92	15.92
Total	**15.92**	**15.92**

A. Reconciliation of the authorised share - Equity shares

	As at 31 March 2023		As at 31 March 2022	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	77,00,00,000	77.00	52,00,00,000	52.00
Add: Increased pursuant to the Scheme (refer note 39)	-	-	25,00,00,000	25.00
Balance at the end of the year	**77,00,00,000**	**77.00**	**77,00,00,000**	**77.00**

*There is no change in authorised capital of preference share during the current year and previous year.

B. Reconciliation of the share outstanding at the begining and at the end of reporting year

	As at 31 March 2023		As at 31 March 2022	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	15,92,04,050	15.92	15,90,81,000	15.91
Add: issued on exercise of employee share option (# rounded off to Nil)	28,500	#	1,23,050	0.01
Outstanding at the end of the year	**15,92,32,550**	**15.92**	**15,92,04,050**	**15.92**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

C. Terms/rights attached to equity shares

The Company has only one class of equity share having face value of ₹ 1 per share. The holder of the equity shares is entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual general meeting. The holder of share is entitled to voting rights proportionate to their share holding. The interim dividend for ₹ 6 per share (previous year ₹ 8 per share) has been distributed to the shareholders on approval of Board of Directors. During the year, The final dividend for ₹ 3 per share (previous year ₹ Nil per share) has been distributed to the shareholders of the Company.

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 the Shareholder	As at 31 March 2023		As at 31 March 2022	
	Number of shares held having face value of ₹ 1 each	% of holding in class	Number of shares held having face value of ₹ 1 each	% of holding in class
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)	1,29,33,973	8.12%	1,29,33,973	8.12%
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	2,58,67,947	16.25%	2,58,67,947	16.25%
RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust)	2,58,67,947	16.25%	2,58,67,947	16.25%
Mirae Asset Nifty India Manufacturing ETF	80,04,433	5.03%	46,32,988	2.91%

* As per the records of the Company, including its register of members

F. Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and brought back during the last 5 years for each class of shares

The Company has issued equity shares aggregating 294550 (up to 31 March 2022 : 266050) shares of ₹ 1 each fully paid during the financial years 2017-18 to 2022-23 on exercise of option granted under the employee stock option plan wherein part consideration was received in form of employee service.

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

G. Details of shares held by promotors:

As at 31 March 2023

S. No.	Promotor Name	No. of shares at the beginning of the year	Changes during the years	No. of shares at the end of the year	% of total shares	% Change during the year
1	VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)	1,29,33,973	-	1,29,33,973	8.12%	-
2	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	2,58,67,947	-	2,58,67,947	16.25%	-
3	RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust)	2,58,67,947	-	2,58,67,947	16.25%	-
4	Mr. Ashok Kajaria	10,47,004	-	10,47,004	0.66%	-
5	Mr. Chetan Kajaria	13,39,880	-	13,39,880	0.84%	-
6	Mr. Rishi Kajaria	18,05,716	-	18,05,716	1.13%	-
7	Mrs. Versha Devi Kajaria	17,77,014	-	17,77,014	1.12%	-
8	Mrs. Rasika Kajaria	5,70,000	-	5,70,000	0.36%	-
9	Mrs. Shikha Kajaria	6,00,000	-	6,00,000	0.38%	-
10	Mr. Kartik Kajaria	4,50,000	-	4,50,000	0.28%	-
11	Mr. Raghav Kajaria	4,50,000	-	4,50,000	0.28%	-
12	Mr. Parth Kajaria	4,50,000	-	4,50,000	0.28%	-
13	Mr. Vedant Kajaria	4,50,000	-	4,50,000	0.28%	-
14	A.K. Kajaria (HUF)	19,67,750	-	19,67,750	1.24%	-
15	Chetan Kajaria (HUF)	42,000	-	42,000	0.03%	-
16	Rishi Kajaria (HUF)	6,000	-	6,000	0.00%	-

As at 31 March 2022

S. No.	Promotor Name	No. of shares at the beginning of the year	Changes during the years	No. of shares at the end of the year	% of total shares	% Change during the year
1	VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)	1,29,33,973	-	1,29,33,973	8.12%	-
2	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	2,58,67,947	-	2,58,67,947	16.25%	-
3	RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust)	2,58,67,947	-	2,58,67,947	16.25%	-
4	Mr. Ashok Kajaria	10,47,004	-	10,47,004	0.66%	-
5	Mr. Chetan Kajaria	13,39,880	-	13,39,880	0.84%	-
6	Mr. Rishi Kajaria	18,05,716	-	18,05,716	1.13%	-
7	Mrs. Versha Devi Kajaria	17,77,014	-	17,77,014	1.12%	-
8	Mrs. Rasika Kajaria	5,70,000	-	5,70,000	0.36%	-
9	Mrs. Shikha Kajaria	6,00,000	-	6,00,000	0.38%	-
10	Mr. Kartik Kajaria	4,50,000	-	4,50,000	0.28%	-
11	Mr. Raghav Kajaria	4,50,000	-	4,50,000	0.28%	-
12	Mr. Parth Kajaria	4,50,000	-	4,50,000	0.28%	-
13	Mr. Vedant Kajaria	4,50,000	-	4,50,000	0.28%	-
14	A.K. Kajaria (HUF)	19,67,750	-	19,67,750	1.24%	-
15	Chetan Kajaria (HUF)	42,000	-	42,000	0.03%	-
16	Rishi Kajaria (HUF)	6,000	-	6,000	0.00%	-

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

17. Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
a) General reserves		
Balance at the beginning/end of the year	**320.37**	**320.37**
b) Securities premium		
Balance at the beginning of the year	**178.92**	**171.55**
Share issued during the year (refer note 16)	1.21	5.21
Amount transferred from Share option outstanding account to Security premium on issue of shares	0.50	2.16
Balance at the end of the year	**180.63**	**178.92**
c) Capital redemption reserve		
Balance at the beginning/end of the year	**5.00**	**5.00**
d) Share options outstanding account		
Balance at the beginning of the year	**1.87**	**3.56**
Employee stock option scheme	7.51	0.47
Transferred to security premium on issue of shares	(0.50)	(2.16)
Balance at the end of the year	**8.88**	**1.87**
e) Capital reserve		
Balance at the beginning/end of the year	(29.57)	(29.57)
f) Retained earnings		
Balance at the beginning of the year	1,618.27	1,383.69
Profit for the year	344.39	362.34
Other comprehensive income (OCI) for the year, net of tax	(0.64)	(0.43)
Dividend distributed (including interim dividend)	(143.31)	(127.33)
Balance at the end of the year	**1,818.71**	**1,618.27**
Total other equity	**2,304.02**	**2,094.86**

Nature and purpose of reserves -

a) General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

b) Securities premium

This reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

c) Capital redemption reserve

This reserve was created on redemption of preference shares in the financial year 2001-02. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

d) Share options outstanding account

The reserve is used to recognise the grant date fair value of the options issued to employees under Kajaria Ceramics Employee Stock Option Plan, 2015.

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 and Kajaria Tiles Private Limited ('KTPL') in the financial year 2021-22.

f) Retained earnings

Created from profit/loss of the Company, as adjusted for distributions to owners in the form of dividend and transfer to other reserve.

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

18. Borrowings

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Term loan - Secured				
Deferred payment liabilities Interest free loan from Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh)	5.90	9.96	-	-
Working capital facility - Secured				
From banks	-	-	94.06	30.00
	5.90	**9.96**	**94.06**	**30.00**

Terms of borrowings

Type of loan	Loan outstanding As at 31 March 2023	Loan outstanding As at 31 March 2022	Rate of interest	Security guarantee	Repayment terms
Term loan - deferred payment liabilities	5.90	9.96	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)	94.06	30.00	31 March 2023 : 7.50% to 8.76% per annum. (31 March 2022: 5.60% 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

The above loans have been utilised as per the purpose for these loans were sanctioned.
The property on which mortgaged or any charged created during the financial year has been duly registered with Registrar of companies.

19. Lease liabilities

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Lease liabilities (refer note 37)	23.74	19.09	11.74	11.31
	23.74	**19.09**	**11.74**	**11.31**

20. Provisions

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits obligation (refer note 36)				
Gratuity	1.69	1.18	5.93	5.61
Compensated absences	15.05	13.47	1.77	1.64
	16.74	**14.65**	**7.70**	**7.25**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

21. Deferred tax liabilities (net)

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Deferred tax liability on:		
Difference between book balance and tax balance of property, plant and equipment	78.89	75.69
	78.89	**75.69**
(b) Deferred tax assets on:		
Provision for compensated absences	4.23	3.80
Others	4.07	3.95
	8.30	**7.75**
Deferred tax liabilities (net)	**70.59**	**67.94**

Movements in deferred tax liabilities and deferred tax assets:

	Property, plant and equipment	Compensated absences	Others	Total
As at 1 April 2021	80.43	(3.50)	(10.75)	66.18
Charged/(credited) to the statement of profit or loss	(4.74)	(0.30)	6.80	1.76
As at 31 March 2022	**75.69**	**(3.80)**	**(3.95)**	**67.94**
Charged/(credited) to the statement of profit or loss	3.20	(0.43)	(0.12)	2.65
As at 31 March 2023	**78.89**	**(4.23)**	**(4.07)**	**70.59**

22. Other liabilities

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Advance received from customers	-	-	22.00	31.31
Statutory dues payable	-	-	39.73	35.07
Deferred government grant	0.45	0.98	0.53	0.54
Total	**0.45**	**0.98**	**62.26**	**66.92**

23. Trade payables

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables (including acceptances)		
- Total outstanding dues of micro enterprises and small enterprises (refer note 42)	25.48	12.56
- Total outstanding dues of creditors other than micro enterprises and small enterprises	205.32	203.03
Total	**230.80**	**215.59**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

	As at 31 March 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	Total
- Total outstanding dues of micro enterprises and small enterprises	25.48	-	-	-	25.48
- Total outstanding dues of creditors other than micro enterprises and small enterprises	205.06	0.25	0.01	-	205.32
	230.54	**0.25**	**0.01**	**-**	**230.80**

	As at 31 March 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	Total
- Total outstanding dues of micro enterprises and small enterprises	12.56	-	-	-	12.56
- Total outstanding dues of creditors other than micro enterprises and small enterprises	202.93	0.10	-	-	203.03
	215.49	**0.10**	**-**	**-**	**215.59**

Note: There are no unbilled dues.

24. Other current financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Unclaimed dividends*	2.50	2.53
Security deposits from customers	16.32	13.27
Security deposits others	16.47	15.74
Employee payable	48.31	48.78
Liabilities toward unspent corporate social responsibility (refer note 57)#	0.88	0.54
Others	0.55	0.40
Creditors for capital goods	27.40	45.70
Total	**112.43**	**126.96**

* Not due for deposit to the Investor Education and Protection Fund.

25. Current tax liabilities (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Current tax liabilities (net)	4.25	10.42
Total	**4.25**	**10.42**

26. Revenue from operations

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Sale of products		
Tiles	3,967.60	3,296.53
Other operating revenues	3.15	2.85
Total	**3,970.75**	**3,299.38**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

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	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from sale of tile	3,967.60	3,296.53
Total	**3,967.60**	**3,296.53**

Sale of products are net of discounts amounting to ₹ 162.41 crores (31 March 2022 : ₹ 142.41 crores)

(b) Assets and liabilities related to contracts with customers is as below:

Particulars	As at 31 March 2023	As at 31 March 2022
Contract liabilities related to sale of goods		
Advance from customers	22.00	31.31
Security deposits from customers	16.32	13.27

(c) Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 45 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

(d) Significant changes in contract assets and Liabilities.

The change in contract liabilities (Interest bearing deposit from customers and advances received from customers) during the year.

Particulars	As at 31 March 2023	As at 31 March 2022
Contract liabilities (Advance from customers)		
Opening balance	31.31	27.79
Revenue recognised during the year	31.31	27.79
Addition during the year (net)	22.00	31.31
Closing balance	**22.00**	**31.31**

Particulars	As at 31 March 2023	As at 31 March 2022
Contract liabilities (Security deposits from customers)		
Opening balance	13.27	13.52
Receipt/(repayment) during the year (net)	3.05	(0.25)
Closing balance	**16.32**	**13.27**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

27. Other income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest income measured at amortised cost on:		
Loan to subsidiaries (refer note 40)	20.25	17.72
Fixed deposits with banks	21.60	20.56
Other financial assets carried at amortised cost	0.64	0.62
Others	1.64	2.11
Gain on disposal of current investments	-	0.14
Net gain on foreign currency transaction and translation	2.15	0.01
Other non-operating income	4.43	2.61
Total	**50.71**	**43.77**

28. Cost of materials consumed

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Body material	317.28	274.41
Glaze, frits and chemicals	228.94	185.67
Packing material consumed	141.32	126.86
Total	**687.54**	**586.94**

29 Changes in inventories of finished goods, stock in trade and work-in-progress

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening balance		
Finished goods	159.51	140.30
Stock-in-trade	17.52	4.81
Work-in-progress	9.79	7.92
Total	**186.82**	**153.03**
Closing balance		
Finished goods	245.26	159.51
Stock-in-trade	13.35	17.52
Work-in-progress	7.88	9.79
Total	**266.49**	**186.82**
	(79.67)	**(33.79)**

30 Employee benefits expense

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	324.88	293.90
Contribution to provident and other funds (also refer note 36)	15.19	14.24
Share based payments to employees	7.51	0.47
Less: Amounts recovered towards share based payments to employees of a subsidiary	(0.41)	-
Staff welfare expenses	6.83	5.61
Total	**354.00**	**314.22**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

31 Finance costs

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest expenses	8.80	3.65
Interest on lease liabilities	1.29	2.46
Other borrowing costs	0.71	0.01
Total	**10.80**	**6.12**

32. Depreciation and amortisation expense

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation on property, plant and equipment (refer note 4)	76.60	71.58
Amortisation of intangible assets (refer note 5)	0.87	0.69
Amortisation on right-of-use assets (refer note 37)	13.44	11.89
	90.91	**84.16**

33. Other expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Power and fuel	783.74	558.23
Stores and spares consumed	82.67	66.05
Repairs and maintenance:		
- Buildings	5.29	3.78
- Plant and equipment	15.84	13.43
- Others	5.01	4.39
Rent (refer note 37d)	2.08	1.13
Rates and taxes	1.45	2.16
Traveling and conveyance	37.17	26.04
Insurance charges	4.14	3.85
Legal and professional charges	4.31	4.13
Payment to auditors as:		
- auditor	0.58	0.49
- for other services	0.48	0.46
- for reimbursement of expenses	0.05	0.02
Packing, freight and forwarding expenses	42.20	33.98
Advertisement, publicity and sales promotion	81.54	55.73
Sales commission	10.93	10.27
Loss on disposal of property, plant and equipment	1.12	1.10
Provision for expected credit loss	0.20	0.96
Corporate social responsibility expenditure (refer note 57)	8.31	7.50
Research and development expenses (refer note 56)	7.54	7.58
Miscellaneous expenses	24.33	22.48
	1,118.98	**823.76**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

34. Income-tax expense

		Year ended 31 March 2023	Year ended 31 March 2022
(a)	**Income-tax expense debited to statement of profit and loss**		
	Current tax		
	Current tax on profits for the year	116.43	127.19
	Adjustment of tax relating to earlier periods	(0.06)	(6.24)
	Total current tax expense	**116.37**	**120.95**
	Deferred tax		
	Deferred tax charge for the year	2.65	1.76
		2.65	1.76
	Total tax expense	**119.02**	**122.71**
(b)	**Income-tax expense credited to other comprehensive income**		
	Current tax		
	Current tax credit for the year	(0.22)	(0.15)
		(0.22)	**(0.15)**

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	Year ended 31 March 2023	Year ended 31 March 2022
Profit before tax	463.41	485.05
Tax at the Indian tax rate of 25.168%	116.63	122.08
Adjustments in respect of current income tax pursuant to the Scheme (refer note 39)	-	(6.24)
Adjustment of tax relating to earlier periods	(0.06)	-
Deferred tax liabilities recognised pursuant to Scheme	-	4.53
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowed as deduction	2.45	2.34
Income-tax expense	**119.02**	**122.71**

35. Earnings per share

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Profit attributable to equity holders of the Company for basic earnings (₹ in crores) for the year	344.39	362.34
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	15,92,23,883	15,91,56,882
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	15,93,14,415	15,91,96,545
Earnings per share		
- Basic (₹)	21.63	22.77
- Diluted (₹)	21.62	22.76

Note: Weighted average number of equity shares used as denominator

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

	No. of shares	
	31 March 2023	31 March 2022
Weighted average number of equity shares used as denominator in calculating basic earnings per shares	15,92,23,883	15,91,56,882
Adjustments for calculation of diluted earnings per share:		
- Outstanding employee stock options	90,532	39,663
Weighted average number of equity shares and potential equity shares used as denominator in calculating diluted earnings per share	**15,93,14,415**	**15,91,96,545**

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. Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is ₹ 9.95 crores (31 March 2022: ₹ 9.34 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:

	As at 31 March 2023	As at 31 March 2022
Defined benefit obligation at the beginning of the year	49.90	44.13
Current service cost	3.49	3.87
Interest cost	4.21	3.09
Benefits paid	(2.44)	(1.14)
Actuarial loss/(gain) on obligations	0.53	(0.05)
Defined benefit obligation at the end of the year	**55.69**	**49.90**

Changes in the fair value of plan assets are, as follows:

	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets at the beginning of the year	43.11	37.98
Contribution during the year	4.71	4.25
Benefits paid	(2.44)	(1.14)
Expected return on plan assets	3.02	2.65
Actuarial loss on plan asset	(0.33)	(0.63)
Fair value of plan assets at the end of the year	**48.07**	**43.11**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

Reconciliation of fair value of plan assets and defined benefit obligation:

	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets	48.07	43.11
Defined benefit obligation	55.69	49.90
Net liability recognised in the Balance Sheet (refer note 20)	**(7.62)**	**(6.79)**
Current	5.93	5.61
Non current	1.69	1.18

Amount recognised in Statement of Profit and Loss:

	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	3.49	3.87
Interest cost	4.21	3.09
Expected return on plan asset	(3.02)	(2.65)
Amount recognised in Statement of Profit and Loss	**4.68**	**4.31**

Breakup of actuarial gain/(loss)

	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial gain/(loss) on defined benefit obligation		
Actuarial gain/(loss) arising from changes in financial assumptions	(0.48)	0.51
Actuarial gain/(loss) arising from experience adjustments	(0.05)	(0.46)
Actuarial gain/(loss) on plan assets	(0.33)	(0.63)
Amount of gain/(loss) recognised in other comprehensive income	**(0.86)**	**(0.58)**

The major categories of plan assets are as follows:

Gratuity	As at 31 March 2023	As at 31 March 2022
Investment details	**Funded**	**Funded**
Investment with gratuity funds	100%	100%
The principal assumptions used in determining gratuity liability for the Company's plans are shown below:		
	31 March 2023	**31 March 2022**
Discount rate	7.00%	7.00%
Expected rate of return on plan assets	7.00%	7.00%
Future salary increases	8.60%	8.60%
Attrition rate:-		
18-30 years	2.00%	3.00%
30-44 years	2.00%	3.00%
44-58 years	2.00%	3.00%
Retirement age	58 years	58 years
Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

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."

c.) The Company provides for gratuity for employees in India as per the Payment of Gratuity Act,1972.

Experience adjustment:

	31 March 2023	31 March 2022	31 March 2021	31 March 2020	31 March 2019
Present value of defined benefit obligation	55.69	49.90	44.13	39.86	34.01
Experience gain/(loss) on liability	(0.05)	(0.46)	1.97	1.71	(0.02)

A quantitative sensitivity analysis for significant assumption as at 31 March 2023 and 31 March 2022 is as shown below:

Gratuity plan	Sensitivity level		Impact on Defined benefit obligation	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Assumptions				
Discount rate	+1%	+1%	(4.76)	(4.07)
	-1%	-1%	5.55	4.75
Future salary increases	+1%	+1%	5.41	4.63
	-1%	-1%	(4.74)	(4.05)
Withdrawal rate	+1%	+1%	(0.55)	(0.45)
	-1%	-1%	0.61	0.53

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Sensitivities due to mortality are insignificant and hence ignored.

Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

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):

	31 March 2023	31 March 2022
Within the next 12 months (next annual reporting period)	5.93	5.47
Between 2 and 5 years	9.30	8.38
Beyond 5 years	40.46	36.05
Total expected payments	**55.69**	**49.90**

(c) Expected contribution for next year is ₹ 3.68 crores (31 March 2022 : ₹ 3.47 crores)

(d) Average duration of the defined benefit obligation at the end of reporting period is 11 years (31 March 2022 : 11 years)

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

C) Other long-term employee benefits - Compensated absences (unfunded)

	31 March 2023	31 March 2022
Amounts recognised in the balance sheet		
Current	1.77	1.64
Non current	15.05	13.47
	16.82	**15.11**

37. Leases

a) The Company had adopted Ind AS 116 'Leases' from 1 April 2019 in the standalone financial statements.

b) The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term(years)
Building	52	1 to 5 years	3.27 years
	(31 March 2022: 60)	(31 March 2022 : 1 to 5 years)	(31 March 2022 : 2.40 years)

There are no leases entered by the Company which have any extension, termination or purchase options and the payment of lease rentals is not based on variable payments which are linked to an index.

c) **Amounts recognised in balance sheet and statement of profit and loss :**

The balance sheet shows the following amounts relating to leases:

Particulars	Category of right-of-use assets		
	Land	Buildings	Total
Balance as at 1 April 2021	**5.05**	**21.19**	**26.24**
Add: Additions	-	19.98	19.98
Add: Adjustment on account of lease modification	-	(1.36)	(1.36)
Less: Amortisation charged on the right-of-use assets (refer note 32)	0.05	11.84	11.89
Balance as at 31 March 2022	**5.00**	**27.97**	**32.97**
Add: Additions	-	17.95	17.95
Less: Amortisation charged on the right-of-use assets (refer note 32)	0.05	13.39	13.44
Balance as at 31 March 2023	**4.95**	**32.53**	**37.48**

d) Lease payments not recognised as lease liabilities:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Expenses relating to short term leases (included in other expenses)	2.08	1.13
Total	**2.08**	**1.13**

e) The total cash outflow for leases for the year ended 31 March 2023 is ₹ 14.16 crores (31 March 2022: ₹ 15.02 crores)

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

f) Future minimum lease payments are as follows:

Minimum lease payments due	Lease payments	Finance charges	Net present values
	As at 31 March 2023		
Within 1 year	14.51	2.77	11.74
1 - 2 years	11.14	1.38	9.76
2 - 3 years	8.63	0.73	7.90
More than 3 years	6.43	0.35	6.08
Total	**40.71**	**5.23**	**35.48**
	As at 31 March 2022		
Minimum lease payments due	**Lease payments**	**Finance charges**	**Net present values**
Within 1 year	13.60	2.29	11.31
1 - 2 years	10.51	1.75	8.76
2 - 3 years	6.93	0.55	6.38
More than 3 years	4.09	0.14	3.95
Total	**35.13**	**4.73**	**30.40**

38. Commitments, contingencies and litigations

		31 March 2023	31 March 2022
(a)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	81.89	11.28
(b)	**Contingent liabilities**		
	(i) Corporate guarantees given (including undrawn amount)	84.74	68.70
	(ii) Claims against the Company not acknowledged as debt*		
	In respect of income tax, value added tax and service tax demands pending before various authorities and in dispute	7.02	7.05
	Others	2.13	2.16

*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.

Company has certain litigations involving customers, vendors and based on legal advice of in-house legal team, the management believes that no material liability will devolve on the Company in respect of these litigations.

39. Scheme of Arrangement

The Hon'ble National Company Law Tribunal, vide its order dated 26 November 2021, approved a Scheme of Arrangement (the 'Scheme') between the Company and Kajaria Tiles Private Limited ('erstwhile KTPL'). Pursuant to the Scheme, all the properties, assets, rights, claims and obligations of the erstwhile KTPL were transferred and vested in the name of Company on a going concern basis w.e.f. 1 April 2019. The Company had accounted for the merger under the pooling of interest method retrospectively for all periods presented and accordingly these numbers had been restated as prescribed in Appendix-C of Ind AS 103 - Business Combinations of entities under common control.

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

40 Related party disclosures as per Ind AS 24 - Related Party disclosures

A. List of related parties as per Ind AS 24

(a) List of entities substantially owned directly or indirectly by the Company:

Direct subsidiaries:

S. No.	Name	Country of incorporation	Ownership interest of Kajaria Ceramics Limited (%) 31 March 2023	31 March 2022
1	Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	India	95.00%	87.37%
2	Vennar Ceramics Limited #	India	-	51.00%
3	Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited)	India	77.00%	59.67%
4	Kajaria Bathware Private Limited	India	85.00%	85.00%
5	Kajaria Plywood Private Limited	India	100.00%	97.89%
6	South Asian Ceramic Tiles Private Limited ##	India	51.00%	-
7	Kajaria International DMCC	UAE	100.00%	-

loss of control of subsidiary w.e.f. closing hours of 31 March 2023

became subsidiary of the Company w.e.f. 31 August 2022

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 2023	31 March 2022
1	Kajaria Sanitaryware Private Limited	India	69.70%	69.70%
2	Kerovit Global Private Limited	India	85.00%	-

(b) Key management personnel:

S. No.	Name	Designation
1	Mr. Ashok Kajaria	Chairman and Managing Director
2	Mr. Chetan Kajaria	Joint Managing Director
3	Mr. Rishi Kajaria	Joint Managing Director
4	Mr. Dev Datt Rishi	Non-Executive Director
5	Mr. Raj Kumar Bhargava	Independent Director (ceased to be director w.e.f. 23 September 2022)
6	Mr. Debi Prasad Bagchi	Independent Director (ceased to be director w.e.f. 23 September 2022)
7	Mr. Harady Rathnakar Hegde	Independent Director
8	Mrs. Sushmita Singha	Independent Director
9	Mr. Sudhir Bhargava	Independent Director (w.e.f. 23 September 2022)
10	Mr. Lalit Kumar Panwar	Independent Director (w.e.f. 23 September 2022)

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

(c) Enterprises owned by Key Management Personnel or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise:-

S. No.	Name
1	Dua Engineering Works Private Limited
2	Malti Devi Kajaria Foundation
3	Kajaria Ceramics Employees Gratuity trust
4	VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust))
5	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)
6	RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust)
7	A.K. Kajaria (HUF)
8	Chetan Kajaria (HUF)
9	Rishi Kajaria (HUF)

(d) Relatives of key management personnel

S. No.	Name
1	Mrs. Versha Devi Kajaria
2	Mrs. Rasika Kajaria
3	Mrs. Shikha Kajaria
4	Mr. Kartik Kajaria
5	Mr. Raghav Kajaria
6	Mr. Parth Kajaria
7	Mr. Vedant Kajaria

(e) Joint Venture

S. No.	Name	Remarks
1	Kajaria RMF Trading LLC	50% Joint venture of Kajaria International DMCC

B. Transactions with the related parties

(1) Details relating to remuneration of Key Managerial Personnel (KMP)

Name of KMP	31 March 2023		31 March 2022	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ashok Kajaria*	5.67	-	5.67	-
Mr. Chetan Kajaria*	5.57	-	5.57	-
Mr. Rishi Kajaria*	5.57	-	5.57	-
Mr. Dev Dutt Rishi	-	0.05	-	0.04
Mr. Raj Kumar Bhargava	-	0.03	-	0.06
Mr. Debi Prasad Bagchi	-	0.04	-	0.07
Mr. Harady Rathnakar Hegde	-	0.10	-	0.07
Mrs. Sushmita Singha	-	0.07	-	0.05
Mr. Sudhir Bhargava	-	0.06	-	-
Mr. Lalit Kumar Panwar	-	0.06	-	-

* Does not include employee benefits is relation to gratuity and compensated absence, as such provisions are for the Company as a whole.

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

(2) Dividend paid	31 March 2023	31 March 2022
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	0.94	0.84
- Mr. Chetan Kajaria	1.21	1.07
- Mr. Rishi Kajaria	1.63	1.44
- Mrs. Versha Devi Kajaria	1.60	1.42
- Mrs. Rasika Kajaria	0.51	0.46
- Mrs. Shikha Kajaria	0.54	0.48
- Mr. Kartik Kajaria	0.41	0.36
- Mr. Raghav Kajaria	0.41	0.36
- Mr. Parth Kajaria	0.41	0.36
- Mr. Vedant Kajaria	0.41	0.36

(3) Guarantees received/(released) during the year

	31 March 2023	31 March 2022
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	(31.40)	(70.00)

Guarantees received outstanding at year end	31 March 2023	31 March 2022
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	-	31.40

(4) The following transactions were carried out with related parties in the ordinary course of business:-

	31 March 2023			31 March 2022		
Particulars	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Joint venture	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Joint venture
Purchase of goods						
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited) (formerly known as Jaxx Vitrified Private Limited)	341.58	-	-	231.73	-	-
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited	160.84	-	-	100.67	-	-
Vennar Ceramics Limited	67.35	-	-	66.36	-	-
Kajaria Bathware Private Limited	0.20	-	-	-	-	-
South Asian Ceramic Tiles Private Limited	56.50	-	-	-	-	-
Total	**626.47**	**-**	**-**	**398.76**	**-**	**-**
Sale of products						
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	-	-	-	0.02	-	-
Kajaria RMF Trading LLC	-	-	3.23	-	-	-
Total	**-**	**-**	**3.23**	**0.02**	**-**	**-**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

Particulars	31 March 2023			31 March 2022		
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Joint venture	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Joint venture
Sale of assets						
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	0.10	-	-	0.15	-	-
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited	-	-	-	0.17	-	-
Total	**0.10**	**-**	**-**	**0.32**	**-**	**-**
Rent paid						
Dua Engineering Works Private Limited	-	1.59	-	-	1.59	-
Vennar Ceramics Limited	0.05	-	-	0.02	-	-
South Asian Ceramic Tiles Pvt Limited (*rounded off to Nil)	-*	-	-	-	-	-
Total	**0.05**	**1.59**	**-**	**0.02**	**1.59**	**-**
Recovery of expenses						
Kajaria Plywood Private Limited	0.04	-	-	-	-	-
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	0.07	-	-	-	-	-
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited	0.03	-	-	-	-	-
Kajaria Bathware Private Limited	1.19	-	-	0.57	-	-
Kajaria International DMCC	0.15	-	-	-	-	-
Total	**1.48**	**-**	**-**	**0.57**	**-**	**-**
Rent received						
Kajaria Bathware Private Limited	0.66	-	-	0.91	-	-
Kajaria Sanitaryware Private Limited	0.03	-	-	0.03	-	-
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	0.02	-	-	-	-	-
Kajaria Plywood Private Limited	0.01	-	-		-	-
Total	**0.72**	**-**	**-**	**0.94**	**-**	**-**
Interest income						
Vennar Ceramics Limited	0.39	-	-	0.74	-	-
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited	0.86	-	-	0.68	-	-
Kajaria Bathware Private Limited	1.61	-	-	1.34	-	-
Kajaria Sanitaryware Private Limited	2.98	-	-	3.35		
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	11.30	-	-	9.84	-	-
Kajaria Plywood Private Limited	2.71	-	-	1.77	-	-

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

Particulars	31 March 2023			31 March 2022		
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Joint venture	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Joint venture
South Asian Ceramic Tiles Pvt Ltd	0.39	-	-	-	-	-
Kajaria International DMCC	0.01	-	-	-	-	-
Total	**20.25**	**-**	**-**	**17.72**	**-**	**-**
Investment						
Investments in equity instruments						
Kajaria International DMCC						
1000 (31 March 2022: NIL) equity shares of United Arab Emirates (UAE) Dirham 1000 each fully paid up	2.25	-	-	-	-	-
Total	**2.25**	**-**	**-**	**-**	**-**	**-**
Loan given						
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	-	-	-	70.57	-	-
Kajaria Bathware Private Limited	8.00	-	-	5.00	-	-
Kajaria Sanitaryware Private Limited	-	-	-	8.00	-	-
Kajaria Ceramics Employee Gratuity Trust	-	2.32	-	-	1.53	-
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited	7.00	-	-	9.75	-	-
Kajaria Plywood Private Limited	12.50	-	-	15.75	-	-
South Asian Ceramic Tiles Pvt Ltd	5.00	-	-	-	-	-
Kajaria International DMCC	1.80	-	-	-	-	-
Total	**34.30**	**2.32**	**-**	**109.07**	**1.53**	**-**
Loan repaid						
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	20.00	-	-	19.25	-	-
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited	-	-	-	6.00	-	-
Kajaria Bathware Private Limited	7.00	-	-	5.00	-	-
Kajaria Sanitaryware Private Limited	8.00	-	-	14.35	-	-
Vennar Ceramics Limited	1.00	-	-	5.60	-	-
Kajaria Ceramics Employee Gratuity Trust	-	2.42	-	-	1.14	-
Total	**36.00**	**2.42**	**-**	**50.20**	**1.14**	**-**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

Particulars	31 March 2023			31 March 2022		
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Joint venture	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Joint venture
Guarantee Given/(released) during the year						
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	-	-	-	0.19	-	-
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited	12.50	-	-	(12.20)	-	-
Kajaria Sanitaryware Private Limited	3.00	-	-	(7.38)	-	-
Kajaria Bathware Private Limited	-	-	-	(25.00)	-	-
South Asian Ceramic Tiles Pvt Ltd	38.24	-	-	-	-	-
	53.74	**-**	**-**	**(44.39)**	**-**	**-**
Dividend paid						
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust) (refer note 16 E)	-	11.64	-	-	10.34	-
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust) (refer note 16 E)	-	23.28	-	-	20.70	-
RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust)	-	23.28	-	-	20.70	-
Malti Devi Kajaria Foundation	-	0.52	-	-	0.46	-
A.K. Kajaria (HUF)	-	1.77	-	-	1.58	-
Chetan Kajaria (HUF)	-	0.04	-	-	0.03	-
Rishi Kajaria (HUF) (*rounded off to Nil)	-	0.01	-	-	-*	-
	-	**60.54**	**-**	**-**	**53.81**	**-**
Balances outstanding at year end:						
Loan given *						
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	153.57	-	-	173.57	-	-
Vennar Ceramics Limited	-	-	-	5.70	-	-
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited	20.00	-	-	13.00	-	-
Kajaria Sanitaryware Private Limited	37.00	-	-	45.00	-	-
Kajaria Bathware Private Limited	20.00	-	-	19.00	-	-
Kajaria Ceramics Employee Gratuity Trust	-	0.44	-	-	0.54	-
Kajaria Plywood Private Limited	45.75	-	-	33.25	-	-
South Asian Ceramic Tiles Pvt Ltd	9.00	-	-	-	-	-
Kajaria International DMCC	1.80	-	-	-	-	-
Total	**287.12**	**0.44**	**-**	**289.52**	**0.54**	**-**

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

Particulars	31 March 2023			31 March 2022		
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Joint venture	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Joint venture
Trade payables/(advances given)						
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	23.13	-	-	10.76	-	-
Vennar Ceramics Limited	-	-	-	2.74	-	-
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited	(4.04)	-	-	1.14	-	-
South Asian Ceramic Tiles Pvt Ltd	3.06	-	-	-	-	-
Total	**22.15**	**-**	**-**	**14.64**	**-**	**-**
Security deposit						
Dua Engineering Works Private Limited	-	0.60	-	-	0.60	-
Total	**-**	**0.60**	**-**	**-**	**0.60**	**-**
Receivables						
Kajaria International DMCC	0.12	-	-	-	-	-
Kajaria RMF Trading LLC	-	-	3.15	-	-	-
Total	**0.12**	**-**	**3.15**	**-**	**-**	**-**
Guarantees given outstanding at year end * #						
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	65.00	-	-	65.00	-	-
Vennar Ceramics Limited	12.75	-	-	12.75	-	-
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited	47.00	-	-	34.50	-	-
Kajaria Sanitaryware Private Limited	13.00	-	-	10.00	-	-
Kajaria Bathware Private Limited	20.00	-	-	20.00	-	-
South Asian Ceramic Tiles Pvt Ltd	38.24	-	-	-	-	-
Total	**195.99**	**-**	**-**	**142.25**	**-**	**-**

* 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 Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

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 is provided as under, to the extent the Company has received intimation from the 'Suppliers' regarding their status under the Act.

	Particulars	31 March 2023	31 March 2022
(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	25.48	12.56
	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

a) Kajaria Ceramics Employee Stock Option Plan, 2015 ('ESOP 2015' or the 'Plan') was approved by the Board of Directors and the shareholders of the Company on 7 September 2015. The plan entitles employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Company is given below:

Particulars	Kajaria Ceramics Employee Stock Option Plan 2015
Exercise Price	₹ 425
Vesting conditions	45,800 options 24 months after the grant date ('First vesting')
	91,600 options 36 months after the grant date ('Second vesting')
	137,400 options 48 months after the grant date ('Third vesting')
	183,200 options 60 months after the grant date ('Fourth vesting')
Exercise period	Stock options can be exercised within a period of 8 years from grant date.
Number of share options granted	458,000
Method of settlement	Equity

Stock options will be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 850 per option which is 7.42 % below the stock price i.e. ₹ 918.10 per share on the date of grant, i.e. 20 October 2015.

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

During the year ended 31 March 2017, face value of equity shares of the Company was sub-divided to ₹ 1 per share from ₹ 2 per share. Accordingly, the exercise price also reduced to ₹ 425 per share from ₹ 850 per share and number of stock options increased to 458,000 equity shares from 229,000 equity shares. The number and weighted average exercise price of share options are as follows:

	Number of options	Weighted average exercise price per option
At 1 April 2021	1,77,300	425.00
Forfeited during the year	-	425.00
Exercised during the year	(1,23,050)	425.00
At 31 March 2022	**54,250**	**425.00**
Exercisable as at 31 March 2022	**54,250**	
Weighted average remaining contractual life (in years)	**1.55**	
At 1 April 2022	54,250	425.00
Forfeited during the year	-	425.00
Exercised during the year	(28,500)	425.00
At 31 March 2023	**25,750**	**425.00**
Exercisable as at 31 March 2023	**25,750**	
Weighted average remaining contractual life (in years)	**0.55**	

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. The following principal assumptions were used in the valuation:

Grant date	20 October 2015	20 October 2015	20 October 2015	20 October 2015
Vesting date	**20 October 2017**	**20 October 2018**	**20 October 2019**	**20 October 2020**
Expiry date	**20 October 2023**	**20 October 2023**	**20 October 2023**	**20 October 2023**
Fair value of option at grant date	260.22	310.20	354.01	392.99
Exercise price	425.00	425.00	425.00	425.00
Expected volatility of returns	27.63%	27.63%	27.63%	27.63%
Weighted average contractual life (in years)	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years
Expected dividend yield	0.40%	0.40%	0.40%	0.40%
Risk free interest rate	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%

b) Board of Directors and the shareholders of the Company has approved to issue additional stock options to the eligible employees of the Company under Kajaria Ceramics Employee Stock Option Plan, 2015 ('ESOP 2015' or the 'Plan'). The eligible 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	₹ 980
Vesting conditions	70,520 options 24 months after the grant date ('First vesting')
	141,040 options 36 months after the grant date ('Second vesting')
	211,560 options 48 months after the grant date ('Third vesting')
	282,080 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	705,200
Method of settlement	Equity

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

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 ₹ 980 per option which is 9.36 % below the stock price i.e. ₹ 1081.25 per share on the date of grant, i.e. 2 March 2022.

The number and weighted average exercise price of share options are as follows:

	Number of options	Weighted average exercise price per option
At 1 April 2021	-	-
Granted during the year	7,05,200	980.00
Exercised during the year	-	-
At 31 March 2022	**7,05,200**	**980.00**
Exercisable as at 31 March 2022	**7,05,200**	**980.00**
Weighted average remaining contractual life (in years)	**7.92**	
At 1 April 2022	7,05,200	980.00
Granted during the year	-	-
Exercised during the year	-	-
At 31 March 2023	**7,05,200**	**980.00**
Exercisable as at 31 March 2023	**7,05,200**	**980.00**
Weighted average remaining contractual life (in years)	**6.92**	

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	02 March 2022	02 March 2022	02 March 2022	02 March 2022
Vesting date	**02 March 2024**	**02 March 2025**	**02 March 2026**	**02 March 2027**
Expiry date	**02 March 2030**	**02 March 2030**	**02 March 2030**	**02 March 2030**
Fair value of option at grant date	404.29	429.57	444.28	460.59
Exercise price	980.00	980.00	980.00	980.00
Expected volatility of returns	32.66%	33.28%	32.49%	32.11%
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	0.68%	0.68%	0.68%	0.68%
Risk free interest rate	6.12%	6.26%	6.39%	6.50%

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

c) Board of Directors and the shareholders of the Company has approved to issue additional stock options to the eligible employees of the Company under Kajaria Ceramics Employee Stock Option Plan, 2015 ('ESOP 2015' or the 'Plan'). The eligible 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	₹ 980
Vesting conditions	13,240 options 24 months after the grant date ('First vesting')
	26,480 options 36 months after the grant date ('Second vesting')
	39,720 options 48 months after the grant date ('Third vesting')
	52,960 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	132,400
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 ₹ 980 per option which is 5.05 % below the stock price i.e. ₹ 1032.10 per share on the date of grant, i.e. 19 April 2022.

The number and weighted average exercise price of share options are as follows:

	Number of options	Weighted average exercise price per option
At 1 April 2021	-	-
Granted during the year	-	-
Exercised during the year	-	-
At 31 March 2022	-	-
Exercisable as at 31 March 2022	-	
Weighted average remaining contractual life (in years)	-	
At 1 April 2022		-
Granted during the year	1,32,400	980.00
Exercised during the year	-	-
At 31 March 2023	**1,32,400**	**980.00**
Exercisable as at 31 March 2023	**1,32,400**	**980.00**
Weighted average remaining contractual life (in years)	**7.05**	

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	19 April 2022	19 April 2022	19 April 2022	19 April 2022
Vesting date	**19 April 2024**	**19 April 2025**	**19 April 2026**	**19 April 2027**
Expiry date	**19 April 2030**	**19 April 2030**	**19 April 2030**	**19 April 2030**
Fair value of option at grant date	404.29	429.57	444.28	460.59
Exercise price	980.00	980.00	980.00	980.00
Expected volatility of returns	32.66%	33.28%	32.49%	32.11%
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	0.92%	0.92%	0.92%	0.92%
Risk free interest rate	6.12%	6.26%	6.39%	6.50%

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

44. Category wise classification of financial instruments

	31 March 2023			31 March 2022		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Financial assets						
Non-current						
(ii) Loans	-	-	287.12	-	-	289.52
(iii) Other financial assets			68.52			92.44
Current						
(i) Trade receivables	-	-	535.08	-	-	441.84
(ii) Cash and cash equivalents	-	-	6.61	-	-	31.04
(iii) Bank balances other than (ii) above	-	-	383.28	-	-	391.61
(iv) Loans	-	-	8.49	-	-	15.45
(v) Other financial assets	-	-	1.20	-	-	0.30
Assets of disposal Company classified as held for Sale	-	18.25	-	-	-	-
Total financial assets	**-**	**18.25**	**1,290.30**	**-**	**-**	**1,262.20**

Excludes non-current investment measured at costs ₹ 143.52 crores (previous year - ₹ 119.12 crores)

	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Financial liabilities						
Non-current						
(i) Borrowings	-	-	5.90	-	-	9.96
(ii) Lease liabilities	-	-	23.74	-	-	19.09
Current						
(i) Borrowings	-	-	94.06	-	-	30.00
(ii) Lease liabilities	-	-	11.74	-	-	11.31
(iii) Trade payables	-	-	230.80	-	-	215.59
(iv) Other financial liabilities	-	-	112.43	-	-	126.96
Total financial liabilities	**-**	**-**	**478.67**	**-**	**-**	**412.91**

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 Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

45. Fair value hierarchy

The following tables present financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There are no financial liabilities measured at fair value as at 31 March 2023 and 31 March 2022.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31 March 2023 and 31 March 2022 as follows:

As at 31 March 2023	Level 1	Level 2	Level 3	Total
Assets of disposal Company classified as held for Sale	-	-	18.25	18.25
Total	**-**	**-**	**18.25**	**18.25**

As at 31 March 2022	Level 1	Level 2	Level 3	Total
Assets of disposal Company classified as held for Sale	-	-	-	-
Total	**-**	**-**	**-**	**-**

Valuation technique used to determine fair value:

Assets of disposal company classified as held for sales (AHFS): AHFS has been valued at fair value of consideration receivable from other shareholders of the disposal company as agreed between the Company and other shareholders of disposal group. Therefore sensitivity analysis is not available and accordingly not disclosed.

The carrying amount of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair value, due to their short term nature.

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

46. Financial risk management objectives and policies

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Compliance Board that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below:

I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, trade payables, interest bearing deposits, loans and derivative financial instruments.

The sensitivity analyses of the above mentioned risk in the following sections exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in note 38.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. However the risk is very low due to negligible borrowings. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

	31 March 2023		31 March 2022	
	Increase/ decrease in basis points	Effect on profit before tax	Increase/ decrease in basis points	Effect on profit before tax
INR	+50	(0.32)	+50	(0.01)
INR	-50	0.32	-50	0.01

B. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

	31 March 2023		31 March 2022	
	% change in rate	Effect on profit before tax	% change in rate	Effect on profit before tax
USD	+5%	(0.61)	+5%	(0.37)
	-5%	0.61	-5%	0.37
Euro	+5%	(0.02)	+5%	(1.75)
	-5%	0.02	-5%	1.75

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 Statements for the year ended 31 March 2023

(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 2023	As at 31 March 2022
Balance at the beginning of the year	6.42	7.33
Add: Allowance provided during the year	0.20	0.96
Less: for disputes settled	-	1.87
Balance at the end of the year	**6.62**	**6.42**

B. Financial instruments and cash deposits

The management considers the credit quality of current accounts and deposits with banks to be good and reviews the banking relationships on an on–going basis.

The Company does not require any security in respect of the above financial assets. There are no impairment provisions as at each statement of financial position date against these financial assets, except as disclosed in respect of trade receivables above. The management considers that all the above financial assets that are not impaired or past due for each of the statement of financial position dates under review are of good credit quality.

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(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
Year ended 31 March 2023					
Borrowings	94.06	-	5.90	-	99.96
Lease liabilities	2.94	8.80	23.74	-	35.48
Trade payables	230.80	-	-	-	230.80
Other financial liabilities	112.43	-	-	-	112.43
	440.23	**8.80**	**29.64**	**-**	**478.67**
Year ended 31 March 2022					
Borrowings	30.00	-	9.96	-	39.96
Lease liabilities	3.37	7.94	19.09	-	30.40
Trade payables	215.59	-	-	-	215.59
Other financial liabilities	126.96	-	-	-	126.96
	375.92	**7.94**	**29.05**	**-**	**412.91**

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 2023, 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 2023		31 March 2022	
	Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Foreign trade payables				
USD (in crores)	0.20	16.99	0.10	7.33
EUR (in crores)	0.20	18.19	0.41	35.07
Foreign trade receivables				
USD (in crores)	0.07	5.70	0.12	8.84

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

49. Ratio Analysis on Standalone Financials

S. No.	Ratio	Numerator	Denominator	31 March 2023	31 March 2022	Variance (%age)	Reasons
1	Interest Service Coverage Ratio	Earnings before Interest, Tax and Exceptional items (EBIT)	Finance Cost	43.91	80.26	-45%	Owing to increase in operations and acquisition of South Asian Ceramic Tiles Pvt Ltd, Working Capital requirement has increased
2	Debt Equity Ratio	Non Current Borrowings + Current Borrowings + Current Maturities of Non Current Borrowings (Total Debt)	Total Equity	0.04	0.02	128%	Owing to increase in operations and acquisition of South Asian Ceramic Tiles Pvt Ltd, Working Capital requirement has increased
3	Current Ratio	Current Assets	Current Liabilities	2.61	2.52	4%	
4	Long Term Debt to WC Ratio	Non Current Borrowings (Incl. current maturities of non current borrowings)	Working Capital (Excl. current maturities of non current borrowings)	0.01	0.01	-50%	Owing to increase in operations and acquisition of South Asian Ceramic Tiles Pvt Ltd, Working Capital requirement has increased
5	Current Liability Ratio	Current Liabilities	Total Liabilities	81.67%	80.62%	1%	
6	Total Debt to Total Assets Ratio	Total Debt	Total Assets	3.38%	1.48%	127%	Owing to increase in operations and acquisition of South Asian Ceramic Tiles Pvt Ltd, Working Capital requirement has increased.
7	Trade Receivables Turnover Ratio	Total Sales	Average Trade Receivables	8.13	8.11	0%	
8	Inventory Turnover Ratio	Cost of Goods Sold (Cost of Materials Consumed +Purchases + Changes in Inventories + Stores and Spares consumed + Power & Fuel)	Average Inventories	8.53	8.56	0%	
9	Operating Margin	EBIT - Other Income	Total Sales	10.67%	13.56%	-21%	
10	Net Profit Ratio	Profit after tax	Total Sales	8.67%	10.98%	-21%	

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

50. Asset pledged as security (refer note 18)

	As at 31 March 2023	As at 31 March 2022
Current		
Inventories	381.51	286.79
Trade receivables	535.08	441.84
Total current assets pledged as security	**916.59**	**728.63**
Non-current		
Property, plant and equipment (including CWIP)	486.88	456.71
Total non-current assets pledged as security	**486.88**	**456.71**

51. Reporting to banks

The Company is regular in submission of quarterly stock statements with banks for the borrowings sanctioned against hypothecation of current assets. Further, all the quarterly statements of current assets filed by the Company with banks or financial institutions are in agreement with books of accounts.

52 There are no loans which have been given to promoters, directors and KMP's.

53 **Struck off Companies:** Details of relationship with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of the Companies Act, 1956:

Name of the struck off Company	Nature of transaction with struck off Company	Balance outstanding as at March 31, 2023 (Nos).	Balance outstanding as at March 31, 2022 (Nos).	Relation with struck off Company
Trivia Infotech Private Limited (CIN: U74990MH2010PTC198657)	Shares held by struck off company	2 equity shares of face value ₹ 1/- each	2 equity shares of face value ₹ 1/- each	Shareholder
Crystal Infowave Solutions Private Limited (CIN: U74900MH2009PTC198049)	Shares held by struck off company	2 equity shares of face value ₹ 1/- each	2 equity shares of face value ₹ 1/- each	Shareholder
S3 Solutions Private Limited (CIN: U72400TN2004PTC054467)	Shares held by struck off company	NIL	15 equity shares of face value ₹ 1/- each	Shareholder
Rajdeep Automation Private Limited (CIN: U99999MH1999PTC120445)	Shares held by struck off company	NIL	1125 equity shares of face value ₹ 1/- each	Shareholder

The Company has no transaction other than payment of declared dividend with stuck off companies.

54 Additional regulatory information required by Schedule III of Companies Act, 2013

(i) Details of Benami property:

No proceedings have been initiated or are pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

(ii) Utilisation of borrowed funds and share premium:

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

Notes on the Standalone Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(iii) Compliance with number of layers of companies:

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(iv) Undisclosed income:

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(v) Details of crypto currency or virtual currency:

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(vi) Valuation of Property plant and equipments, intangible asset and investment property:

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(vii) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

(viii) The Company is not declared wilful defaulter by any bank or financial institution or government or any government authority.

55 Disclosure as per Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

(i) Details of Investments made are given in Note 6.

(ii) Details of guarantees issued or loans given by the Company as at 31st March, 2023 and 31st March, 2022 are given in Note 7 and 40.

56. Research and development expenditure

Research and development expenditure incurred during the year ended 31 March 2023 and 31 March 2022 is as follows:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Capital expenditure	0.73	0.10
Revenue expenditure	7.54	7.58

(Amount in ₹ crores, unless otherwise stated)

57. 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 ₹ 8.27 crores (31 March 2022: ₹ 7.50 crores) for Corporate Social Responsibility activities. The Company has incurred CSR expenditure of ₹ 7.43 crores during the current financial year (31 March 2022: ₹ 6.96 crores) on the projects/activities for the benefit of the public in general and in the neighbourhood of the manufacturing facilities of the Company. Further the Company has provided an amounting to ₹ 0.88 crores (31 March 2022: ₹ 0.54 crores) against the projects in hand of CSR in accordance with requirements of the Act.

		Year ended 31 March 2023	Year ended 31 March 2022
(i)	Construction/acquisition of any asset		
	Paid in cash	1.02	2.13
	Other than cash	2.19	0.95
(ii)	On purposes other than (i) above		
	Paid in cash	4.22	3.88
(iii)	Projects in hand	0.88	0.54
		8.31	**7.50**

58. Post reporting date events

No adjusting or significant non-adjusting event has occurred between 31 March 2023 and the date of authorisation of Company's standalone financial statements. However, the Board of Directors of the Company have recommended a final dividend of ₹ 3 per share (31 March 2022: ₹ 3 per share) on equity shares of ₹ 1 each for the year ended 31 March 2023, subject to the approval of shareholders at the ensuing annual general meeting.

59 The standalone financial statements for the year ended 31 March 2023 were approved by the Board of Directors on 16 May 2023.

As per our report of even date attached
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Nalin Jain
Partner
Membership no. : 503498

Place: New Delhi
Date: 16 May 2023

For and on behalf of the Board of Directors of
Kajaria Ceramics Limited

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

Chetan Kajaria
Joint Managing Director
(**DIN**: 00273928)

Rishi Kajaria
Joint Managing Director
(**DIN**: 00228455)

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

Sanjeev Agarwal
Chief Financial Officer

CONSOLIDATED
FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of Kajaria Ceramics Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Kajaria Ceramics Limited ('the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its joint venture, as listed in Appendix 1, which comprise the Consolidated Balance Sheet as at 31 March 2023, 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 notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group and its joint venture, as at 31 March 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture 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 consolidated 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 together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and joint venture, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition We refer to the Group's significant accounting policies in note 3(E)(b) and the revenue related disclosures in note 27 of the consolidated financial statements. The Group recognises revenue from sale of goods when it satisfies its performance obligation, in accordance with the principles of Ind AS 115, Revenue from Contracts with Customers, by transferring the control of goods to its customers at the time of dispatch evidenced by acknowledgement of receipt of goods by the transporter. Further, Ind AS 115 requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers, determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations. Owing to the volume of sales transactions, size of distribution network and varied terms of contracts with customers, revenue is determined to be an area involving significant risk and requires significant auditor attention. Accordingly, this matter has been determined as a key audit matter for current year audit.	**Our audit procedures, related to revenue recognition, included, but were not limited to, the following:** a) Assessed the design and tested operating effectiveness of Company's controls (including the automated controls) around revenue recognition (including rebates / discounts); b) Assessed the appropriateness of Company's identification of performance obligations in its contracts with customers, its determination of transaction price, and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115; c) Scrutinized sales ledgers to verify completeness of sales transactions; d) On a sample basis, tested the revenue recognized including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches and approved incentives / discounts schemes; e) Tested the appropriateness of accruals for various rebates and discounts as at the year-end; f) Assessed the revenue recognized with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level; g) Circularized balance confirmations to a sample of customers and reviewed the reconciling items, if any; and h) Tested the related disclosures made in notes to the financial statements in respect of the revenue from operations for appropriateness in accordance with the requirements of the applicable accounting standards.

Impairment assessment of goodwill and property, plant and equipment (including capital work-in-progress)	Our audit work included, but was not restricted to, performing the following procedures:
Refer Note 4 and 5 to the accompanying consolidated financial statements. As at 31st March, 2023, the carrying amount of goodwill and property, plant and equipment (including capital work-in-progress) pertaining to two subsidiaries as disclosed in aforesaid note aggregate to ₹ 3.67 crore and ₹ 163.59 crore respectively. Considering the continued losses recorded over the years by the aforementioned subsidiary companies, the management has identified that indicators exist that requires the management to test the carrying value of related goodwill and property, plant and equipment (including capital work-in-progress) for possible impairment. Management's assessment of the recoverable amount of property, plant and equipment (including capital work-in-progress) and intangible assets requires estimation and judgement around identification of cash generating units (CGUs) and assumptions used in the determination of value-in-use for the purpose. The principal driver of recoverable value is the estimated growth in the operations of the CGU and ability to generate cash profits in the future. The key assumptions supporting management's assessment of the recoverable amount of property, plant and equipment and intangible assets are the estimated future financial performance, capital expenditure and the discount rates applied. Changes to assumptions could lead to material changes in estimated recoverable amounts, resulting in impairment of the property, plant and equipment (including capital work-in-progress) and intangible assets. Considering the significance of the amounts involved, and auditor attention required to test the appropriateness of accounting estimate that involves high estimation uncertainty and significant management judgement, this matter has been determined to be a key audit matter for the current year audit.	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 (including capital work-in-progress) and intangible assets under Ind AS 36 'Impairment of assets'; b) Assessed the professional competence, objectivity and capabilities of the specialist used by the management for performing required value-in-use calculations to estimate the recoverable value of goodwill and property, plant and equipment (including capital work-in-progress) relating to such CGU; 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.; d) Tested the future business projections, used for performing above said computation, for the CGU from the business plans approved by the board of directors of the subsidiary company, and ensured its consistency with our understanding of future business plans of the subsidiary company obtained through interviews with both operating and senior management; e) Assessed operating and capital costs included in the cash flow forecasts for consistency with current operating costs and forecast production; f) Performed sensitivity analysis on management's calculated recoverable value for key assumptions such growth rates during explicit period, terminal growth rate and the discount rate used in the calculations performed; g) Tested the arithmetical accuracy of the calculations performed by the management expert; h) Tested the disclosures made in Note 4 & 5 for appropriateness in accordance with the requirements of the applicable accounting standards.

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

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

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

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

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

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation 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 including its joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the 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 Board of Directors' 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 and its joint venture 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 and its joint venture 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/ financial statements of the entities or business activities within the Group, and its joint venture, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

15. We did not audit the financial statements of seven subsidiaries, whose financial statements reflects total assets of ₹ 595.70 crores and net assets of ₹ 113.79 crores as at 31 March 2023, total revenues of ₹ 724.72 crores and net cash inflows amounting to ₹ 1.44 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 0.08 crores for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements have not been audited by us. 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 joint venture, 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 and joint venture, are based solely on the reports of the other auditors.

    Further, of these subsidiaries and joint venture, one subsidiary and one joint venture are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries and joint venture located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiaries and joint venture located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, we report that the Holding Company, three subsidiary companies incorporated in India whose financial statements have been audited under the Act have 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 five subsidiary companies incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.

17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such 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 incorporated in India whose financial statements have been audited under the Act, 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 read with the Companies (Indian Accounting Standards) Rules, 2015;

    e) On the basis of the written representations received from the directors of the Holding Company, its subsidiary companies and taken on record by the Board of Directors of the Holding Company, its subsidiary companies respectively, covered under the Act, none of the directors of the Group companies are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls 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 I' wherein we have expressed an unmodified opinion; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:

        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 40 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 2023;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2023 and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies covered under the Act, during the year ended 31 March 2023;

iv. a. The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief as disclosed in note 58 (ii) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief as disclosed in the note 58 (ii) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim/final dividend declared and paid by the Holding Company during the year ended 31 March 2023 and until the date of this audit report is in compliance with section 123 of the Act. Further, as stated in note 50 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend. Further, the subsidiary companies have not declared or paid any dividend during the year ended 31 March 2023.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

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

Nalin Jain
Partner
Membership No.: 503498
UDIN: 23503498BGRGBT6409

Place: New Delhi
Date: 16 May 2023

Appendix 1

List of entities included in the Statement

Holding Company

1. Kajaria Ceramics Limited

Subsidiary Companies

1. Kajaria Vitrified Private Limited (Formerly known as Jaxx Vitrified Private Limited);
2. Kajaria Infinity Private Limited (Formerly known as Cosa Ceramics Private Limited);
3. Vennar Ceramics Limited;
4. Kajaria Plywood Private Limited;
5. Kajaria Bathware Private Limited;
6. Kajaria International DMCC;
7. South Asian Ceramic Tiles Private Limited;
8. Kajaria Sanitaryware Private Limited (step-down subsidiary); and
9. Kerovit Global Private Limited (step-down subsidiary).

Joint Venture

1. Kajaria RMF Trading LLC

Annexure I 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 2023

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'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its joint venture as at and for the year ended 31 March 2023, 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 financial controls with reference to financial statements 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 Institute of Chartered Accountants of India ('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 2023, based on the internal financial control with reference to the financial statements 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 six subsidiary companies, which are companies covered under the Act, whose financial statements financial information reflect total assets of ₹591.74 crores and net assets of ₹111.83 crores as at 31 March 2023, total revenues of ₹724.72 crores and net cash outflows amounting to ₹0.34 crores for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies, is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

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

Nalin Jain
Partner
Membership No.: 503498
UDIN: 23503498BGRGBT6409

Place: New Delhi
Date: 16 May 2023

Consolidated Balance Sheet as at 31 March 2023

CIN No.: L26924HR1985PLC056150

(Amount in ₹ crores, unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	1,370.48	1,099.83
(b) Right-of-use assets	39	41.95	38.92
(c) Capital work-in-progress	4	81.71	263.36
(d) Goodwill	5	32.68	8.45
(e) Other intangible assets	6	1.45	2.39
(f) Financial assets			
(i) Investments	7	1.94	-
(ii) Other financial assets	8	75.70	100.07
(g) Non-current tax assets (net)	9	18.00	14.41
(h) Deferred tax assets (net)	22	2.68	0.75
(i) Other non-current assets	10	17.50	7.02
Total non-current assets		**1,644.09**	**1,535.20**
Current assets			
(a) Inventories	11	564.68	465.88
(b) Financial assets			
(i) Trade receivables	12	601.17	513.30
(ii) Cash and cash equivalents	13	10.50	32.30
(iii) Bank balances other than (ii) above	14	383.28	392.08
(iv) Loans	15	9.97	16.03
(v) Other financial assets	8	0.84	3.35
(c) Other current assets	10	40.59	28.40
Total current assets		**1,611.03**	**1,451.34**
Assets of disposal Group classified as held for Sale	16	75.41	-
TOTAL ASSETS		**3,330.53**	**2,986.54**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	15.92	15.92
(b) Other equity	18	2,310.86	2,106.46
Equity attributable to the shareholders of the Company		**2,326.78**	**2,122.38**
(a) Non- controlling interests		77.64	64.78
Total Equity		**2,404.42**	**2,187.16**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	51.78	23.80
(ii) Lease liabilities	20	28.00	24.21
(b) Provisions	21	21.13	17.95
(c) Deferred tax liabilities (net)	22	76.50	73.32
(d) Other non-current liabilities	23	0.45	0.98
Total non-current liabilities		**177.86**	**140.26**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	157.49	104.12
(ii) Lease liabilities	20	12.55	12.76
(iii) Trade payables	24		
- Total outstanding dues of micro enterprises and small enterprises; and		53.53	26.83
- Total outstanding dues of creditors other than micro enterprises and small enterprises		256.82	271.31
(iv) Other financial liabilities	25	136.81	148.49
(b) Other current liabilities	23	79.29	76.95
(c) Provisions	21	8.16	7.97
(d) Current tax liabilities (net)	26	5.06	10.69
Total current liabilities		**709.71**	**659.12**
Liabilities of disposal Group classified as held for sale	16	38.54	-
TOTAL LIABILITIES		**926.11**	**799.38**
TOTAL EQUITY AND LIABILITIES		**3,330.53**	**2,986.54**
Summary of significant accounting policies and other explanatory information.	1-63		

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

For and on behalf of the Board of Directors of
Kajaria Ceramics Limited

Nalin Jain
Partner
Membership no. : 503498

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Place: New Delhi
Date: 16 May 2023

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

Sanjeev Agarwal
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended 31 March 2023

CIN No.: L26924HR1985PLC056150

(Amount in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31 March 2023	Year ended 31 March 2022
INCOME			
Revenue from operations	27	4,381.93	3,705.19
Other income	28	33.62	27.57
TOTAL INCOME		**4,415.55**	**3,732.76**
EXPENSES			
Cost of materials consumed	29	1,016.61	824.75
Purchases of stock-in-trade		882.06	804.82
Changes in inventories of finished goods, stock-in-trade and work-in-progress	30	(91.63)	(74.44)
Employee benefits expense	31	461.24	407.67
Finance costs	32	22.32	12.73
Depreciation and amortisation expense	33	132.86	115.36
Other expenses	34	1,521.64	1,131.70
TOTAL EXPENSES		**3,945.10**	**3,222.59**
Profit before share of profit and exceptional items and tax		**470.45**	**510.17**
Less: share in loss of joint venture		(0.08)	-
Profit before exceptional items and tax		**470.37**	**510.17**
Exceptional items	62	7.91	-
Profit before tax		**462.46**	**510.17**
Tax expense:	35		
Current tax		117.37	120.97
Deferred tax		(1.11)	6.46
Profit for the year		**346.20**	**382.74**
Other comprehensive income (OCI)			
Items that will not be reclassified to statement of profit and loss			
- Remeasurement of defined benefit plans		(0.86)	(0.60)
- Net loss on equity security measured through OCI		(0.02)	-
- Income-tax relating to items that will not be classified to statement of profit and loss		0.22	0.15
Total other comprehensive income for the year, net of tax		**(0.66)**	**(0.45)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**345.54**	**382.29**
Profit for the year attributable to:			
(a) Owners of the Company		344.50	376.98
(b) Non-controlling interest		1.70	5.76
Other comprehensive income for the year attributable to:			
(a) Owners of the Company		(0.62)	(0.45)
(b) Non-controlling interest		(0.04)	-
Total comprehensive income for the year attributable to:			
(a) Owners of the Company		343.88	376.53
(b) Non-controlling interest		1.66	5.76
Earnings per equity share (face value of ₹ 1 each)	36		
- Basic (in ₹)		21.64	23.69
- Diluted (in ₹)		21.62	23.68
Summary of significant accounting policies and other explanatory information.	1-63		

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

For and on behalf of the Board of Directors of
Kajaria Ceramics Limited

Nalin Jain
Partner
Membership no. : 503498

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Place: New Delhi
Date: 16 May 2023

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

Sanjeev Agarwal
Chief Financial Officer

Consolidated Statement of Cash Flows for the year ended 31 March 2023

CIN No.: L26924HR1985PLC056150

(Amount in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	462.46	510.17
Adjustments for :		
Depreciation and amortisation expense	132.86	115.36
Interest income	(24.34)	(23.79)
Interest expense	22.32	12.73
Share in loss of joint venture	0.08	-
Gain on disposal of current investments	(0.01)	(0.14)
Exchange fluctuation (net)	(2.30)	(0.39)
Share based payments to employees (net)	7.51	0.47
Subsidy income	(0.54)	(0.53)
Provision for expected credit loss	0.38	0.96
Loss on sale/discard of property, plant and equipment	0.74	1.30
Exceptional items	7.91	-
Operating profit before working capital changes	**607.07**	**616.14**
Changes in operating assets and liabilities, net of effects from purchase of controlled entities and sale of subsidiary		
Movement in inventories	(100.08)	(92.80)
Movement in trade and other receivables	(81.91)	(82.59)
Movement in other assets	(13.63)	(4.72)
Movement in trade and other payables	7.57	115.55
Movements in provisions	2.93	2.47
Cash flow generated from operations	**421.95**	**554.05**
Income taxes paid	(126.45)	(128.53)
Net cash flow generated from operating activities (A)	**295.50**	**425.52**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including capital advances, capital work-in-progress, intangible assets, intangible assets under development and capital creditors)	(231.65)	(268.71)
Proceeds from disposal of property, plant and equipment	23.48	5.32
Purchase of non-current investments	(2.02)	-
Transactions with non-controlling interest	(40.39)	(6.94)
Proceeds from disposal of noncurrent investments	-	-
Loan (given)/repatriated	6.12	(3.29)
Proceeds from disposal of current investments	-	5.11
Interest received	27.01	21.50
Movement in deposits having original maturity of more than three months (net)	33.75	(50.90)
Net cash flow (used in) investing activities (B)	**(183.70)**	**(297.91)**

Consolidated Statement of Cash Flows (contd.) for the year ended 31 March 2023

CIN No.: L26924HR1985PLC056150

(Amount in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(16.57)	(9.17)
Proceeds from issue of share capital	1.21	5.22
Repayment of non-current borrowings (net)	0.56	(7.94)
Proceeds of current borrowings (net)	42.18	36.01
Payment of finance lease liabilities	(18.87)	(16.91)
Dividend paid to company's shareholders including dividend distribution tax	(143.30)	(127.34)
Share application money	-	-
Net cash flow (used in) financing activities (C)	**(134.79)**	**(120.13)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(22.99)**	**7.48**
Cash and cash equivalents at the beginning of the financial year	32.30	24.82
Add: Cash and cash equivalents of South Asian Ceramics Private Limited as on date of acquisition	1.22	-
Cash and cash equivalents at the end of the financial year	**10.53**	**32.30**
Components of cash and cash equivalents at the end of the year		
Balances with banks		
- Current accounts	10.09	31.87
- Cash on hand	0.41	0.43
Cash and cash equivalents at the end of the year	**10.50**	**32.30**
Cash and cash equivalents attributable to disposal Group held for sale	0.03	-
Cash and cash equivalents at the end of the year (Including Cash and cash equivalents attributable to disposal Group held for sale)	**10.53**	**32.30**

Note :

1. This cash flow statement presented in accordance with "indirect method" as set out in Indian Accounting Standard - 7 ' Statement of cash flows' as specified in Indian Accounting Standard Rules, 2015 (as amended)
2. Refer note 51 for net debt reconciliation movement.

Summary of significant accounting policies and other explanatory information. 1-63

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Nalin Jain
Partner
Membership no. : 503498

Place: New Delhi
Date: 16 May 2023

For and on behalf of the Board of Directors of
Kajaria Ceramics Limited

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

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

Sanjeev Agarwal
Chief Financial Officer

Consolidated Statement of changes in equity for the year ended 31 March 2023

CIN No.: L26924HR1985PLC056150

(Amount in ₹ crores, unless otherwise stated)

A. Equity share capital

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the reporting year	15.92	15.91
Add: Change in equity share capital during the year (refer note 17)	#	0.01
Balance at the end of the reporting year	**15.92**	**15.92**

(# rounded off to Nil)

B. Other equity (refer note 18)

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	Capital redemption reserve	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI			
Balance at 1 April 2021	320.38	171.55	5.00	3.56	21.45	1,331.01	-	1,852.95	64.60	**1,917.55**
Profit for the year	-	-	-	-	-	376.98	-	376.98	5.76	**382.74**
Items of OCI for the year, net of tax										
Remeasurement of defined benefit plans	-	-	-	-	-	(0.45)	-	(0.45)	-	**(0.45)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**376.53**	**-**	**376.53**	**5.76**	**382.29**
Shares issued during the year (refer note 17)	-	5.21	-	-	-	-	-	5.21	-	**5.21**
Employee stock option scheme	-	-	-	0.47	-	-	-	0.47	-	**0.47**
Transferred to security premium from stock options outstanding account on issue of shares		2.16		(2.16)				-		**-**
Dividend distributed	-	-	-	-	-	(127.33)	-	(127.33)	-	**(127.33)**
Transactions with holders of NCI	-	-	-	-	-	(1.37)	-	(1.37)	(5.58)	**(6.95)**
Balance at 31 March 2022	**320.38**	**178.92**	**5.00**	**1.87**	**21.45**	**1,578.84**	**-**	**2,106.46**	**64.78**	**2,171.24**
Profit for the year	-	-	-	-	-	344.50	-	344.50	1.70	**346.20**
Items of OCI for the year, net of tax										
Remeasurement of defined benefit plans	-	-	-	-	-	(0.60)	(0.02)	(0.62)	(0.04)	**(0.66)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**343.90**	**(0.02)**	**343.88**	**1.66**	**345.54**
Shares issued during the year (refer note 17)	-	1.21	-	-	-	-	-	1.21	-	**1.21**
Employee stock option scheme	-	-	-	7.51	-	-	-	7.51	-	**7.51**
Transferred to security premium from stock options outstanding account on issue of shares	-	0.50	-	(0.50)	-	-	-	-	-	**-**
Dividend distributed	-	-	-	-	-	(143.31)	-	(143.31)	-	**(143.31)**
Transactions with holders of NCI	-	-	-	-	-	(4.89)	-	(4.89)	11.20	**6.31**
Balance at 31 March 2023	**320.38**	**180.63**	**5.00**	**8.88**	**21.45**	**1,774.52**	**-**	**2,310.86**	**77.64**	**2,388.50**

Summary of significant accounting policies and other explanatory information. 1-63

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

For and on behalf of the Board of Directors of Kajaria Ceramics Limited

Nalin Jain
Partner
Membership no. : 503498

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Joint Managing Director
(DIN: 00228455)

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

Sanjeev Agarwal
Chief Financial Officer

Place: New Delhi
Date: 16 May 2023

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(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.

The Consolidated Financial Statements are comprised of the financial statements of the members of the Group as under:

Name of the Company	Nature of activities	Principal Place of Business	% Shareholding and Voting Power	
			As at March 31, 2023	As at March 31, 2022
i. Direct subsidiaries				
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited);	Manufacturing of Tiles	India	95.00%	87.37%
Vennar Ceramics Limited; (# refer footnote below)	Manufacturing of Tiles	India	-	51.00%
Cosa Ceramics Private Limited;	Manufacturing of Tiles	India	77.00%	59.67%
Kajaria Plywood Private Limited; and	Trading of plywood	India	100.00%	97.89%
Kajaria Bathware Private Limited	Manufacturing of bath fittings	India	85.00%	85.00%
South Asian Ceramic Tiles Private Limited	Manufacturing of Tiles	India	51.00%	-
Kajaria International DMCC	Trading	UAE	100.00%	-
ii. Subsidiaries of 'Kajaria Bathware Private Limited' (where control exists):				
Kajaria Sanitaryware Private Limited (step-down subsidiary).	Manufacturing of sanitaryware products	India	69.70%	69.70%
Kerovit Global Private Limited	Manufacturing of sanitaryware products	India	85.00%	-
iii. Joint venture of Kajaria International DMCC				
Kajaria RMF Trading LLC	Trading in Tiles and Bath products	UAE	50.00%	-

The Holding company has decided to dispose of the entire equity shares held in Vennar Ceramics Limited. Accordingly, the assets and liabilities of Vennar Ceramics Limited have been reclassified as assets and liabilities of the disposal Group.

The Consolidated financial statements for the year ended 31 March 2023 were authorised in accordance with a resolution of Board of Directors on 16 May 2023.

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

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

Standards issued but not effective.

In March 2023, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amended certain Ind AS as explained below:

a. Ind AS 1 – Presentation of Financial Statements – the amendment prescribes disclosure of material accounting policies instead of significant accounting policies. The impact of the amendment on the Financial Statements is expected to be insignificant basis the preliminary evaluation.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

b. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – the amendment added definition of accounting estimate and clarifies what is accounting estimate and treatment of change in the accounting estimate and accounting policy. There is no impact of the amendment on the Financial Statements basis the preliminary evaluation.

c. Ind AS 12 – Income taxes – the definition of deferred tax asset and deferred tax liability is amended to apply initial recognition exception on assets and liabilities that does not give rise to equal taxable and deductible temporary differences. There is no impact of the amendment on the Financial Statements basis the preliminary evaluation.

The above amendments are effective from annual periods beginning on or after 1st April, 2023.

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 Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("Act") read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and guidelines issued by the Security Exchange Boards of India.

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 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

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 2023.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

E. Significant accounting policies

a. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset/liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b. Revenue Recognition

Revenue is 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.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

When either party to a contract has performed, an entity shall present the contract in the consolidated balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

Revenue includes only the gross inflows of economic benefits received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as goods and service tax is excluded from revenue.

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 and other costs incurred in bringing the inventories to their present location and condition.

d. Property, plant and equipment

Measurement and recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Group identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalised under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred.

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.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

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 derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the Statement of Profit and Loss when the item is derecognised.

e. Intangible Assets

Measurement and recognition

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortisation

Intangible Assets with finite lives are amortised on a Straight-Line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software are capitalised and amortised on straight line method over their estimated useful economic life of six years.

Derecognition

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

f. Research and development costs

Expenditure on research is recognised as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognised as an expense when it is incurred.

Items of property, plant and equipment utilized for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

g. Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised, if any. All other borrowing costs are expensed in the period in which they occur.

h. Foreign currency transactions

Initial recognition:

On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit and Loss.

i. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognised as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant (deferred income) is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. The loan or assistance is subsequently recognised in the statement of profit and loss on a straight line basis over the period of loan.

j. Taxes on income

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

Current tax

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

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the

Notes on the Consolidated Financial Statements for the year ended 31 March 2023
(Amount in ₹ crores, unless otherwise stated)

balance sheet date. Tax relating to items recognised directly in equity/other comprehensive income is recognised in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k. Employee benefits

Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised in the period in which the employee renders the related service. The Group recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-employment benefits:

I. Defined contribution plans:

The Group makes payments made to defined contribution plans such as provident fund and employees' state insurance. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

II. Defined benefit plans:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Other long-term employee benefits:

Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss as and when they accrue. The Group determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the Statement of Profit and Loss.

l. Share-based payments

The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit and loss, with a corresponding adjustment to equity.

m. Leases

The Group as a lessee

The Group's lease asset classes primarily consist of property leases. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

n. Segment reporting

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

o. Provisions, contingent liabilities and contingent assets

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

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

Contingent liability is disclosed in the case of:

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

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

p. Earnings per share

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

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

q. Cash and cash equivalents

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

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

r. Financial instruments

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

a) Financial assets

Classification

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. However, Trade Receivables that does not contain a significant financial component are measured at transaction price.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

  A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

  A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

  A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

b) Financial liabilities

Classification

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

d) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

s. Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount. The carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

t. Fair value measurement

The Group measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based

Notes on the Consolidated Financial Statements for the year ended 31 March 2023
(Amount in ₹ crores, unless otherwise stated)

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.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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:

(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

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

(d) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(e) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(f) Estimation of current tax and deferred tax

Management judgement is required for the calculation of provision of income- taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in these financial statements.

(g) Share based payment transactions

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk free interest rate (based on government bonds). The details of variables used are given in note 43.

(h) Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

4. Property, plant and equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computers	Display assets	Total
Gross carrying amount										
As at 1 April 2021	**79.01**	**6.63**	**416.31**	**1,277.85**	**13.72**	**47.43**	**15.33**	**8.41**	**23.57**	**1,888.26**
Additions	0.28	-	7.04	33.09	1.47	7.95	0.76	0.35	4.74	55.68
Disposals	-	-	-	17.82	0.22	4.68	0.82	0.48	1.81	25.83
As at 31 March 2022	**79.29**	**6.63**	**423.35**	**1,293.12**	**14.97**	**50.70**	**15.27**	**8.28**	**26.50**	**1,918.11**
Additions	12.13	-	56.01	296.26	0.91	14.30	1.47	0.51	4.28	385.87
Disposals	0.10	-	5.85	74.11	0.92	7.01	1.08	0.01	2.37	91.45
Adjustments (refer footnote vii below)	11.76	(6.63)	(10.12)	(3.06)	0.01	1.00	(3.79)	(0.22)	-	(11.05)
As at 31 March 2023	**103.08**	**-**	**463.39**	**1,512.21**	**14.97**	**58.99**	**11.87**	**8.56**	**28.41**	**2,201.48**
Accumulated depreciation										
As at 1 April 2021	**-**	**-**	**107.28**	**572.57**	**7.76**	**16.72**	**9.83**	**5.02**	**16.68**	**735.86**
Depreciation charge for the year (refer note 33)	-	-	11.55	78.45	0.98	5.78	1.19	0.94	2.74	101.63
Disposals	-	-	-	13.82	0.16	2.63	0.55	0.45	1.60	19.21
As at 31 March 2022	**-**	**-**	**118.83**	**637.20**	**8.58**	**19.87**	**10.47**	**5.51**	**17.82**	**818.28**
Depreciation charge for the year (refer note 33)	-	-	12.54	93.22	1.05	6.17	0.95	0.89	2.18	117.00
Disposals	-	-	1.42	54.51	0.80	4.10	0.88	0.01	1.79	63.51
Adjustments (refer footnote vii below)	-	-	(7.05)	(29.89)	(0.18)	(0.02)	(3.38)	(0.25)	-	(40.77)
As at 31 March 2023	**-**	**-**	**122.90**	**646.02**	**8.65**	**21.92**	**7.16**	**6.14**	**18.21**	**831.00**
Net carrying amount :										
As at 31 March 2023	**103.08**	**-**	**340.49**	**866.19**	**6.32**	**37.07**	**4.71**	**2.42**	**10.20**	**1,370.48**
As at 31 March 2022	**79.29**	**6.63**	**304.52**	**655.92**	**6.39**	**30.83**	**4.80**	**2.77**	**8.68**	**1,099.83**

Notes:

(i) Property, plant and equipment pledged as security - refer to note 54 for information on property, plant and equipment pledged as security by the Group.

(ii) Contractual obligations - refer to note 40 for disclosure on contractual commitments for the acquisition of property, plant and equipment.

(iii) Title deeds of all the immovable property held by the Group (other than properties where the Group is the lessee and the lease agreements are duly executed in favour of the lessee) are in the name of the Group.

(iv) With respect to property, plant and equipment (including capital work-in-progress) amounting to ₹163.59 crore (included above) in respect of two subsidiary companies, management, during the year has done a detailed evaluation on the recoverability of these property, plant and equipment (including capital work-in-progress). Refer note no 5 for detailed assessment done.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

4. Property, plant and equipment (cont'd)

v. Capital work-in-progress mainly pertains to Plant and Equipment pending installation and civil work being carried on at the plants of the Group.

vi. **Details of Capital Work in Progress (CWIP) ageing is as below:**

	As at 31 March 2023				
Capital work-in-progress	**Less than 1 Year**	**1-2 years**	**2-3 years**	**More than 3 Years**	**Total**
Projects in progress	68.87	12.84	-	-	81.71

	As at 31 March 2022				
Capital work-in-progress	**Less than 1 Year**	**1-2 years**	**2-3 years**	**More than 3 Years**	**Total**
Projects in progress	262.99	0.37	-	-	263.36

Note : There are no such project under capital work in progress whose completion is overdue or has exceeded it's cost compared to its original plan as of 31 March 2023 and 31 March 2022.

(vii) Adjustment are on account of business combination of South Asian Ceramic Tiles Private Limited (also refer note 59) and reclassification of investment in Vennar Ceramics Limited (also refer note 60).

5. Goodwill

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	8.45	8.45
Add: Goodwill recognised on business combination	27.29	-
Less: derecognition of goodwill on de-recognition on a subsidiary	3.06	-
Balance at the end of the year	**32.68**	**8.45**

Note: The Group has conducted an impairment assessment to test the recoverability of the carrying value of its goodwill. Impairment indicator was noted with respect to two of its subsidiaries (carrying goodwill of ₹ 3.67 crore), each subsidiary is representing a separate cash generating unit (CGU) with one engaged in manufacturing of tiles and other engaged in trading of plywood products. The recoverable amount of CGU related to such goodwill have been derived from value-in-use calculations. The calculation uses cashflow forecasts based on the most recently approved financial budgets and future projections. Key assumptions for the value in use calculation are forecasted revenue growth and discount rate of 13.33% and a terminal growth of 2% is forecasted. The pre-tax discount rate is derived from the Company's weighted average cost of capital.

6. Other intangible assets

Particulars	Software	Total
Gross carrying amount		
As at 1 April 2021	10.31	10.31
Additions	0.34	0.34
As at 31 March 2022	**10.65**	**10.65**
Additions	-	-
Disposals	-	-
As at 31 March 2023	**10.65**	**10.65**
Accumulated amortisation		
As at 1 April 2021	**7.52**	**7.52**
Amortisation charge for the year (refer note 33)	0.74	0.74
As at 31 March 2022	**8.26**	**8.26**
Amortisation charge for the year (refer note 33)	0.94	0.94
Disposals	-	-
As at 31 March 2023	**9.20**	**9.20**
Net carrying amount :		
As at 31 March 2023	**1.45**	**1.45**
As at 31 March 2022	**2.39**	**2.39**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

7. Investments- Non-current

Particulars	As at 31 March 2023	As at 31 March 2022
Investments in equity instruments (unquoted)		
Investments in joint venture (measured at cost) - Trade		
Kajaria RMF Trading LLC 500 (31 March 2022: Nil) equity shares of AED 500 each fully paid up	1.13	-
Share Application money pending for allotment in Kajaria RMF Trading LLC	0.89	-
Less: Adjustments for share in profit/(loss) of joint venture	(0.08)	-
Total	**1.94**	**-**
Aggregate value of unquoted investments	**1.94**	-
Aggregate market value of unquoted investments	**1.94**	-

8. Other financial assets

Particulars	Non-current		Current	
	As at 31 March 2023	**As at 31 March 2022**	**As at 31 March 2023**	**As at 31 March 2022**
Considered good - unsecured				
Deposits with original maturity of greater than twelve months	51.09	77.00	-	-
Interest accrued on deposits	-	-	0.60	3.27
Security deposits*	24.61	23.07	0.13	-
Others	-	-	0.11	0.08
Total	**75.70**	**100.07**	**0.84**	**3.35**

* Includes Security Deposit given to Related Party amounting to ₹ 0.60 crore (31 March 2022 ₹ 0.60 crore) (refer note 37)

9. Non-current tax assets (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Advance tax (net of provisions)#	18.00	14.41
Total	**18.00**	**14.41**

Includes tax receivable amounting to ₹ 6.24 crore recognised pursuant to the Scheme (also refer note 61)

10. Other assets

Particulars	Non-current		Current	
	As at 31 March 2023	**As at 31 March 2022**	**As at 31 March 2023**	**As at 31 March 2022**
Considered good- unsecured				
Capital advances	16.62	6.03	-	-
Advance other than capital advances:				
Advance to suppliers	-	-	20.33	11.36
Prepaid expenses	0.88	0.99	8.52	6.74
Export benefit receivables	-	-	0.26	0.26
Balance with statutory authorities	-	-	8.94	9.40
Others	-	-	2.54	0.64
Total	**17.50**	**7.02**	**40.59**	**28.40**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

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

Particulars	As at 31 March 2023	As at 31 March 2022
Raw materials	64.04	63.68
Work-in-progress	28.12	26.75
Finished goods	354.71	252.22
Stock-in-trade	32.59	43.64
Stores and spares	65.65	62.68
Packing material	19.57	16.91
Total	**564.68**	**465.88**

For mode of valuation refer Accounting policy number 3E (c)

12. Trade receivables

Particulars	As at 31 March 2023	As at 31 March 2022
Considered good - unsecured	601.17	513.30
Credit impaired	6.67	6.42
Less: Allowance for expected credit losses	(6.67)	(6.42)
Total	**601.17**	**513.30**

Note:

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

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

Particulars	As at 31 March 2023					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 Years	Total
(I) Undisputed Trade receivables - considered goods	589.29	6.15	1.11	0.14	4.48	601.17
(ii) Disputed Trade receivables - considered goods	0.01	0.04	0.05	0.03	6.54	6.67
Less: Allowance for expected credit losses	(0.01)	(0.04)	(0.05)	(0.03)	(6.54)	(6.67)
Total	**589.29**	**6.15**	**1.11**	**0.14**	**4.48**	**601.17**

Particulars	As at 31 March 2022					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 Years	Total
(i) Undisputed Trade receivables - considered goods	504.76	1.72	0.50	2.07	4.25	513.30
(ii) Disputed Trade receivables - considered goods	-	0.01	0.12	0.55	5.74	6.42
Less: Allowance for expected credit losses	-	(0.01)	(0.12)	(0.55)	(5.74)	(6.42)
Total	**504.76**	**1.72**	**0.50**	**2.07**	**4.25**	**513.30**

Note: There are no unbilled receivables.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

13. Cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Balances with banks		
- Current accounts	10.09	31.87
- Deposits with original maturity of less than three months		
Cash on hand	0.41	0.43
Total	**10.50**	**32.30**

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

14. Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Earmarked balances with banks in current accounts - unpaid dividends*	2.50	2.53
Deposits with original maturity of greater than three months and remaining maturity of less than twelve months**	380.78	389.08
Margin money deposit (pledged with banks against non fund based facilities)	-	0.47
Total	**383.28**	**392.08**

Notes: * 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 ₹ 227.51 crores (31 March 2022 : ₹ 191.77 crores) have been pledged by the Holding Company against facilities taken by various subsidiaries and against performance guarantee of the Holding company.

15. Loans#

Particulars	Current	
	As at 31 March 2023	As at 31 March 2022
Considered good - unsecured		
Loans to other companies (refer note (i))	7.38	13.40
Loans to related parties (refer note (ii))	0.44	0.54
Others	2.15	2.09
Total	**9.97**	**16.03**

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 for the business purposes and is repayable on demand.

(ii) Represents loans given to Kajaria Ceramics Employee Gratuity Trust (refer note 37 for details).

16. Assets of disposal Group classified as held for Sale

Particulars	As at 31 March 2023	As at 31 March 2022
Assets of disposal Group classified as held for Sale (refer note 60)	75.41	-
Liabilities of disposal Group classified as held for sale (refer note 60)	38.54	-

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

17. Equity share capital

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised:		
770,000,000 equity shares of ₹ 1 each (31 March 2022: 770,000,000 of ₹ 1 each)	77.00	77.00
7,710,000 preference shares of ₹ 100 each (31 March 2022: 7,710,000 of ₹ 100 each)	77.10	77.10
	154.10	**154.10**
Issued and subscribed:		
159,232,550 equity shares of ₹ 1 each (31 March 2022: 159,204,050 equity shares of ₹ 1 each)	15.92	15.92
Total	**15.92**	**15.92**

A. Reconciliation of the authorised share - Equity shares

	As at 31 March 2023		As at 31 March 2022	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	77,00,00,000	77.00	52,00,00,000	52.00
Add: Increased pursuant to the Scheme	-	-	25,00,00,000	25.00
Balance at the end of the year	**77,00,00,000**	**77.00**	**77,00,00,000**	**77.00**

*There is no change in authorised capital of preference share 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

	As at 31 March 2023		As at 31 March 2022	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	15,92,04,050	15.92	15,90,81,000	15.91
Add: Shares issued on exercise of employee share option	28,500	#	1,23,050	0.01
Outstanding at the end of the year	**15,92,32,550**	**15.92**	**15,92,04,050**	**15.92**

(# rounded off to Nil)

C. Terms/rights attached to equity shares

The Holding Company has only one class of equity share having face value of ₹ 1 per share. The holder of the equity shares is entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual general meeting. The holder of share is entitled to voting rights proportionate to their share holding. The interim dividend has been distributed to the shareholders on approval of Board of Directors. The interim dividend for ₹ 6 per share (previous year ₹ 8 per share) has been distributed to the shareholders on approval of Board of Directors. During the year, The final dividend for ₹ 3 per share (previous year ₹ Nil per share) has been distributed to the shareholders of the Holding Company.

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

D. Shares reserved for issue under options

Information relating to Kajaria Ceramics Employee Stock Option Plan, 2015, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 43.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

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 2023		As at 31 March 2022	
	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
Promotors:				
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)	1,29,33,973	8.12%	1,29,33,973	8.12%
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	2,58,67,947	16.25%	2,58,67,947	16.25%
RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust)	2,58,67,947	16.25%	2,58,67,947	16.25%
Mirae Asset Nifty India Manufacturing ETF	80,04,433	5.03%	46,32,988	2.91%

* As per the records of the Holding Company, including its register of members

F. Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and brought back during the last 5 years for each class of shares

The Holding Company has issued equity shares aggregating 294550 (up to 31 March 2022 : 266050) shares of Rs. 1 each fully paid during the financial years 2017-18 to 2022-23 on exercise of option granted under the employee stock option plan wherein part consideration was received in form of employee service.

G. Details of shares held by promotors:

As at 31 March 2023

S. No.	Promotor Name	No. of shares at the beginning of the year	Changes during the years	No. of shares at the end of the year	% of total shares	% Change during the year
1	VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)	1,29,33,973	-	1,29,33,973	8.12%	-
2	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	2,58,67,947	-	2,58,67,947	16.25%	-
3	RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust)	2,58,67,947	-	2,58,67,947	16.25%	-
4	Mr. Ashok Kajaria	10,47,004	-	10,47,004	0.66%	-
5	Mr. Chetan Kajaria	13,39,880	-	13,39,880	0.84%	-
6	Mr. Rishi Kajaria	18,05,716	-	18,05,716	1.13%	-
7	Mrs. Versha Devi Kajaria	17,77,014	-	17,77,014	1.12%	-
8	Mrs. Rasika Kajaria	5,70,000	-	5,70,000	0.36%	-
9	Mrs. Shikha Kajaria	6,00,000	-	6,00,000	0.38%	-
10	Mr. Kartik Kajaria	4,50,000	-	4,50,000	0.28%	-
11	Mr. Raghav Kajaria	4,50,000	-	4,50,000	0.28%	-
12	Mr. Parth Kajaria	4,50,000	-	4,50,000	0.28%	-
13	Mr. Vedant Kajaria	4,50,000	-	4,50,000	0.28%	-
14	A.K. Kajaria (HUF)	19,67,750	-	19,67,750	1.24%	-
15	Chetan Kajaria (HUF)	42,000	-	42,000	0.03%	-
16	Rishi Kajaria (HUF)	6,000	-	6,000	0.00%	-

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

As at 31 March 2022

S. No.	Promotor Name	No. of shares at the beginning of the year	%Changes during the years	No. of shares at the end of the year	% of total shares	% Change during the year
1	VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)	1,29,33,973	-	1,29,33,973	8.12%	-
2	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	2,58,67,947	-	2,58,67,947	16.25%	-
3	RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust)	2,58,67,947	-	2,58,67,947	16.25%	-
4	Mr. Ashok Kajaria	10,47,004	-	10,47,004	0.66%	-
5	Mr. Chetan Kajaria	13,39,880	-	13,39,880	0.84%	-
6	Mr. Rishi Kajaria	18,05,716	-	18,05,716	1.13%	-
7	Mrs. Versha Devi Kajaria	17,77,014	-	17,77,014	1.12%	-
8	Mrs. Rasika Kajaria	5,70,000	-	5,70,000	0.36%	-
9	Mrs. Shikha Kajaria	6,00,000	-	6,00,000	0.38%	-
10	Mr. Kartik Kajaria	4,50,000	-	4,50,000	0.28%	-
11	Mr. Raghav Kajaria	4,50,000	-	4,50,000	0.28%	-
12	Mr. Parth Kajaria	4,50,000	-	4,50,000	0.28%	-
13	Mr. Vedant Kajaria	4,50,000	-	4,50,000	0.28%	-
14	A.K. Kajaria (HUF)	19,67,750	-	19,67,750	1.24%	-
15	Chetan Kajaria (HUF)	42,000	-	42,000	0.03%	-
16	Rishi Kajaria (HUF)	6,000	-	6,000	0.00%	-

18. Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
a) General reserves		
Balance at the beginning/end of the year	**320.38**	**320.38**
b)Securities premium		
Balance at the beginning of the year	**178.92**	**171.55**
Share issued during the year (refer note 17)	1.21	5.21
Transferred to security premium from stock options outstanding account on issue of shares	0.50	2.16
Balance at the end of the year	**180.63**	**178.92**
c) Capital redemption reserve		
Balance at the beginning/end of the year	**5.00**	**5.00**
d) Share options outstanding account		
Balance at the beginning of the year	**1.87**	**3.56**
Employee stock option scheme	7.51	0.47
Transferred to security premium on issue of shares	(0.50)	(2.16)
Balance at the end of the year	**8.88**	**1.87**
e) Capital reserve		
Balance at the beginning/end of the year	**21.45**	**21.45**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
f) Retained earnings		
Balance at the beginning of the year	**1,578.84**	**1,331.01**
Profit for the year	344.50	376.98
Items of OCI for the year, net of tax	(0.60)	(0.45)
Dividend distributed	(143.31)	(127.33)
Transactions with holders of NCI	(4.89)	(1.37)
Balance at the end of the year	**1,774.54**	**1,578.84**
g) Other comprehensive income		
Foreign currency translation reserves		
Balance at the beginning of the year	-	-
Movement during the year	(0.02)	-
Balance at the end of the year	**(0.02)**	**-**
Equity attributable to the owners of the Group	**2,310.86**	**2,106.46**

Nature and purpose of reserves -

a) General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

b) Securities premium

This reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

c) Capital redemption reserve

This reserve was created on redemption of preference shares in the financial year 2001-02. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

d) Share options outstanding account

The reserve is used to recognise the grant date fair value of the options issued to employees under Kajaria Ceramics Employee Stock Option Plan, 2015.

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 in the form of dividend and transfer to other reserve.

g) Foreign currency translation reserves

Foreign currency translation reserves represents difference arisen on translation of wholly owned subsidiary in to reporting currency.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

19. Borrowings

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Term loan - Secured				
(i) From banks	42.71	8.44	-	-
Less: current maturities of long-term debt	(5.96)	(2.36)	5.96	2.36
(ii) Deferred payment liabilities Interest free loan from Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh)	5.90	9.96	-	-
Term loan - Unsecured				
From others	9.13	7.76	-	-
Working capital facility - Secured				
Secured				
From banks	-	-	151.53	101.76
Total	**51.78**	**23.80**	**157.49**	**104.12**

Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	As at 31 March 2023	As at 31 March 2022			
Term loan - from banks (secured)	2.75	4.12	Rate of interest is variable and linked to MCLR. Interest rate is 9.10%	Term loan is secured against the PPE of Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited (Buildings and Plant & Machinery). Above loan is further secured by directors of Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited and corporate guarantee to the extent of 100% (previous year : 51%) by the Holding Company.	Repayable in 48 monthly instalments commencing from February 2021.
Term loan - from banks (secured)	-	4.32	Rate of interest is variable and linked to MCLR. Interest rate as 31 March 2022 is 7.75% to 9.25%	Secured against first charge on immovable and movable assets (present and future) and second charge on current assets of Vennar Ceramics Limited at Vishnupuram, Perikigudem, Andhra Pradesh.	Repayable in monthly instalments of ₹ 0.15 crores in 36 instalments.
Term loan - from banks (secured)	39.49	-	Rate of interest is variable and linked to MCLR. Interest rate is 8.75%	Secured against first charge on immovable and movable assets (present and future) of South Asian Ceramic Tiles Private Limited. Hyderabad, Telangana.	Repayable in 48 and 62 monthly instalments commencing from April 23 and March 23 respectively
Term loan - from banks (secured)	0.47	-	Rate of interest is varying for each loan ranging between 8% to 8.50%	Secured against respective assets of South Asian Ceramic Tiles Private Limited. Hyderabad, Telangana.	Various vehicle and assets loan Repayable in 23 to 60 monthly instalments.
Deferred payment liabilities Interest free loan from Financial Institution	5.90	9.96	Nil	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.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	As at 31 March 2023	As at 31 March 2022			
Loan from others - Unsecured	9.13	7.76	7% to 8% per annum	Not applicable	Payable after 31 March 2023
Working capital facility (secured)	25.00	27.91	Rate of interest is variable and linked to MCLR. Interest rate is 8.25% to 9.0%	Secured by first charge on current assets (both present and future) of Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited) (at its factories at Morbi, Gujarat). Above loan is further secured by personal guarantee of one of director of Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited) and corporate guarantee by the Holding Company.	On demand
Working capital facility (secured)	15.00	18.99	Rate of interest is variable and linked to MCLR. Interest rate is 7-96% -8.40%	Secured by first charge on inventories and book debts and second charge on immovable and movable assets of Kajaria Infinity Private Limited(formerly known as Cosa Ceramics Private Limited) (at its factories at Morbi, Gujarat).	On demand
Working capital facility (secured)	-	11.14	Rate of interest is variable and linked to MCLR. Interest rate at 31 March 2022 is 8.50% to 9%	Secured by first charge on inventories and book debts and second charge of movable and immovable assets, both present and future of Vennar Ceramics Limited and further guaranteed by the Holding Company and Anjani Vishnu Holdings Limited in the ratio of 51:49.	On demand
Working capital facility (secured)	-	9.58	Rate of interest is variable and linked to LIBOR. Interest rate at 31 March 2022 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 154 days
Working capital facility (secured)	94.06	30.00	7.50% to 8.76% per annum. (31 March 2022: 5.60% per annum)	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)	6.11	4.14	Rate of interest is variable and linked to MCLR. Interest rate is 9.45%	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)	11.36	-	Rate of interest is variable and linked to MCLR. Interest rate is 8.75%	Secured by first charge on inventories of the respective South Asian Ceramic Tiles Private Limited.	On demand

The above loans have been utilised as per the purpose for these loans were sanctioned.

The property on which mortgaged or any charged created during the financial year has been duly registered with Registrar of companies.

The Group has not defaulted in repayment of interest during the current financial year. Further, there have been no default in repayment of loan and no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

20. Lease liabilities

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Lease liabilities (refer note 39)	28.00	24.21	12.55	12.76
	28.00	**24.21**	**12.55**	**12.76**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

21. Provisions

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits obligation (refer note 38)				
Gratuity	5.14	3.51	6.24	6.09
Compensated absences	15.99	14.44	1.92	1.88
Total	**21.13**	**17.95**	**8.16**	**7.97**

22. Deferred tax assets/liabilities (net)

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Deferred tax liability on:		
Difference between book balance and tax balance of property, plant and equipment	93.37	94.53
	93.37	**94.53**
(b) Deferred tax assets on:		
Provision for employee benefit obligations	4.35	3.95
Others (including MAT input credit)	15.20	18.01
	19.55	**21.96**
	73.82	**72.57**
Amount recognised in the consolidated balance sheet to the extent not netted off*:		
Deferred tax assets (net)	**2.68**	**0.75**
Deferred tax liabilities (net)	**76.50**	**73.32**

* 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:

	Property, plant and equipment	Compensated absences	Other provisions	Total
As at 1 April 2021	95.47	(3.57)	(24.46)	67.44
Charged/(credited) to the statement of profit or loss	(0.94)	(0.38)	7.78	6.46
MAT credit adjusted during the year	-	-	(1.33)	(1.33)
As at 31 March 2022	**94.53**	**(3.95)**	**(18.01)**	**72.57**
Charged/(credited) to the statement of profit or loss	(0.78)	(0.40)	0.07	(1.11)
Adjustments on account of loss of control over subsidiary	(4.57)	-	6.12	1.55
Adjustments on account of business combination	4.19	-	(5.52)	(1.33)
MAT credit adjusted during the year	-	-	2.14	2.14
As at 31 March 2023	**93.37**	**(4.35)**	**(15.20)**	**73.82**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

23. Other liabilities

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Advance received from customers	-	-	25.39	33.49
Statutory dues payable	-	-	53.37	42.92
Deferred government grant	0.45	0.98	0.53	0.54
Total	**0.45**	**0.98**	**79.29**	**76.95**

24. Trade payables

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 42)	53.53	26.83
- Total outstanding dues of creditors other than micro enterprises and small enterprises	256.82	271.31
Total	**310.35**	**298.14**

Note :

a) The carrying values of trade payables are considered to be a reasonable approximation of fair value.

	As at 31 March 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	Total
- Total outstanding dues of micro enterprises and small enterprises	53.43	0.10	-	-	53.53
- Total outstanding dues of creditors other than micro enterprises and small enterprises	255.96	0.48	0.07	0.31	256.82
	309.39	**0.58**	**0.07**	**0.31**	**310.35**

	As at 31 March 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 Years	Total
- Total outstanding dues of micro enterprises and small enterprises	26.83	-	-	-	26.83
- Total outstanding dues of creditors other than micro enterprises and small enterprises	270.85	0.18	0.28	-	271.31
	297.68	**0.18**	**0.28**	**-**	**298.14**

Note: There are no unbilled dues.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

25. Other current financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Interest accrued but not due on borrowings	0.12	-
Unclaimed dividends*	2.50	2.52
Interest bearing deposits from customers	17.24	14.17
Security deposits received	21.35	20.31
Employee payable	62.81	63.77
Liabilities towards unspent corporate social responsibility	0.88	0.54
Creditors for capital goods	30.21	46.73
Others	1.70	0.45
Total	**136.81**	**148.49**

* Not due for deposit to Investors Education and Protection Fund.

26. Current tax liabilities (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Current tax liabilities (net)	5.06	10.69
Total	**5.06**	**10.69**

27. Revenue from operations

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Sale of products		
Tiles	3,982.85	3,359.99
Others	388.66	336.66
	4,371.51	**3,696.65**
Other operating revenues		
Sale of scrap	10.42	8.54
Total	**4,381.93**	**3,705.19**

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	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from sale of tiles	3,982.85	3,359.99
Revenue from sale of others	388.66	336.66
	4,371.51	**3,696.65**

Sale of products are net of discounts amounting to ₹ 186.20 crores (31 March 2022 : ₹ 158.32 crores).

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

(b) Liabilities related to contracts with customers are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Contract liabilities related to sale of goods		
Advance from customers	25.39	33.49
Interest bearing deposits from customers	17.24	14.17

(c) Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 45 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

(d) Significant changes in the contract assets and liabilities:

The movement in contract liabilities (interest bearing deposits from customers and advance received from customers) during the year.

Movement for Contract liabilities are as below:

Particulars	As at 31 March 2023	As at 31 March 2022
Contract liabilities- Advance from customers		
Opening balance	**33.49**	**29.21**
Revenue recognised during the year	33.49	29.21
Addition during the year (net)	25.39	33.49
Closing balance	**25.39**	**33.49**

Particulars	As at 31 March 2023	As at 31 March 2022
Contract liabilities- Interest bearing deposits from customers		
Opening balance	**14.17**	**14.41**
Receipt/(repayment) during the year (net)	3.07	(0.24)
Closing balance	**17.24**	**14.17**

28. Other income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest income measured at amortised cost on:		
Fixed deposits with bank	23.70	23.17
Other financial assets carried at amortised cost	0.64	0.62
Gain on disposal of current investments	0.01	0.14
Net gain on foreign currency transactions and translation	2.52	0.39
Other non-operating income	6.75	3.25
Total	**33.62**	**27.57**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

29. Cost of materials consumed

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Body material	544.39	442.32
Glaze, frits and chemicals	290.90	226.62
Packing material	181.32	155.81
	1,016.61	**824.75**

30. Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening balance		
Finished goods	252.22	190.19
Stock-in-trade	43.64	37.68
Work-in-progress	26.75	20.30
Total	**322.61**	**248.17**
Opening balance of South Asian Ceramics Private Limited as on date of acquisition	12.45	-
Closing balance		
Finished goods	354.71	252.22
Stock-in-trade	32.59	43.64
Work-in-progress	28.12	26.75
Total	**415.42**	**322.61**
Add: Adjustment on account of loss of control over subsidiary	11.27	-
	(91.63)	**(74.44)**

31. Employee benefits expense

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	428.02	383.88
Contribution to provident fund and other funds (refer note 38)	17.54	16.45
Share based payments to employees	7.51	0.47
Staff welfare expenses	8.17	6.87
Total	**461.24**	**407.67**

32. Finance costs

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest expenses	18.36	9.66
Interest on lease liabilities	2.99	2.99
Other borrowing costs	0.97	0.08
Total	**22.32**	**12.73**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

33. Depreciation and amortisation expense

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation on property, plant and equipment (refer note 4)	117.00	101.63
Amortisation of intangible assets (refer note 6)	0.94	0.74
Amortisation on right to use assets (refer note 39)	14.92	12.99
	132.86	**115.36**

34. Other expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Power and fuel	1,055.37	758.98
Stores and spares consumed	118.70	98.05
Repairs and maintenance		
- Building	5.71	4.07
- Plant and equipment	24.44	18.78
- Others	5.69	5.04
Rent (refer note 39)	4.49	2.85
Rates and taxes	2.13	2.40
Traveling and conveyance	48.65	34.15
Insurance charges	5.64	5.17
Legal and professional charges	5.73	5.70
Payment to auditor as :		
- auditor	0.91	0.70
- for other services	0.54	0.52
- for reimbursement of expenses	0.05	0.03
Packing, freight and forwarding expenses	76.34	57.93
Advertisement, publicity and sales promotion	108.30	80.25
Sales commission	10.96	11.14
Loss on disposal of property, plant and equipment	1.14	1.30
Provision for expected credit loss	0.38	0.96
Corporate social responsibility expenditure	8.63	7.50
Research and development expenses (refer note 49)	7.54	7.58
Net loss on foreign currency transactions and translation	0.22	-
Miscellaneous expenses	30.08	28.60
	1,521.64	**1,131.70**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

35. Income-tax expense

	Year ended 31 March 2023	Year ended 31 March 2022
(a) Income-tax expense debited to statement of profit and loss		
Current tax		
Current tax on profits for the year	117.43	127.21
Adjustment of tax relating to earlier periods	(0.06)	(6.24)
Current tax expense on profits for the year	117.37	120.97
Deferred tax		
Deferred tax charge/(credit) for the year	(1.11)	6.46
	(1.11)	6.46
Total tax expense	116.26	127.43
(b) Income-tax expense debited/(credited) to other comprehensive income		
Current tax		
Current tax credit for the year	(0.22)	(0.15)
	(0.22)	(0.15)

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	Year ended 31 March 2023	Year ended 31 March 2022
Profit before tax	462.46	510.17
Tax at the Indian tax rate of 25.168%	116.39	128.40
Adjustments in respect of current income-tax of previous years	(0.06)	(6.24)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowed as deduction	2.45	2.36
Deferred tax liabilities recognised pursuant to the Scheme	-	4.53
Subsidiary company not recognised as deferred tax asset	(2.52)	(1.62)
Income-tax expense	116.26	127.43

36. Earnings per share

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Profit attributable to equity holders of the Holding company for basic earnings (₹ in crores) for the year	344.50	376.98
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	15,92,23,883	15,91,56,882
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	15,93,14,415	15,91,96,545
Earnings per share		
- Basic (in ₹)	21.64	23.69
- Diluted (in ₹)	21.62	23.68

Note: Weighted average number of equity shares used as denominator -

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

	No. of shares	
	31 March 2023	31 March 2022
Weighted average number of equity shares used as denominator in calculating basic earnings per shares	15,92,23,883	15,91,56,882
Adjustments for calculation of diluted earnings per share:		
- Outstanding employee stock options	90,532	39,663
Weighted average number of equity shares and potential equity shares used as denominator in calculating diluted earnings per share	15,93,14,415	15,91,96,545

37. Related party disclosures in accordance with Ind AS 24 - Related party disclosures

I List of related parties as per Ind AS 24

(a) Key management personnel (KMP):

S. No.	Name of the KMP	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 Datt Rishi	Non-Executive Director
5	Mr. Raj Kumar Bhargava	Independent Director (ceased to be director w.e.f. 23 September 2022)
6	Mr. Debi Prasad Bagchi	Independent Director (ceased to be director w.e.f. 23 September 2022)
7	Mr. Harady Rathnakar Hegde	Independent Director
8	Mrs. Sushmita Singha	Independent Director
9	Mr. Sudhir Bhargava	Independent Director (w.e.f. 23 September 2022)
10	Mr. Lalit Kumar Panwar	Independent Director (w.e.f. 23 September 2022)

(b)	**Joint venture**	
	Kajaria RMF Trading LLC	50% Joint venture of Kajaria International DMCC

(c) Enterprises controlled by Key Management Personnel or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise:-

S. No.	Name of the Entity
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))
5	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)
6	RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust)
7	A.K. Kajaria (HUF)
8	Chetan Kajaria (HUF)
9	Rishi Kajaria (HUF)

(d) Relatives of key management personnel

S. No.	Name of relatives
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

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

(II) Details of transaction with Key Managerial Personnel (KMP) and related to KMP are as follows:

(a) Details relating to remuneration to KMP:

Name of KMP	31 March 2023		31 March 2022	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ashok Kajaria*	5.67	-	5.67	-
Mr. Chetan Kajaria*	5.57	-	5.57	-
Mr. Rishi Kajaria*	5.57	-	5.57	-
Mr. Dev Dutt Rishi	-	0.05	-	0.04
Mr. Raj Kumar Bhargava	-	0.06	-	0.06
Mr. Debi Prasad Bagchi	-	0.07	-	0.07
Mr. Harady Rathnakar Hegde	-	0.07	-	0.07
Mrs. Sushmita Singha	-	0.07	-	0.07
Mr. Sudhir Bhargava	-	0.06	-	-
Mr. Lalit Kumar Panwar	-	0.06	-	-

* 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	31 March 2023	31 March 2022
Key management personnel and relatives of KMP		
Mr. Ashok Kajaria	0.94	0.84
Mr. Chetan Kajaria	1.21	1.07
Mr. Rishi Kajaria	1.63	1.44
Mrs. Versha Devi Kajaria	1.60	1.42
Mrs. Rasika Kajaria	0.51	0.46
Mrs. Shikha Kajaria	0.54	0.48
Mr. Kartik Kajaria	0.41	0.36
Mr. Raghav Kajaria	0.41	0.36
Mr. Parth Kajaria	0.41	0.36
Mr. Vedant Kajaria	0.41	0.36

(c) Guarantees received/(released) during the year

	31 March 2023	31 March 2022
Key management personnel and relatives of KMP		
Mr. Ashok Kajaria	(31.40)	(70.00)

(d) Guarantees received outstanding at year end	31 March 2023	31 March 2022
Key management personnel and relatives of KMP		
Mr. Ashok Kajaria (for loan taken by the Holding Company)	-	31.40

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

Details of transactions with enterprises over which KMP or their relatives are able to exercise significant influence:

	Particulars	31 March 2023	31 March 2022
(e)	**Sale of goods**		
	Kajaria RMF Trading LLC	3.23	-
(f)	**Rent paid**		
	Dua Engineering Works Private Limited	1.59	1.59
(g)	**Donation paid**		
	Malti Devi Kajaria Foundation	0.52	0.46
(h)	**Recovery of expenses**		
	Kajaria RMF Trading LLC	0.11	-
(i)	**Investment**		
	Investments in equity instruments		
	Kajaria RMF Trading LLC 500 (31 March 2022: Nil) equity shares of AED 500 each fully paid up	1.13	-
	Share Application money pending for allotment in Joint Venture	0.89	-
(j)	**Loan given**		
	Kajaria Ceramics Employee Gratuity Trust	2.32	1.53
(k)	**Loans repaid**		
	Kajaria Ceramics Employee Gratuity Trust	2.42	1.14
(l)	**Dividend paid**		
	VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust)	11.64	10.34
	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust)	23.28	20.70
	RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust)	23.28	20.70
	A.K. Kajaria (HUF)	1.77	1.58
	Chetan Kajaria (HUF)	0.04	0.03
	Rishi Kajaria (HUF) (* rounded off to Nil)	0.01	-*
(m)	**Outstanding balances as at year end:**		
	Loan given		
	Kajaria Ceramics Employee Gratuity Trust	0.44	0.54
(n)	**Security deposit**		
	Dua Engineering Works Private Limited	0.60	0.60
(o)	**Receivable**		
	Kajaria RMF Trading LLC	3.26	-

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

38. Employee benefits

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 ₹ 11.86 crores (31 March 2022: ₹ 11.11 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:

	As at 31 March 2023	As at 31 March 2022
Defined benefit obligation at the beginning of the year	53.17	46.71
Current service cost	4.48	4.54
Interest cost	4.42	3.24
Benefits paid	(2.45)	(1.29)
Actuarial loss/(gain) on obligations	0.52	(0.03)
Adjustment on account of reclassification of subsidiary	(0.69)	-
Defined benefit obligation at the end of the year	**59.45**	**53.17**

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

	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets at the beginning of the year	43.57	38.43
Contribution during the year	4.82	4.33
Benefits paid	(2.46)	(1.21)
Expected interest income on plan assets	3.02	2.65
Actuarial gain/(loss) on plan asset	(0.34)	(0.63)
Adjustment on account of reclassification of subsidiary	(0.54)	-
Fair value of plan assets at the end of the year	**48.07**	**43.57**

Reconciliation of fair value of plan assets and defined benefit obligation:

	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets	48.07	43.57
Defined benefit obligation	59.45	53.17
Net (liability) recognised in the Consolidated Balance Sheet (refer note 20)	**(11.38)**	**(9.60)**
Current	6.24	6.09
Non current	5.14	3.51

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

Amount recognised in Consolidated Statement of Profit and Loss:

	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	4.48	4.54
Interest expense	4.42	3.24
Expected return on plan asset	(3.02)	(2.65)
Amount recognised in Consolidated Statement of Profit and Loss:	**5.88**	**5.13**

Breakup of actuarial gain/(loss)

	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial gain/(loss) arising on defined benefit obligation		
Actuarial gain/(loss) arising from changes in financial assumptions	(0.47)	0.51
Actuarial gain/(loss) arising from experience adjustments	(0.05)	(0.48)
Actuarial gain/(loss) arising on plan assets	(0.34)	(0.63)
Amount of gain/(loss) recognised in other comprehensive income	**(0.86)**	**(0.60)**

The major categories of plan assets are as follows:

Gratuity	As at 31 March 2023	As at 31 March 2022
Investment details	**Funded**	**Funded**
Investment with gratuity funds	100%	100%

Note : - Gratuity is funded only for the Holding Company

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	31 March 2023	31 March 2022
Discount rate	7% - 7.52%	7.00%
Expected rate of return on Plan assets	7.00%	7.00%
Future salary increases	6% to 10.00%	5% to 10.00%
Attrition Rate :		
18-30 years	2.00%	3.00%
30-44 years	2.00%	3.00%
44-58 years	2.00%	3.00%
Retirement age	58 years	58 years
Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate

Note:

a) The discount rate is based upon the market yield available on government bonds at the accounting date relevant to currency of benefits payments for a term that matches the liability.

b) The estimates for future salary increase rate taxes amount of inflation, seniority, promotion, business plan, human resource policy and other relevant factors on long term basis.

c) The group provides for gratuity for employees in India as per the Payment of Gratuity Act,1972.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

Experience adjustment:

	31 March 2023	31 March 2022	31 March 2021	31 March 2020	31 March 2019
Present value of defined benefit obligation	59.45	53.17	46.71	41.95	35.15
Experience gain/(loss) on liability	(0.05)	(0.48)	2.04	1.72	(0.02)

A quantitative sensitivity analysis for significant assumption as at 31 March 2023 and 31 March 2022 is as shown below:

Gratuity plan	Sensitivity level		Impact on Defined benefit obligation	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Assumptions				
Discount rate	+1%	+1%	(5.11)	(4.23)
	-1%	-1%	5.96	4.93
Future salary increases	+1%	+1%	5.82	4.82
	-1%	-1%	(5.09)	(4.22)
Withdrawal rate	+1%	+1%	(0.56)	(0.46)
	-1%	-1%	0.62	0.54

Note:

1. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.
2. Sensitivities due to mortality and withdrawals are insignificant and hence ignored.
3. Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Effect of plan on Company's future cash flows

(a) Funding arrangements and funding Policy

The Company has purchased an insurance policy to provide payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

(b) Maturity Profile of Defined Benefit Obligation :

	31 March 2023	31 March 2022
Within the next 12 months (next annual reporting period)	6.33	5.95
Between 2 and 5 years	10.12	9.32
Beyond 5 years	43.00	37.90
Total expected payments	**59.45**	**53.17**

(i) Expected contribution for next year is ₹ 4.40 crores (31 March 2022 : ₹ 4.45 crores)

(ii) The average duration of the defined benefit plan obligation at the end of the reporting period is 11 years (31 March 2022: 11 years).

C) Other long-term employee benefits - Compensated absences (unfunded)

	31 March 2023	31 March 2022
Amounts recognised in the consolidated balance sheet		
Current	1.92	1.88
Non current	15.99	14.44

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

39. Leases

a) The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term(years)
Building	59	1 to 8 years	2.40 years to 4.5 years
	(31 March 2022: 66)	(31 March 2022 : 1 to 8 years)	(31 March 2022 : 2.40 years to 5.5 years)

There are no leases entered by the Group which have any extension, termination or purchase options and the payment of lease rentals is not based on variable payments which are linked to an index.

b) (i) Amounts recognised in consolidated balance sheet and consolidated statement of profit and loss :

The consolidated balance sheet shows the following amounts relating to leases:

Particulars	Category of right-of-use assets		
	Land	Buildings	Total
Balance as at 1 April 2021 (on account of initial application of Ind AS 116)	5.05	23.74	28.79
Add: Additions	-	24.48	24.48
Add: Adjustment on account of lease modification	-	(1.36)	(1.36)
Less: Amortisation charged on the right-of-use assets (refer note 33)	0.05	12.94	12.99
Balance as at 31 March 2022	**5.00**	**33.92**	**38.92**
Add: Additions	-	17.95	17.95
Less: Amortisation charged on the right-of-use assets (refer note 33)	0.05	14.87	14.92
Balance as at 31 March 2023	**4.95**	**37.00**	**41.95**

c) Lease payments not recognised as lease liabilities:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Expenses relating to short term leases (included in other expenses)	4.49	2.85
Total	**4.49**	**2.85**

d) The total cash outflow for leases for the year ended 31 March 2023 ₹ 18.87 crores (31 March 2022 :₹ 16.91 crores)

e) Future minimum lease payments as on 31 March 2023 and 31 March 2022 are as follows:

	As at 31 March 2023		
Minimum lease payments due	**Lease payments**	**Finance charges**	**Net present values**
Within 1 year	16.01	3.46	12.55
1 - 2 years	14.29	1.49	12.80
2 - 3 years	9.84	0.85	8.99
More than 3 years	6.57	0.36	6.21
Total	**46.71**	**6.16**	**40.55**
	As at 31 March 2022		
Minimum lease payments due	**Lease payments**	**Finance charges**	**Net present values**
Within 1 year	15.48	2.72	12.76
1 - 2 years	12.73	2.07	10.66
2 - 3 years	9.12	1.17	7.95
More than 3 years	5.76	0.16	5.60
Total	**43.09**	**6.12**	**36.97**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

40. Commitments, contingencies and litigations

		31 March 2023	31 March 2022
(a)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	81.89	13.01
(b)	**Contingent liabilities**		
	Claims against the Group not acknowledged as debt		
	- In respect of income tax, goods and service tax, value added tax, service tax and excise duty demands pending before various authorities and in dispute	7.68	7.22
	- In respect of consumer cases	2.13	2.16

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.

41. Segment reporting

Basis of segment reporting

The Group has following business segments, which are its reportable segments. These segments offer different products and services, and are managed separately because they require different technology and production processes:

Reportable segment	Operations
Tiles	Manufacturing and trading of ceramic and vitrified wall and floor tiles
Others including bathware, sanitaryware and plywood products	Manufacturing of sanitaryware and faucet and trading of plywood and block board

Operating segment disclosures are consistent with the information provided to and reviewed by the chief operating decision maker. The measurement principles of segments are consistent with those used in Significant Accounting Policies.

	As at 31 March 2023			As at 31 March 2022		
Particulars	**Tiles**	**Others**	**Total**	**Tiles**	**Others**	**Total**
A. Segment revenue	**3,988.90**	**393.03**	**4,381.93**	**3,363.39**	**341.80**	**3,705.19**
B. Segment results	**447.15**	**12.00**	**459.15**	**475.84**	**19.49**	**495.33**
C. Reconciliation of segment result with profit after tax						
Segment results	447.15	12.00	459.15	475.84	19.49	495.33
Add/(Less):						
Other income			33.62			27.57
Finance costs		-	(22.32)			(12.73)
Share of profit/(loss) from joint ventures			(0.08)			-
Exceptional items			(7.91)			-
Income taxes		-	(116.26)			(127.43)
Profit after tax as per Statement of Profit and Loss			**346.20**			**382.74**
D. Other information						
Segment assets	2,659.61	246.54	2,906.15	2,299.42	233.66	2,533.08
Un-allocable assets			424.38			453.46
Total assets			**3,330.53**			**2,986.54**
Segment liabilities	557.33	73.37	630.70	522.20	61.12	583.32
Un-allocable liabilities			295.41			216.06
Total liabilities			**926.11**			**799.38**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

42. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under, to the extent the Company has received intimation from the 'Suppliers' regarding their status under the Act.

	Particulars	As at 31 March 2023	As at 31 March 2022
(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	53.53	26.83
	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

a) 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:

(Amount in ₹ crores, unless otherwise stated)

	Number of options	Weighted average exercise price per option
At 1 April 2021	1,77,300	425.00
Forfeited during the year	-	-
Exercised during the year	(1,23,050)	425.00
At 31 March 2022	**54,250**	425.00
Exercisable as at 31 March 2022	**54,250**	425.00
Weighted average remaining contractual life (in years)	**1.55**	
At 1 April 2022	54,250	425.00
Forfeited during the year	-	-
Exercised during the year	(28,500)	425.00
At 31 March 2023	**25,750**	425.00
Exercisable as at 31 March 2023	**25,750**	425.00
Weighted average remaining contractual life (in years)	**0.55**	

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. The following principal assumptions were used in the valuation:

Grant date	**20 October 2015**	**20 October 2015**	**20 October 2015**	**20 October 2015**
Vesting date	**20 October 2017**	**20 October 2018**	**20 October 2019**	**20 October 2020**
Expiry date	**20 October 2023**	**20 October 2023**	**20 October 2023**	**20 October 2023**
Fair value of option at grant date	260.22	310.20	354.01	392.99
Exercise price	425.00	425.00	425.00	425.00
Expected volatility of returns	27.63%	27.63%	27.63%	27.63%
Weighted average contractual life (in years)	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years
Expected dividend yield	0.40%	0.40%	0.40%	0.40%
Risk free interest rate	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%

b) Board of Directors and the shareholders of the Company has approved to issue additional stock options to the eligible employees of the Company under Kajaria Ceramics Employee Stock Option Plan, 2015 ('ESOP 2015' or the 'Plan'). The eligible 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	₹ 980
Vesting conditions	70,520 options 24 months after the grant date ('First vesting')
	141,040 options 36 months after the grant date ('Second vesting')
	211,560 options 48 months after the grant date ('Third vesting')
	282,080 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	705,200
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 ₹ 980 per option which is 9.36 % below the stock price i.e. ₹ 1081.25 per share on the date of grant, i.e. 2 March 2022.

The number and weighted average exercise price of share options are as follows:

	Number of options	Weighted average exercise price per option
At 1 April 2021	-	-
Granted during the year	7,05,200	980.00
Exercised during the year	-	-
At 31 March 2022	**7,05,200**	980.00
Exercisable as at 31 March 2022	**7,05,200**	980.00
Weighted average remaining contractual life (in years)	**7.92**	
At 1 April 2022	7,05,200	980.00
Granted during the year	-	-
Exercised during the year	-	-
At 31 March 2023	**7,05,200**	980.00
Exercisable as at 31 March 2023	**7,05,200**	980.00
Weighted average remaining contractual life (in years)	**7.92**	

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	**02 March 2022**	**02 March 2022**	**02 March 2022**	**02 March 2022**
Vesting date	**02 March 2024**	**02 March 2025**	**02 March 2026**	**02 March 2027**
Expiry date	**02 March 2030**	**02 March 2030**	**02 March 2030**	**02 March 2030**
Fair value of option at grant date	404.29	429.57	444.28	460.59
Exercise price	980.00	980.00	980.00	980.00
Expected volatility of returns	32.66%	33.28%	32.49%	32.11%
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	0.68%	0.68%	0.68%	0.68%
Risk free interest rate	6.12%	6.26%	6.39%	6.50%

c) Board of Directors and the shareholders of the Company has approved to issue additional stock options to the eligible employees of the Company under Kajaria Ceramics Employee Stock Option Plan, 2015 ('ESOP 2015' or the 'Plan'). The eligible 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	₹ 980
Vesting conditions	13,240 options 24 months after the grant date ('First vesting')
	26,480 options 36 months after the grant date ('Second vesting')
	39,720 options 48 months after the grant date ('Third vesting')
	52,960 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	132,400
Method of settlement	Equity

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

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 ₹ 980 per option which is 5.05 % below the stock price i.e. ₹ 1032.10 per share on the date of grant, i.e. 19 April 2022.

The number and weighted average exercise price of share options are as follows:

	Number of options	Weighted average exercise price per option
At 1 April 2021	-	-
Granted during the year	-	-
Exercised during the year	-	-
At 31 March 2022	-	-
Exercisable as at 31 March 2022	-	
Weighted average remaining contractual life (in years)	-	
At 1 April 2022		-
Granted during the year	1,32,400	980.00
Exercised during the year	-	-
At 31 March 2023	**1,32,400**	980.00
Exercisable as at 31 March 2023	**1,32,400**	980.00
Weighted average remaining contractual life (in years)	**7.05**	

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	**19 April 2022**	**19 April 2022**	**19 April 2022**	**19 April 2022**
Vesting date	**19 April 2024**	**19 April 2025**	**19 April 2026**	**19 April 2027**
Expiry date	**19 April 2030**	**19 April 2030**	**19 April 2030**	**19 April 2030**
Fair value of option at grant date	404.29	429.57	444.28	460.59
Exercise price	980.00	980.00	980.00	980.00
Expected volatility of returns	32.66%	33.28%	32.49%	32.11%
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	0.92%	0.92%	0.92%	0.92%
Risk free interest rate	6.12%	6.26%	6.39%	6.50%

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

44. Category wise classification of financial instruments

	31 March 2023			31 March 2022		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Financial assets						
Non-current						
Other financial assets	-	-	75.70	-	-	100.07
Current						
Trade receivables	-	-	601.17	-	-	513.30
Cash and cash equivalents	-	-	10.50	-	-	32.30
Other bank balances	-	-	383.28	-	-	392.08
Loans	-	-	9.97	-	-	16.03
Other financial assets	-	-	0.84	-	-	3.35
Assets of disposal Group classified as held for Sale	-	75.41	-	-	-	-
Total financial assets	**-**	**75.41**	**1,081.46**	**-**	**-**	**1,057.13**
Excludes non-current investment measured at costs ₹ 1.94 crores (previous year - ₹ Nil)						
Financial liabilities						
Non-current						
(i) Borrowings	-	-	51.78	-	-	23.80
(ii) Lease liabilities	-	-	28.00	-	-	24.21
Current						
(i) Borrowings	-	-	157.49	-	-	104.12
(ii) Lease liabilities	-	-	12.55	-	-	12.76
(iii) Trade payables	-	-	310.35	-	-	298.14
(iv) Other financial liabilities	-	-	136.81	-	-	148.49
Liabilities of disposal Group classified as held for sale	-	38.54	-	-	-	-
Total financial liabilities	**-**	**38.54**	**696.98**	**-**	**-**	**611.52**

The management assessed that fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group determines fair values of financial assets or liabilities by discounting the contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. The fair value of investments in mutual funds is determined using quoted net assets value of the funds. Further, the subsequent measurements of all assets and liabilities (other then investments in mutual funds) is at amortised cost, using effective interest rate method.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the Group's interest bearings borrowings are determined using discount rate that reflects the Group's discount rate at the end of the reporting period. The own non-performance risk as at the reporting period is assessed to be insignificant.

- The fair value of unquoted instruments and other financial assets and liabilities is estimated by discounting future cash flows using rates using rates currently applicable for debt on similar terms, credit risk and remaining maturities.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

45. Fair value hierarchy

The following tables present financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There are no financial liabilities measured at fair value as at 31 March 2023 and 31 March 2022.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31 March 2023 and 31 March 2022 as follows:

As at 31 March 2023	Level 1	Level 2	Level 3	Total
Assets of disposal Group classified as held for sale	-	-	75.41	75.41
Liabilities of disposal Group classified as held for sale			38.54	38.54

As at 31 March 2022	Level 1	Level 2	Level 3	Total
Assets of disposal Group classified as held for sale	-	-	-	-
Liabilities of disposal Group classified as held for sale	-	-	-	-

Valuation technique used to determine fair value:

Assets/liabilities of disposal company classified as held for sales (AHFS): AHFS has been valued at fair value of consideration receivable from other shareholders of the disposal company as agreed between the Company and other shareholders of disposal group. Therefore sensitivity analysis is not available and accordingly not disclosed.

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.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

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 40.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is based on the currently observable market environment.

	31 March 2023		31 March 2022	
	Increase/ decrease in basis points	Effect on profit before tax	Increase/ decrease in basis points	Effect on profit before tax
INR	+50	(1.06)	+50	(0.82)
INR	-50	1.06	-50	0.82

B. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

	% change in rate	Effect on profit before tax	
		Year ended 31 March 2023	Year ended 31 March 2022
USD	+5%	(0.79)	(1.30)
	-5%	0.79	1.30
EURO	+5%	(0.28)	(1.96)
	-5%	0.28	1.96

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.

II. Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises primarily from financial assets such as trade receivables, other balances with banks, loans and other receivables. The Group has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

The Group provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group's policy is to provides for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at reporting date.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

A. Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At the year end the Group does not have any significant concentrations of bad debt risk other than that disclosed in note 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 receivable:

Particulars	As at 31 March 2023	As at 31 March 2022
Balance as at the beginning of the year	**6.42**	**7.33**
Add: Allowance during the year	0.38	0.96
Less: Adjustment on account to reclassification of subsidiary	(0.13)	-
Less: used against bad debts	-	(1.87)
Balance as at the end of the year	**6.67**	**6.42**

B. Financial instruments and cash deposits

The management considers the credit quality of current accounts and deposits with banks to be good and reviews the banking relationships on an on–going basis.

The Group does not require any security in respect of the above financial assets. There are no impairment provisions as at each statement of financial position date against these financial assets, except as disclosed in respect of trade receivables above. The management considers that all the above financial assets that are not impaired or past due for each of the statement of financial position dates under review are of good credit quality.

III. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 March 2023					
Borrowings*	153.26	4.23	45.11	6.67	209.27
Lease liabilities	3.14	9.41	28.00		40.55
Trade payables	297.91	12.44	-	-	310.35
Other financial liabilities	134.32	2.49	-	-	136.81
	588.62	**28.57**	**73.11**	**6.67**	**696.98**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 March 2022					
Borrowings*	98.47	5.65	23.80	-	127.92
Lease liabilities	3.73	9.03	24.21	-	36.97
Trade payables	297.93	0.21	-	-	298.14
Other financial liabilities	148.49	-	-	-	148.49
	548.62	**14.89**	**48.01**	**-**	**611.52**

* In absolute terms i.e. discounted and including current maturity portion

47. Unhedged foreign currency exposure

The Group has no outstanding derivative instrument at the year end. The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under:

	31 March 2023		31 March 2022	
	Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Foreign trade payables/other payable				
USD in crores	0.24	20.33	0.13	9.66
EURO in crores	0.22	20.38	0.52	44.47
Foreign trade receivables				
USD in crores	0.08	6.43	0.23	17.39
Short term borrowings				
USD in crores	0.01	0.70	0.11	8.35
EUR in crores	0.03	3.06	0.01	1.24

48. Capital Management

The Group's capital management objectives are:

a) to ensure the Group's ability to continue as going concern; and

b) to provide an adequate return to stakeholders

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Holding company. The Group manages its capital structure and makes adjustments in light of changes in economic condition and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing borrowings, less cash and cash equivalents.

	As at 31 March 2023	As at 31 March 2022
Total borrowings	209.27	127.92
Less: Cash and cash equivalents	(10.50)	(32.30)
Total debts	**198.77**	**95.62**
Capital employed	2,326.78	2,122.38
Total capital employed	**2,326.78**	**2,122.38**
Gearing ratio (%)	**8.54%**	**4.51%**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

49. Research and development expenditure

Research and development expenditure incurred during the year ended 31 March 2023 and 31 March 2022 is as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
Capital expenditure	0.73	0.10
Revenue expenditure	7.54	7.58
	8.27	**7.68**

50. Post reporting date events

No adjusting or significant non-adjusting event has occurred between 31 March 2023 and the date of authorisation of Company's consolidated financial statements. However, the Board of Directors of the Company have recommended a final dividend of ₹ 3 per share (31 March 2022: ₹ 3 per share) on equity shares of ₹ 1 each for the year ended 31 March 2023, subject to the approval of shareholders at the ensuing annual general meeting.

51. Reconciliation of liabilities arising from financing activities pursuant to Ind AS - 7 Cash flows

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

Particulars	As at 31 March 2023	As at 31 March 2022
Current borrowings	151.53	101.76
Lease Liabilities (including current portion)	40.55	36.97
Non-current borrowings (including current maturities)	57.74	26.16
Net debt	**249.82**	**164.89**

The changes of the Group's liabilities arising from financing activities can be classified as follows:

Particulars	Current borrowings	Lease Liabilities	Non-current borrowings (including current maturities)
Net debt as at 1 April 2021	**65.75**	**27.20**	**33.08**
Lease Liabilities recognised under Ind AS 116 at 1 April 2021	-	23.12	-
Interest on lease liabilities	-	3.56	-
Cash flows	36.01	(16.91)	(7.94)
Non-cash adjustments - Fair value adjustments	-	-	1.02
Net debt as at 31 March 2022	**101.76**	**36.97**	**26.16**
Add : Lease liabilities on leased entered during the year	-	17.95	-
Add : Adjustment on account of business combination	24.60	-	41.14
Interest on lease liabilities	-	4.50	-
Cash flows	42.18	(18.87)	0.56
Non-cash adjustments - Fair value adjustments	-	-	1.13
Adjustment on account of reclassification of subsidiary	(17.01)	-	(11.25)
Net debt as at 31 March 2023	**151.53**	**40.55**	**57.74**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

52. Ratio Analysis

S. No.	Ratio	Numerator	Denominator	31 March 2023	31 March 2022	Variance (%age)	Reasons
1	Debt Service Coverage Ratio	Profit after tax + Depreciation & Amortisation + Interest on Long term loans + Proceeds from fresh long term loans	Interest on Long term loans + Principal repayments of long term loans	30.45	53.86	-43%	Mainly due to repayment of Interest free loan from PICUP.
2	Interest Service Coverage Ratio	Earnings before Interest, Tax and Exceptional items (EBIT)	Finance Cost	21.64	40.62	-47%	Increased finance cost due to acquisition of South Asian Ceramic and lower profit as compared to last year.
3	Debt Equity Ratio	Non Current Borrowings + Current Borrowings + Current Maturities of Non Current Borrowings (Total Debt)	Total Equity	0.09	0.06	49%	Due to increase in working capital limits utilisation and addition of newly acquired South Asian Ceramics Tiles Private Limited borrowings
4	Current Ratio	Current Assets	Current Liabilities	2.38	2.20	8%	
5	Long Term Debt to WC Ratio	Non Current Borrowings (Incl. current maturities of non current borrowings)	Working Capital (Excl. current maturities of non current borrowings)	0.06	0.03	78%	Owing to increase in operations and acquisition of South Asian Ceramic Tiles Pvt Ltd, Working Capital requirement has increased
6	Current Liability Ratio	Current Liabilities	Total Liabilities	76.63%	82.45%	-7%	
7	Total Debt to Total Assets Ratio	Total Debt	Total Assets	6.28%	4.28%	47%	Due to increase in working capital limits utilisation and addition of newly acquired South Asian Ceramics Tiles Private Limited borrowings
8	Trade Receivables Turnover Ratio	Total Sales	Average Trade Receivables	7.86	7.84	0%	
9	Inventory Turnover Ratio	Cost of Goods Sold (Cost of Materials Consumed +Purchases + Changes in Inventories + Stores and Spares consumed + Power & Fuel)	Average Inventories	5.79	5.75	1%	
10	Operating Margin	EBIT - Other Income	Total Sales	10.26%	13.21%	-22%	
11	Net Profit Ratio	Profit after tax	Total Sales	7.86%	10.17%	-23%	

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

53. Disclosure of additional information pertaining to the Holding Company and Subsidiaries as per Schedule III of Companies Act, 2013

	Net assets as at 31 March 2023		Share in profit or loss (Including OCI) for the year 2022-23		Share in other comprehensive income (OCI) for the year 2022-23		Share in total comprehensive income for the year 2022-23	
	As % of consolidated net assets	Net assets (Total assets minus total liabilities)	As % of consolidated profit or loss	Profit/ (Loss)	As % of consolidated OCI	OCI	As % of consolidated total comprehensive income	Total comprehensive income
A. Holding company								
Kajaria Ceramics Limited	96.49%	2,319.94	99.48%	344.39	96.97%	(0.64)	99.48%	343.75
B. Subsidiaries								
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	1.21%	28.98	1.67%	5.79	-6.06%	0.04	1.69%	5.83
Vennar Ceramics Limited	1.58%	38.01	-0.69%	(2.40)	3.03%	(0.02)	-0.70%	(2.42)
Kajaria Infinity Private Limited (formerly known as Cosa Ceramics Private Limited)	2.70%	64.89	0.20%	0.70	18.18%	(0.12)	0.17%	0.58
Kajaria Bathware Private Limited	4.07%	97.75	3.73%	12.93	0.00%	-	3.74%	12.93
Kajaria Plywood Private Limited	-1.57%	(37.74)	-3.00%	(10.37)	-15.15%	0.10	-2.97%	(10.27)
South Asian Ceramic Tiles Private Limited	0.37%	8.83	-0.16%	(0.56)	0.00%	-	-0.16%	(0.56)
Kajaria International DMCC	0.08%	1.96	-0.05%	(0.19)	3.03%	(0.02)	-0.06%	(0.21)
Share in profit/(loss) of joint venture			-0.02%	(0.08)	0.00%	-	-0.02%	(0.08)
Non-controlling interests in all subsidiaries	3.23%	77.64	0.49%	1.70	-12.12%	0.08	0.52%	1.78
Elimination on account of consolidation	-8.14%	(195.84)	-1.65%	(5.71)	12.12%	(0.08)	-1.68%	(5.79)
	100.00%	**2,404.42**	**100.00%**	**346.20**	**100.00%**	**(0.66)**	**100.00%**	**345.54**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

	Net assets as at 31 March 2022		Share in profit or loss for the year 2021-22		Share in other comprehensive income (OCI) for the year 2021-22		Share in total comprehensive income for the year 2021-22	
	As % of consolidated net assets	Net assets (Total assets minus total liabilities)	As % of consolidated profit or loss	Profit/ (Loss)	As % of consolidated OCI	OCI	As % of consolidated total comprehensive income	Total comprehensive income
A. Holding company								
Kajaria Ceramics Limited	96.51%	2,110.78	94.67%	362.34	95.56%	(0.43)	94.67%	361.91
B. Subsidiaries								
Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited)	1.06%	23.15	3.38%	12.95	-2.22%	0.01	3.39%	12.96
Vennar Ceramics Limited	1.85%	40.43	0.93%	3.56	2.22%	(0.01)	0.93%	3.55
Cosa Ceramics Private Limited	2.94%	64.31	-0.78%	(2.99)	-2.22%	0.01	-0.78%	(2.98)
Kajaria Bathware Private Limited	3.92%	85.76	4.82%	18.46	6.67%	(0.03)	4.82%	18.43
Kajaria Plywood Private Limited	-1.26%	(27.47)	-2.69%	(10.28)	0.00%	-	-2.69%	(10.28)
Non-controlling interests in all subsidiaries	2.96%	64.78	1.50%	5.76	0.00%	-	1.51%	5.76
Elimination on account of consolidation	-7.98%	(174.58)	-1.85%	(7.06)	0.00%	-	-1.85%	(7.06)
	100.00%	**2,187.16**	**100.00%**	**382.74**	**100.00%**	**(0.45)**	**100.00%**	**382.29**

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

54. Asset pledged as security (refer note 19)

	As at 31 March 2023	As at 31 March 2022
Current		
Inventories	564.68	465.88
Trade receivables	601.17	513.30
Total current assets pledged as security	**1,165.85**	**979.18**
Non-current		
Property, plant and equipment (including CWIP)	909.29	856.69
Total non-current assets pledged as security	**909.29**	**856.69**

55. Reporting to banks

The Group is regular in submission of quarterly stock statements with banks for the borrowings sanctioned against hypothecation of current assets. Further, all the quarterly statements of current assets filed by the Company with banks or financial institutions are in agreement with books of accounts.

56. There are no loans which have been given to promoters, directors and KMP's.

57. Struck off Companies: Details of relationship with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of the Companies Act, 1956:

Name of the struck off Company	Nature of transaction with struck off Company	Balance outstanding as at March 31, 2023 (Nos).	Balance outstanding as at March 31, 2022 (Nos).	Relation with struck off Company
Trivia Infotech Private Limited (CIN: U74990MH2010PTC198657)	Shares held by struck off company	2 equity shares of face value ₹ 1/- each	2 equity shares of face value ₹ 1/- each	Shareholder
Crystal Infowave Solutions Private Limited (CIN: U74900MH2009PTC198049)	Shares held by struck off company	2 equity shares of face value ₹ 1/- each	2 equity shares of face value ₹ 1/- each	Shareholder
S3 Solutions Private Limited (CIN: U72400TN2004PTC054467)	Shares held by struck off company	NIL	15 equity shares of face value ₹ 1/- each	Shareholder
Rajdeep Automation Private Limited (CIN: U99999MH1999PTC120445)	Shares held by struck off company	NIL	1125 equity shares of face value ₹ 1/- each	Shareholder

The Group has no transaction other than payment of declared dividend with stuck off companies.

58. Additional regulatory information required by Schedule III of Companies Act, 2013

(i) Details of Benami property:

No proceedings have been initiated or are pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

(ii) Utilisation of borrowed funds and share premium:

The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(iii) Compliance with number of layers of companies:

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

(iv) Undisclosed income:

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(v) Details of crypto currency or virtual currency:

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

(vi) Valuation of PP&E, intangible asset and investment property:

The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(vii) The Group do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

(viii) The Group is not declared wilful defaulter by any bank or financial institution or government or any government authority.

59. Business Combinations

Disclosure in accordance with Ind AS 103

(a)	The name and a description of the acquiree:	South Asian Ceramic Tiles Private Limited (SACTPL). SACTPL is engaged into the business of manufacturing of tile. SACTPL has the manufacturing capacity of 4.79 MSM ceramic tiles.
(b)	The acquisition date:	Wednesday, 31 August 2022
(c)	The percentage of voting equity interests acquired:	51% in paid up capital
(d)	The primary reasons for the business combination and a description of how the Company obtained control of the acquiree:	To have a foot fold in South India thereby enlarging the tiles markets to make more dealers and even to cater small size dealers, by reducing the transit time and by increasing the rotation of re-ordering by the dealers of the Company. The Company acquired the control by purchase of 51% equity shares from non controlling interest.
(e)	a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors.	The Company did fair valuation from SEBI registered valuer and recognised the goodwill.
(f)	the acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration, such as:	
	(i) cash;	₹ 24.50 crores

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

(g)	the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed.	

Particulars	Amount in ₹ crores
Assets	
Property plant and equipment	75.68
Deferred tax assets	1.33
Other Non- current assets	1.30
Cash and Cash equivalent	1.22
Inventories	18.64
Trade and other receivable	6.29
Current financial assets - Loans	0.78
Other current assets	2.84
Total Assets acquired (A)	**108.08**
Liabilities	
Borrowings	65.74
Trade and other payable	20.50
Other financial liabilities	1.09
Total Liabilities (B)	**87.33**
Non controlling interest (NCI) **(C)**	23.54
Total Liabilities including NCI [D=(B+C)]	**110.87**
Consideration paid **(E)**	24.50
Goodwill recognised [F=(D+E-A)]	**27.29**

(h)	The total amount of goodwill that is expected to be deductible for tax purposes.	The goodwill generated in business combination is not allowed as deducted under the Income-tax 1961
(i)	for each business combination in which the acquirer holds less than 100 per cent of the equity interests in the acquiree at the acquisition date:	
	(i) the amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount; and	₹ 23.54 crores
	(ii) for each non-controlling interest in an acquiree measured at fair value, the valuation technique(s) and significant inputs used to measure that value.	₹ 23.54 crores
(j)	the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of profit and loss for the reporting period; and	Revenue : ₹ 62.24 crores Profit/(Loss) : ₹ (0.56) crores

Notes on the Consolidated Financial Statements for the year ended 31 March 2023

(Amount in ₹ crores, unless otherwise stated)

60. IND AS 105 - Group assets and liabilities classified as held for disposal

The Board of Directors of Holding Company have approved, in its meeting held on 28 January 2023, disinvestment of entire stake of the Group in Vennar Ceramics Limited (Subsidiary) to non-controlling interest in a phased manner at a consideration of Rs. 18.25 crore. Accordingly the assets and liabilities of Vennar Ceramics Limited have classified as assets and liabilities held for sale in these consolidated financial statements.

The disclosure of assets and liabilities held for sale are as under:

	Assets of disposal Group classified as held for Sale	
	Non-current assets	
	(a) Property, plant and equipment	45.97
	(b) Other intangible assets	0.01
	(c) Financial assets	
	Other Financial assets	1.09
	(d) Deferred tax assets (net)	1.55
	Current assets	
	(a) Inventories	19.92
	(b) Financial assets	
	(i) Trade receivables	2.25
	(ii) Cash and cash equivalents	0.03
	(iii) Bank balances other than (ii) above	0.93
	(iv) Other financial assets	2.82
	(c) Other current assets	1.90
	(d) Current tax assets (net)	0.08
	Total Assets	**76.55**
	Less : loss recognised on planned disinvestments	**1.14**
	Total Assets	**75.41**
B	**Liabilities of disposal Group classified as held for sale**	
	Non-current liabilities	
	(a) Financial liabilities	
	Borrowings	11.25
	(b) Provisions	0.30
	Current liabilities	
	(a) Financial liabilities	
	(i) Borrowings	17.01
	(ii) Trade payables	
	- Total outstanding dues of micro enterprises and small enterprises	0.20
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	8.34
	(iii) Other financial liabilities	0.52
	(b) Other current liabilities	0.80
	(c) Provisions	0.12
	Total Liabilities	**38.54**

(Amount in ₹ crores, unless otherwise stated)

61 Scheme of Arrangement

The Hon'ble National Company Law Tribunal, vide its order dated 26 November 2021, approved a Scheme of Arrangement (the 'Scheme') between the Company and Kajaria Tiles Private Limited ('erstwhile KTPL'). Pursuant to the Scheme, all the properties, assets, rights, claims and obligations of the erstwhile KTPL have been transferred and vested in the name of Company on a going concern basis w.e.f. 1 April 2019. The Company has accounted for the merger under the pooling of interest method retrospectively for all periods presented and accordingly these numbers have been restated as prescribed in IND AS 103 - Business Combinations of entities under common control.

62 Exceptional items:

i) Exceptional items amounting to ₹ 3.66 crores represents loss on sale of unit having manufacturing capacity of 3.10 MSM p.a. of Kajaria Vitrified Private Limited (formerly known as Jaxx Vitrified Private Limited) Morbi, Gujarat.

ii). Exceptional items amounting to ₹ 4.25 crores represents loss on planned disinvestment of entire stake of the Holding Company in Vennar Ceramics Limited at Vijaywada, Andhra Pradesh. Consequent to which the related assets and liabilities has been classified as held for sale in these Consolidated Financial Statements.

63 The consolidated financial statements are approved for issue by the Board of Directors at its meeting conducted on 16 May 2023.

As per our report of even date attached
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration no. 001076N/N500013

Nalin Jain
Partner
Membership no. : 503498

Place: New Delhi
Date: 16 May 2023

For and on behalf of the Board of Directors of
Kajaria Ceramics Limited

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

Chetan Kajaria
Joint Managing Director
(**DIN**: 00273928)

Rishi Kajaria
Joint Managing Director
(**DIN**: 00228455)

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

Sanjeev Agarwal
Chief Financial Officer

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. H. Rathnakar Hegde	*(Independent Director)*
Mrs. Sushmita Singha	*(Independent Director)*
Dr. Lalit Kumar Panwar	*(Independent Director)*
Mr. Sudhir Bhargava	*(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. H. Rathnakar Hegde	*Chairman*
Mr. Ashok Kajaria	*Member*
Dr. Lalit Kumar Panwar	*Member*
Mr. Sudhir Bhargava	*Member*

Stakeholders Relationship Committee

Mr. Sudhir Bhargava	*Chairman*
Mr. Ashok Kajaria	*Member*
Mr. Chetan Kajaria	*Member*

Nomination and Remuneration Committee

Mrs. Sushmita Singha	*Chairperson*
Mr. Ashok Kajaria	*Member*
Mr. H. Rathnakar Hegde	*Member*
Mr. Sudhir Bhargava	*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. Rishi Kajaria	*Member*
Mr. Dev Datt Rishi	*Member*
Mrs. Sushmita Singha	*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. A. Venkat Madhavan	*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.
- Survey No. 129, Industrial Park,Opp. Bhavanisankarapuram,Thatiparthi (V), Thottambedu (M), Near Srikalahasti, Distt.: Chittoor (A.P.) - 517 642

SUBSIDIARIES

1. Kajaria Bathware Private Limited
2. Kajaria Sanitaryware Private Limited (Step-down subsidiary)
3. Kajaria Plywood Private Limited
4. Kajaria Vitrified Private Limited
5. Kajaria Infinity Private Limited
6. Kajaria International DMCC
7. South Asian Ceramic Tiles Private Limited
8. Kerovit Global Private Limited (Step-down Subsidiary)

JOINT VENTURE

Kajaria Ramesh Tiles Limited, Nepal

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
Axis 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

Kajaria

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