



July 14, 2017

The National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

Dear Sir,

We wish to inform you that the 31st Annual General Meeting ('AGM') of the Company will be held on Thursday, August 10, 2017 at 3:00 P.M. at Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001. In this regard, we enclose a copy of the Notice of the 31st AGM (alongwith Annual Report for the financial year 2016-17), being despatched to the shareholders of the Company.

In terms of Regulation 42 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 91 of the Companies Act, 2013 including rules made thereunder, the Register of Members / Share Transfer Books of the Company will remain closed from Saturday, August 5, 2017 to Thursday, August 10, 2017 (both days inclusive), for the purpose of AGM and determining eligibility of shareholders for dividend, subject to the approval of members at the AGM.

The Dividend on equity shares @ Rs.3 per equity share of Re.1 each, as recommended by the Board of Directors, if declared at the AGM, will be paid on or before Friday, September 8, 2017 to those members whose names appear as:

- (a) Beneficial Owners as at the end of business hours on Friday, August 4, 2017 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited ; and
- (b) Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before Friday, August 4, 2017.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Kajaria Ceramics Limited

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

Encl.: as above

Kajaria Ceramics Limited

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

KAJARIA CERAMICS LIMITED

CIN : L26924HR1985PLC056150

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

Phone: +91-124-4081281

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

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

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

NOTICE

NOTICE is hereby given that the 31st (Thirty First) Annual General Meeting of the members of Kajaria Ceramics Limited (the 'Company') will be held on Thursday, 10th August, 2017 at 3:00 P.M. at Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon-122001, to transact the following businesses:-

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company (including Audited Consolidated Financial Statements) for the financial year ended on March 31, 2017 and Reports of Board of Directors and Auditors thereon:

"RESOLVED THAT the audited standalone financial statements of the Company including the Balance Sheet as at March 31, 2017, the statement of profit and loss, the cash flow statement for the year ended on that date, notes to financial statements, reports of the Board and Auditors' thereon and the audited consolidated financial statements of the Company including the Balance Sheet as at March 31, 2017, the statement of profit and loss, the cash flow statement for the financial year ended March 31, 2017, notes to financial statements, along with the auditors' report thereon be and are hereby received, considered and adopted."

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

"RESOLVED THAT a final dividend of Rs. 3 per equity share of Re. 1/- each fully paid up for the financial year 2016-17 be and is hereby approved and declared."

3. To appoint a director in place of Mr. Dev Datt Rishi (DIN: 00312882), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Dev Datt Rishi (DIN: 00312882), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

4. To appoint Statutory Auditors of the Company and to fix their remuneration:

"RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s Walker Chandok & Co LLP, Chartered Accountants, (Firm Registration Number 001076N/N500013), be and is hereby appointed as the Statutory Auditors of the Company, in place of retiring auditors M/s O.P. Bagla & Co., Chartered Accountants (Firm Registration No. 000018N), to hold office from the conclusion of this Annual General Meeting until the conclusion of 36th Annual General Meeting of the Company subject to the ratification of their appointment by the members at every Annual General Meeting on such remuneration as may be mutually determined between the said Auditors and Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such necessary acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Special Business:

5. To amend and adopt new Articles of Association of the Company:

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

“RESOLVED THAT pursuant to Sections 5, 14 and other applicable provisions if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the members of the Company be and is hereby accorded to alter the existing Articles of Association of the Company and the new set of Articles of Association of the Company be and is hereby approved and adopted in exclusion and in substitution of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter called the “Board”, which term shall be deemed to include any person(s) authorized and/or Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) or any officer so authorised by the Board be and is hereby authorised to agree to and make and accept such conditions, modifications and alterations stipulated by any one of the authorities, statutory or otherwise, while according approval, consent as may be considered necessary and to do all such acts, deeds and things as are deemed expedient and necessary and to file necessary forms/ returns/ applications/documents/papers as are required to be filed with the Office of Registrar of Companies and other authorities, statutory or otherwise and to take all such steps and actions as may be necessary, proper, expedient or incidental for the purpose of giving effect to the this resolution.”

By Order of the Board
For Kajaria Ceramics Limited

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

Place: New Delhi
Dated: 15th May, 2017

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

NOTES:

1. The Explanatory Statement, pursuant to the provisions of Section 102 of the Companies Act, 2013 (the ‘Act’), in respect of Special Business to be transacted at the 31st Annual General Meeting (the ‘AGM’ or ‘Meeting’), is annexed and forms part of this Notice.
2. Brief resume and other particulars of Mr. Dev Datt Rishi, pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Secretarial Standard on General Meetings (‘SS-2’), are annexed herewith as Annexure A.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.**

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

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

4. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send to the Company a Certified True Copy of the Board Resolution / Power of Attorney authorizing their representative(s) to attend and vote on their behalf at the Meeting.
5. Proxies are requested to bring the duly completed, filed, signed and stamped proxy forms at the Annual General Meeting. Incomplete proxy forms are considered to be as invalid and the proxy so appointed shall not be entitled to vote on the resolution(s) in the AGM. A proxy holder needs to show his identity at the time of attending the Meeting. Further, in case if the Company receives multiple proxies for the same holding of a member, the proxy which is dated last shall be considered valid, if it is not dated then all the proxies so send by the member shall considered to be as invalid. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days of notice in writing is given to the Company.
6. Members, Proxies and Authorised Representative(s) are requested to bring the duly filled and signed Attendance Slips (enclosed), complete in all respect along with their copy of Annual Report at the venue of AGM in order to enable us to register your attendance at the venue of the AGM. Members are requested to bring their Folio No. /DPID-Client ID to enable us to provide a duly filled attendance slips for your signature and participation at the Meeting.
7. In case of joint holders attending the Meeting, only the member whose name appears to be first will be entitled to vote.
8. Only bonafide members of the Company whose names appear on the Register of Members / Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the Meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the AGM.
9. As per the provision of Section 72 of the Act, the facility for making Nomination is available for the members in respect of their shareholding in the Company either in single or with joint names. The members are requested to submit the complete and signed form SH-13 with their Depository Participant ('DP') who holds the shares in dematerialized form and those who are holding physical shares shall send the same to the Registrar and Share Transfer Agent - M/s MCS Share Transfer Agent Limited, F-65, Okhla Industrial Area, Phase-1, New Delhi 110020 (the 'RTA').
10. Members holding shares in physical form are requested to notify/send the following to the RTA of the Company:
 - i) Any change in their mailing address;
 - ii) Particulars of their bank account & e-mail ids in case the same have not been sent earlier;
 - iii) Members who hold shares in physical form in multiple folios in identical names are requested to send the share certificate for consolidation into single folio.

Further, please note that Members holding equity shares in electronic form are requested to contact to their DP with whom they are maintaining the demat accounts for updation in address, e-mail ids, Bank details, Bank mandate, ECS mandate, etc.
11. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act will be available for inspection at the AGM.

All the documents referred to in the accompanying Notice and the Explanatory Statement, are open for inspection at the Registered Office of the Company during the business hours, except on holidays, upto and including the date of AGM and copies there of shall also be made available for inspection in physical or electronic form at the Corporate Office of the Company.
12. A Route Map along with Prominent Landmark for easy location to reach the venue of the AGM is annexed with the Notice of AGM and is also available on the website of the Company.
13. The Registers of Members and the Share Transfer Books of the Company will remain closed from Saturday, 5th August, 2017 to Thursday, 10th August, 2017 (both days inclusive) in terms of the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the purpose of the AGM and determining names of the shareholders eligible for dividend on equity shares, if declared.

14. The dividend as recommended by the Board of Directors of the Company (Rs. 3/- per equity share of Re. 1- each), if declared at the AGM, will be paid on or before the 30th day from the date of declaration, to those members or their mandates:
 - a) Whose names appear in the list of Beneficial Owners as at the end of business hours on Friday, 4th August, 2017 in the lists of Beneficial Owners furnished by National Securities Depository Limited and Central Depository Services (India) Limited immediately before commencement of the Book closure in respect of shares held in electronic form; and
 - b) Whose names appear as member in the Register of Members of the Company after giving effect to the valid transfers in physical forms lodged with the Company and the RTA of the Company on or before Friday, 4th August, 2017.
 15. Members, who have not encashed their dividend warrant for the financial year 2009 - 10 and/or the dividend warrants issued for any subsequent financial years so far, are requested to make their claim to the Company the RTA of the Company or send an email to investors@kajariaceramics.com or helpdeskdelhi@mcsregistrars.com. However, all the unclaimed dividend pertaining to the financial years before the financial year 2009-10 have been transferred to the Investor Education and Protection Fund as per the provision of Sections 124 & 125 of the Act (including corresponding provisions of the Companies Act, 1956). Members may please note that no claim shall lie against the Company in respect of dividend which remains unclaimed and unpaid for a period of seven years from the date it is lying in the unpaid dividend account.
- Unclaimed dividend information is available on the website of IEPF viz. www.iepf.gov.in and also on the website of the Company viz. www.kajariaceramics.com
- The Act read with the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('Rules'), inter-alia, contains provisions for transfer of all shares in respect of which dividend has not been paid or claimed by the shareholder for seven consecutive years or more in the name of Investor Education and Protection Fund ('IEPF').
- Complying with the requirements set out in the Rules, the Company has communicated individually to the concerned shareholders whose shares are liable to be transferred to IEPF under the said Rules and also published a notice in the newspapers, for taking appropriate action(s).
16. The Securities and Exchange Board of India ('SEBI') has mandated the submission of Permanent Account Number ('PAN') by every participant in the securities market. However, the members having their shareholding in the Demat form are requested to provide their PAN details to their respective DPs and those who have shares in physical mode are requested to provide their PAN details to the Company or the RTA of the Company.
 17. (a) The electronic copy of the Annual Report with the Notice of the AGM (alongwith Proxy Form, Attendance Slip and Route Map to the AGM Venue) for the financial year ending 31st March, 2017 is being sent to all the members whose email IDs are registered with the Company/ DPs unless any member has requested for a physical copy of the same. For Members, who have not registered their email address, physical copies of the Annual Report with the Notice of the AGM (alongwith Proxy Form, Attendance Slip and Route Map to the AGM Venue) is being sent through permitted mode.
 - (b) To support the 'Green Initiative', the members who are yet to register / update their email address with the Company or DPs are once again requested to register / update the same for receiving the Notices, Annual Reports and other documents / communications through electronic mode.
 18. The Notice of AGM (alongwith Proxy Form, Attendance Slip and Route Map to the AGM Venue) and the Annual Report for the year ended 31st March, 2017 are available at the Company's website www.kajariaceramics.com. The Notice of the AGM is also available on www.evoting.nsdl.co.in
 19. The Company has dedicated E-mail address investors@kajariaceramics.com for members to mail their queries or lodge complaints, if any. We will endeavor to reply to your queries at the earliest.

20. Members desirous of getting any information about the Financial Statements and operations of the Company are requested to address their queries to the Company Secretary at the Corporate Office of the Company at J-1/B-1(Extn), Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110044, ten (10) days before the AGM enabling the Company to keep the information ready.
21. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 including amendment thereto and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide facility to the members to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the items of business given in the Notice of the AGM may be transacted through e-voting services. The facility of casting vote through e-voting system from a place other than venue of the AGM ('remote e-voting') will be provided by National Securities Depository Limited ('NSDL').

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

22. The remote e-voting period commences at 9:00 a.m. (IST) on Monday, 7th August, 2017 and ends at 5:00 p.m. (IST) on Wednesday, 9th August, 2017. During this period, members of the Company holding shares either in physical form or in dematerialized form, as on Cut-off date of Thursday, 3rd August, 2017 ('**Cut-off date**'), may cast their vote by remote e-voting. No remote e-voting shall be allowed beyond the aforesaid date and time and the remote e-voting module shall be disabled for voting upon expiry of the aforesaid period. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

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

(A.) In case a Member receives an email from NSDL:

- (i) Open the email and also open PDF file viz; "Kajaria remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

Note: Shareholders already registered with NSDL for e-voting will not receive the PDF file "Kajaria remote e-voting.pdf".

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder –Login
- (iv) Put user ID and password (the initial password mentioned in the e-mail sent by NSDL to shareholders whose email addresses are registered with the Company/Depository Participant(s) or mentioned in the e-voting instruction page) and verification code as displayed. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination there of. Please note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "REVEN" (Remote e-Voting Even Number) of Kajaria Ceramics Limited
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.

- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority Letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to investors@kajariaceramics.com or helpdesk@mcsregistrars.com with a copy marked to evoting@nsdl.co.in

Note: Login to the e-voting website of NSDL will be disabled upon five unsuccessful attempts to key in the correct password. In such case, you will need to go through the “Forgot User Details/Password” or “Physical User Reset Password” option available on the site to reset the password.

(B.) In case a Member receives physical copy of the Notice of AGM:

- a. Initial password is provided on the Attendance Slip for the AGM:

REVEN (Remote Electronic Voting Event Number)	USER ID	PASSWORD / PIN
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- b. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

(C) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending documents/communications in future.

24. The voting rights (for voting through remote e-voting as well as polling through ballot paper) shall be reckoned on the paid up value of the shares registered in the name of the of the Company as on cut-off date i.e. Thursday, 3rd August, 2017.
25. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper. However, a person who is not a member as on the cut-off date should treat this Notice for information purpose only.
26. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of the AGM and holding shares as of the cut-off date i.e. Thursday, 3rd August, 2017, may obtain the login ID and password by sending a request (alongwith Name, Folio No. / DP ID & Client ID, as the case may be and shareholding) at evoting@nsdl.co.in or helpdeskdelhi@mcsregistrars.com

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on www.evoting.nsdl.com or contact NSDL on Toll Free No. 1800-222-990 or email to the RTA at helpdesk@mcsregistrars.com

In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ Client ID).

In case Shareholders are holding shares in physical mode, USER-ID is the combination of (REVEN No.+Folio No.).

In case of any queries connected with voting by electronic means, you may refer the Frequently Asked Questions (FAQs) for Members and the remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or contact Mr. Rajiv Ranjan, Asst. Manager, NSDL, Trade World, A Wing, Fourth and Fifth floor, Kamla Mills Compound, Lower Parel, Mumbai- 400013 through email at evoting@nsdl.co.in / rajivr@nsdl.co.in on Toll Free No.1800-222-990 / Telephone No. 022-24994738.

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

28. Please note that the members who have exercised their right to vote through electronic means as above shall not be eligible to vote by way of Ballot Paper at the AGM, but they may attend the AGM. Votes cast by way of Ballot Paper together with vote cast through remote e-voting shall be counted for the purpose of passing of resolution(s). No voting by show of hands will be allowed at the AGM.
29. The Board of Directors of the Company has appointed Dr. S. Chandrasekaran (Membership No. FCS 1644, CP No. 715) or failing him Mr. Rupesh Agarwal (Membership No. ACS 16302, CP No. 5673), Partners of M/s Chandrasekaran Associates, Company Secretaries, having its office situated at 11F, Pocket-IV, Mayur Vihar, Phase-1, New Delhi 110091, as Scrutinizer to scrutinize the voting through remote e-voting and Ballot Paper process in a fair and transparent manner.
30. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Ballot Paper(s) for all those eligible members / proxies who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
31. The Scrutinizer shall immediately after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, within the time permissible under applicable laws, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him, who shall countersign the same.
32. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.kajariaceramics.com and on the website of NSDL immediately after the declaration of result by the Chairman or a Director so authorised and the results shall also be communicated to the BSE Limited and National Stock Exchange of India Limited. The result will also be displayed at the Registered Office as well as at the Corporate Office of the Company.
33. Subject to receipt of requisite number of votes, the resolutions set out in the Notice of the AGM shall be deemed to be passed at the 31st AGM scheduled to be held on Thursday, 10th August, 2017.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF ITEM NO.5

The existing Articles of Association were approved by the members of the Company through Postal Ballot in 2014. However, several regulations of the existing Articles of Association of the Company require alteration / addition thereto in accordance with the provisions of the Companies Act, 2013 (the 'Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'). Given this position, it is considered expedient to replace the existing Articles of the Company by a new set of Articles of Association.

The new Articles of Association to be substituted in place of the existing Articles of Association is based on Table "F" of Schedule I of the Act, which sets out the model Articles of Association for the company limited by shares. Member's attention is invited to certain salient provisions of the new draft Articles of Association of the Company Viz.:

- o Existing definitions have been aligned with Act and the Listing Regulations.
- o Provisions regarding Buy Back of shares and further issue of shares have been included.
- o Existing Articles have been streamlined and aligned with the Act.
- o The Statutory Provisions of the Act which permits a Company to do some act "if to authorize by its articles" or provisions, if require a Company to do action prescribed manner "unless the articles otherwise provide" have been specifically included.

The proposed new draft Articles of Association is available for inspection by the members at the Registered Office of the Company during the business hours, except on holidays and is also uploaded on the Company's website i.e. www.kajariaceramics.com for perusal by the members.

In terms of Section 14 of the Act, the consent of the members by way of special resolution is required for adoption of new Articles of Association.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution, except to the extent of their shareholding.

The Board of Directors, accordingly, recommend the resolution set out in Item No.5 of this notice for your approval as special resolution.

Annexure A

Information pursuant to the provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with the provisions of the Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India regarding the Director proposed to be re-appointed:

Name of Director	Mr. Dev Datt Rishi (DIN: 00312882)
Date of Birth	5th August, 1949
Age as on 31st March, 2017	68 Years
Date of first appointment	14th January, 2015
Qualification	B.Sc. (Engineering), Chemical Hons, DIM
Experience	He is an eminent technical professional having experience in a wide spectrum of industries like Chemicals, Fertilizers, Pesticides and Ceramics. He was associated with Kajaria Ceramics since inception in January 1987 when the first tile plant was conceived at Sikandrabad. For more than 20 years, he managed all operations meticulously. Under his dynamic leadership, the Company successfully carried out various expansions. His knowledge and techniques have contributed to production of international standards quality tiles. He has rich experience in the field of production, quality control, R&D, technology transfer, standardization, projects, training and organization development, etc. He was on the Board of the Company w.e.f. 14.05.1993 and resigned on 30.04.2010. He is again appointed on the Board w.e.f. 14.01.2015.
Terms and conditions of re-appointment	There is no change in the terms and conditions relating to appointment of Mr. Dev Datt Rishi as Director-Technical of the Company, as approved by the members at the AGM held on 7th September, 2015
Remuneration sought and last drawn	As mentioned in the Report on Corporate Governance
Shareholding in the Company as on 31st March, 2017	400 equity shares
Relationship with other Directors and Key Managerial Personnel of the Company	Not related with other Directors and Key Managerial Personnel of the Company
No. of Board Meetings attended during the year financial year 2016-17	6 (Six)
Directorships held in other Public Limited Companies including other Listed Companies	NIL
Chairmanship / Membership of the Committee of Board of Directors of the Company	NIL
Chairmanship / Membership of the Committee of the Board of Directors of other Public Limited Companies*	NIL

Note:*The Committee of Board of Directors includes only Audit committee and Stakeholders Relationship Committee as per Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

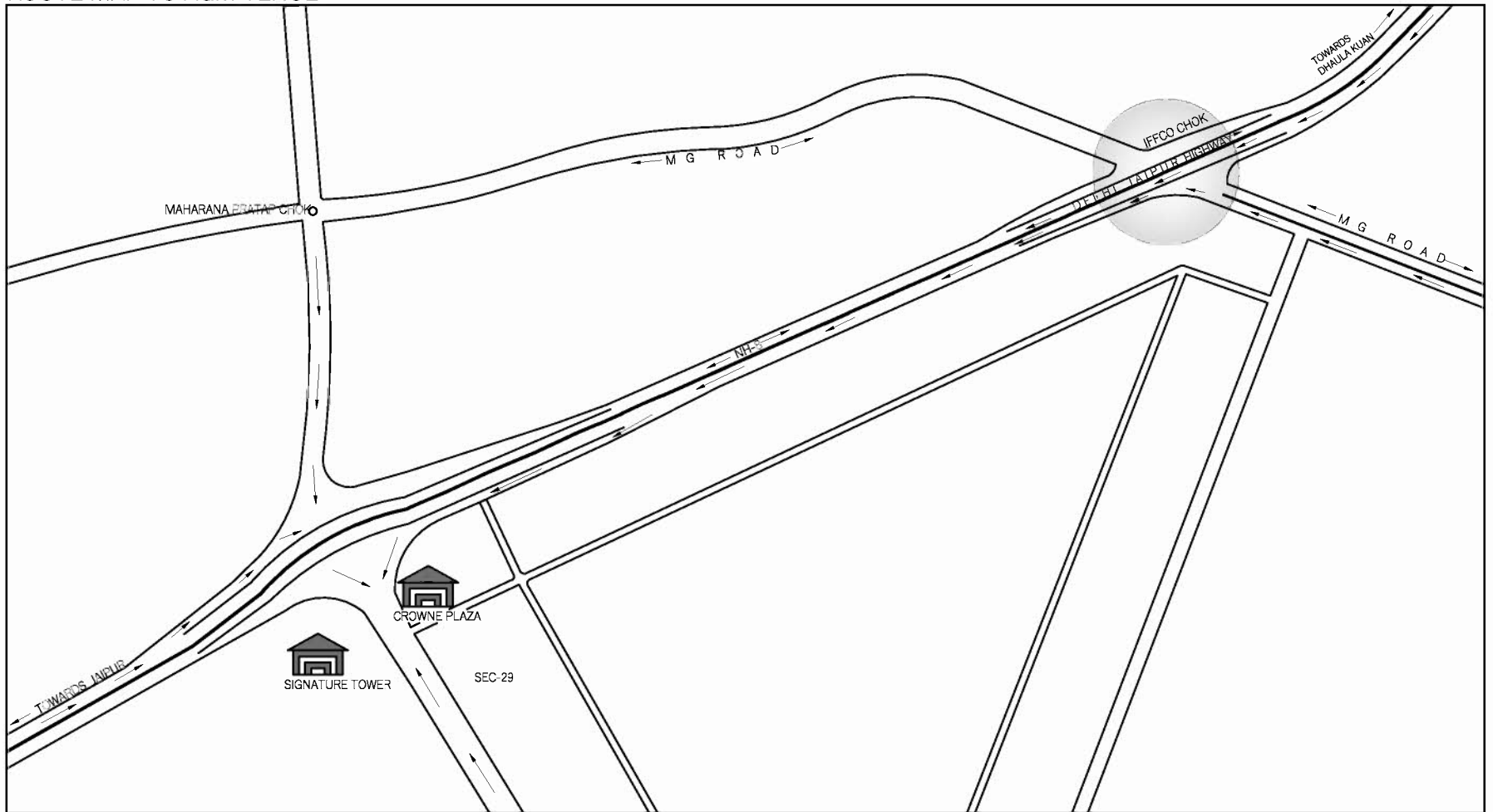
By Order of the Board
For Kajaria Ceramics Limited

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

Place: New Delhi
Dated: 15th May, 2017

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

ROUTE MAP TO AGM VENUE



KAJARIA CERAMICS LIMITED

CIN : L26924HR1985PLC056150

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

Phone: +91-124-4081281

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

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

E-Mail: investors@kajariaceramics.com Website: www.kajariaceramics.com

FORM NO. MGT-11

Proxy Form

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

Name of the member(s)	
Registered address	
E-mail ID	
Folio No/ Client ID*/ DP ID*	

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

1. Name	2. Name	3. Name
Address.....	Address.....	Address.....
E-mail ID	E-mail ID	E-mail ID
Signature....., or falling him	Signature....., or falling him	Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on Thursday, 10th day of August, 2017 at 3:00 P.M. at Crowne Plaza Today, Sector 29, National Highway-8, Gurgaon Haryana-122001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution(s)	Vote (Optional, see Note 4) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business				
1	To receive, consider and adopt Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the financial year ended March 31,2017 and Reports of the Board of Directors and Auditors thereon			
2	To declare a dividend of Rs. 3/- per equity share			
3	To re-appoint Mr. Dev Datt Rishi (DIN: 00312882), who retires by rotation			
4	To appoint M/s Walker Chandiok & Co LLP, Chartered Accountants, as the Statutory Auditors of the Company and to fix their remuneration			
Special Business				
5	To amend and adopt new Articles of Association of the Company			

Signed this..... day of..... 2017

Signature of Proxy holder

Signature of member.....

Signature of Proxy holder

Signature of Proxy holder

Note:

- This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
- A member entitled to attend and vote is entitled to appoint proxy to attend and on poll, to vote instead of himself/herself. A proxy need not be a member of the Company.
- If the Company receives multiple proxies for the same holdings of a member, the proxy which is dated last shall be considered valid and if they are not dated or bear the same date without specific mention of time, all such multiple proxies shall be treated as invalid.
- It is optional to indicate your preference. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
- Signature of member should be across a revenue Stamp of Re. 1.
- *Applicable for members holding shares in dematerialized form.

Affix
Revenue
Stamp of
Re. 1/-

KAJARIA CERAMICS LIMITED

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

E-Mail: investors@kajariaceramics.com Website: www.kajariaceramics.com

ATTENDANCE SLIP

31st ANNUAL GENERAL MEETING

--

I/We hereby record my/our presence at the 31st Annual General Meeting of the Company, being held on Thursday, 10th day of August, 2017 at 3:00 P.M. at Crowne Plaza Today, Sector 29, National Highway-8, Gurgaon, Haryana-122001

ELECTRONIC VOTING (E-VOTING) PARTICULARS

REVEN (Remote E-Voting Event Number)	USER ID	PASSWORD / PIN

.....
Members Folio/DP ID-Client ID No.*
(to be filled by the member)

.....
Member's/Proxy's Name in Block Letters
(to be filled by the member)

.....
Member's/ Proxy's Signature
(to be filled by the member/proxy)

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

Commencement of e-voting	From 09:00 A.M. (IST) on Monday, 7 th August, 2017
Ending of e-voting	Upto 05:00 P.M. (IST) on Wednesday, 9 th August, 2017

Note:

1. Please complete the Folio/ DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING.
2. * For shares held in dematerialized form.
3. Electronic copy of the Annual Report for 2016-17 and the notice of Annual General Meeting along with the Attendance Slip, Proxy Form & Route Map to AGM venue are being sent to all the members whose email address is registered with the Company/ Depository Participant unless any member has requested for a physical copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
4. Physical Copy of Annual Report for 2016-17 and Notice of the Annual General Meeting along with Attendance Slip, Proxy Form and Route Map is being sent through permitted mode to all members whose email is not registered.

Kajaria

WHAT'S WIN AT'S STORE

ANNUAL
REPORT
2016 / 17

KAJARIA CERAMICS LIMITED

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OUR
REVENUES
COULD
GROW ONLY
BY 6% IN
2016-17.

OUR EBIDTA
MOVED
ONLY BY 8%
IN 2016-17.



OUR NET
PROFIT
INCREASED
JUST BY 9%
IN 2016-17.

OUR ROE
DECLINED
BY 293 BPS
IN 2016-17.

OUR ROCE
DECREASED
BY 169 BPS
IN 2016-17.

DESPITE THIS SUBDUED GROWTH, THE MOOD AT KAJARIA CERAMICS CAN BE SUMMED IN JUST ONE WORD.



AT KAJARIA, WE ARE EXCITED BECAUSE...

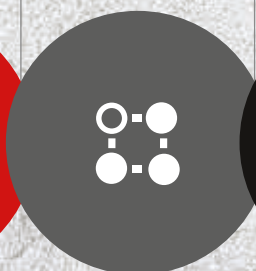
...India's economic scenario appears to be most promising in years.

...the tax reforms waiting to be implemented will be the most decisive in the country's existence.

...India is moving from an informal economy to a formal economy.

...the downstream sectors addressed by Kajaria Ceramics are likely to report an attractive rebound.

...we embarked on a number of initiatives to capitalise on emerging opportunities.



AFTER NEARLY SEVEN DECADES OF INDEPENDENCE, THREE OF INDIA'S BIGGEST REFORMS ARE TRANSPIRING TOGETHER.

PROMISING TO TRANSFORM REALITIES FOR INDIA'S CERAMIC TILE SECTOR IN GENERAL AND KAJARIA CERAMICS IN PARTICULAR.

1. Goods & Services Tax

For decades, the manufacture and distribution of products in India were affected by various taxes at various levels. This affected national competitiveness, economic growth and competitive fairness. In 2017, the introduction of the Goods & Services Tax is intended to remove anomalies, catalyse economic growth and strengthen the organised sector. This reform will be more pronounced in India's ceramic tile sector, where majority is dominated by unorganised players.

2. Real Estate Regulatory Authority

For decades, India's home buyers bought the most expensive asset class without sectoral protection. From 2017, the implementation of the unprecedented RERA promises to enhance sectoral credibility, make it virtually impossible for non-compliant players to bring projects to the market. In turn, this will strengthen the confidence of the buyer and drive the prospects of organised players.

3. Housing for all

In 2017, the government provided infrastructure status to the country's Affordable Housing segment – a move that is expected to transform the prospects of the real estate sector catalysing demand for residential housing across the value chain specially for mid-segments which caters to the needs of the aspiring upward mobile section of the Indian population. According to CLSA, this policy could lead to the creation of 60 mn houses between 2018 and 2024; growth in the premium housing segment is expected to be more than 30%.



WHAT LIES IN STORE...

MORE CONVIN FAST

MORE
CONNECT

HOME BUYING
USED TO BE
A WIZENED
AND ELDERLY
THING; NO
LONGER.

TODAY A GREATER PROPORTION OF THOSE 35-AND-BELOW ARE BUYING THEIR FIRST HOMES; A LARGER PROPORTION OF BUYERS ARE OPTING FOR MORTGAGE FINANCE; MOST ARE SEEKING HOMES AWAY FROM TRADITIONAL RESIDENTIAL CLUSTERS; **MOST ARE WILLING TO TRY THE NEW.**

WELCOME TO INDIA'S CONVENIENCE GENERATION.

THERE IS INCREASING EVIDENCE THAT COMPANIES THAT COMMUNICATE RELEVANTLY AND ADEQUATELY WITH THIS CONVENIENCE GENERATION CARVE AWAY A DISPROPORTIONATELY LARGER MARKET SHARE.

AT KAJARIA, WE HAVE ESTABLISHED AN ONGOING CONSUMER CONNECT THROUGH A MULTI-FORMAT AND MULTI-PLATFORM STRATEGY.



Electronic: Kajaria communicates pan-India through the national and regional television channels for creating pan-India awareness.



Events: Kajaria is visible at pan-India stadia hosting events of national interest – IPL and Indian cricket matches with international teams.



Airports: Kajaria is visible across more than 30 pan-India airports (hubs for new-age customers), making it the only Indian tile manufacturer to enjoy this presence.



Social media: Kajaria is prominent on the social media (Facebook, LinkedIn and Twitter) with a following of more than 6 lac people.



On-ground: Kajaria enhances awareness through hoardings, banners and print media across dealer catchment areas.



Ambience: Kajaria has evolved showroom store ambience resembling jewellery stores, attracting footfalls.



The result: a growing recall that if it is a tile, then it must be 'Kajaria'.

Catalysing offtake.



KAJARIA'S
BRANDING AND
PROMOTION
INVESTMENT IN
FY17

WHAT LIES IN STORE...

MORE PRODUCTS

MORE
PRODUCTS

MARBLE
IS PASSÉ;
FLOORS ARE
SYNONYMOUS
WITH TILES.

SO WHEN INDIA PREPARES TO CREATE THE LARGEST SPACE INCREMENT IN ITS EXISTENCE (USABLE AND LIVABLE), THE INFERENCE: **MORE TILES WILL BE CONSUMED THAN EVER.**

MORE FASHIONABLE TILES.
MORE LARGE TILES. MORE NICHE TILES. MORE SPECIALLY-TREATED TILES.

THE GAME WILL GRAVITATE TO PLAYERS WITH THE WIDEST TILE VARIETY. PLAYERS WITH SOMETHING TO MATCH EVERY PREFERENCE. PLAYERS WHO SPOIL CUSTOMERS FOR CHOICE.

AT KAJARIA, WE ARE MAKING A QUIET PROMISE: WE WILL MAKE TILE SELECTION INCREASINGLY CHALLENGING THROUGH THE ABILITY TO PERMUTE ACROSS SIZES, COLOURS, TEXTURES AND FINISHES ON THE ONE HAND AND WIDENING APPLICATIONS ON THE OTHER.



Designs: We launched more than 500 designs across existing product verticals (ceramic wall and floor tiles, polished and glazed vitrified tiles).



Sizes: We launched new large-format tiles across product verticals (120x180 cms, 120x120 cms, 120x80 cms, 80x80 cms) to address discerning aspirations even as we continued to manufacture smaller tiles to cater to the large mass requirements.



Basket completion: We ensured that each offering within each product vertical was aligned with the latest trends; our goal is to ensure that we have a tile that matches with the aspiration of every Indian.



Application: We adapted Polished Vitrified tiles used in floor applications around a wall application ('Signature' brand).



The result: Kajaria has a product for every application, every customer and every aspiration.

Widening opportunities.

Pioneering efforts

Ceramic floor tile (80x80 cms) launched for the first time in India

Polished vitrified tile (60x120 cms double charge) launched for the first time in India

Glazed vitrified tile (120x180 cms)- the largest ever made in India - launched for the first time

A red circular logo with the text "KAJARIA CERAMICS LIMITED." in white, uppercase letters.

KAJARIA
CERAMICS
LIMITED.

THE MOST
DYNAMIC
PROXY OF
INDIA'S TILE
INDUSTRY.
**FLOORING
CUSTOMERS.**
ENRICHING
STAKE
HOLDERS.

POSITION

Kajaria is the largest ceramic and vitrified tile manufacturer in India. The Company is more than the largest sectoral player; it is the most respected brand manufacturing and marketing ceramic and vitrified tiles and generating a premium over the market average.

PROPOSITION

Kajaria manufactures world-class products at globally competitive prices.

Kajaria offers the widest product range, providing customers the widest choice.

Kajaria is widely and deeply dispersed making the brand customer-proximate.

PROMOTERS

Kajaria Ceramics is headed by the visionary entrepreneur Mr. Ashok Kajaria. The Company's management team has made it possible for the Company to stay ahead of the curve through proactive capacity creation, competitive cost of manufacture, world-class quality and distribution synergies.

PRESENCE

Kajaria Ceramics is headquartered in New Delhi, India. The Company's nine tile manufacturing facilities possess the capacity to produce 68.90 MSM of ceramic and vitrified tiles. The Company's product basket comprises more than 2,600 varieties of ceramic and vitrified tiles, easily the largest portfolio within India's ceramic tiles sector.

COMPETITIVE
COST OF
MANUFACTURE,
WORLD-CLASS
QUALITY AND
DISTRIBUTION
SYNERGIES

The
Company's nine
tile manufacturing
facilities possess
the capacity to
produce 68.90
MSM of ceramic
and vitrified
tiles.

KAJARIA CERAMICS LIMITED.

WE BELIEVE THAT
WHEN WE ALIGN OUR
STRATEGY WITH NATIONAL
PRIORITIES, GROWTH IS A
NATURAL COROLLARY.”

WE AIM TO
REACH 100 MSM
TILES CAPACITY
BY 2020.

Kajaria Ceramics
initiated
important
measures in 2016-
17 to strengthen
its competitive
advantage.

Dear friends

The subdued environment prevailing in the real estate sector continued to dampen demand for building products – and the tile sector was no exception to this reality.

The Government's demonetization initiative (November, 2016) dealt a severe body-blow to anyway stuttering tile demand. Against this backdrop, we grew business, profits and profitability, which in our opinion is a significant achievement of the entire Kajaria team. Although our growth was lower than our historical average, the excitement at Kajaria is palpable for we stand at the cusp of unprecedented opportunities arising from Government reforms.

Goods and Services tax (GST): The single biggest driver of a change in our sectoral and corporate realities is the introduction of the Goods & Services Tax. This is the most important financial policy following India's Independence. From a reality where India is 30 partitioned states, the GST will immediately graduate the country into one large seamless market place. We have no doubt that this

legislation when introduced will prove to be a game-changer for India's organised players. For two important reasons

One, GST promises to create a level playing field between the informal sector and the organised/branded players. And as consumer affordability and consequently aspiration are multiplying, we expect the tile demand to shift towards branded products.

Two, we believe that following the GST implementation, the sector's supply chain will strengthen. For example, trucks earlier needed 5-6 days of travel time to get from our Gailpur facility to Benaras; we will now be able to cover the distance in 3 days. This acceleration will make it possible for our inventory turns to increase and our raw material-to-receivables working capital cycle to shorten, strengthening our financial efficiency and profitability.

Housing: In 2017, the government provided infrastructure status to the country's Affordable Housing segment. This is a significant step that should transform the prospects of the real estate sector, home buyers

and material providers. According to CLSA, Prime Minister's drive to bring homes to the country's 1.3 billion people, rising incomes and the best affordability in two decades will unleash a US\$1.3 trillion wave of investment in housing. The firm expects 60 million new homes to be built between 2018 and 2024. While the affordable segment is expected to rise almost 70% to 10.5 million annually by 2024, increase in the premium segment is stated to be about 33%.

RERA: This legislation which came into force on May 1, 2017, promises to protect the home purchaser. It puts greater accountability on the developers in terms of disclosure,

We grew business, profits and profitability, which in our opinion is a significant achievement of the entire Kajaria team.



Ashok Kajaria
Chairman & Mg. Director

timely development of projects and maintaining good corporate governance practices – all of which should strengthen the confidence of the buyer leading to greater offtake.

Sanitation: The Government's goal to make India open defecation free by 2019 (as per the Swachh Bharat Mission) has made reasonable progress. But needs to cover significant ground over the coming years at an accelerated pace. For India has constructed about 1.32 million toilets (by March 2016) against a target of 2.5 million by 2019. This drive holds potential for increased demand for tiles over the coming years.

These path-breaking policies and ambitious programmes hold significant promise for healthy growth of the tile industry over the medium term.

Given this sectoral optimism, Kajaria Ceramics initiated important measures in 2016-17 to strengthen its competitive advantage.

Capacity: Following GST, we expect sectoral consolidation to emerge. We

will look to partner quality-conscious manufacturers to enlarge our manufacturing infrastructure apart from Greenfield/brownfield initiatives.

Products: We will continue to enrich our product basket with unique designs aligned with global trends. In 2016-17, we added more than 500 designs across product verticals. In addition, we ensured that each product segment possesses trending sizes resulting in a product for every enquiring customer.

Value-addition: 2016-17, we launched a number of a number of large-format tiles and niche products. Awareness of these products is expected to grow through innovative out-reach communication, translating into a larger offtake of more profitable products.

Dealers: Even as we make product basket additions, we recognise that our dealers are often unable to

showcase all our products due to funding constraints, impacting their business and ours. In view of this, we embarked on the decision to create distribution channels dedicated to specific product verticals on the one hand while widening our dealer network on the other. The heartening initial response provides us with the encouragement to sustain this initiative.

Visibility: Even as the Kajaria brand generated a strong urban recall, we have still not fully covered a significant part of the market in Tier 1-3 cities and towns. We took two definitive steps in this regard; we increased our visibility through branding and promotions in prominent public locations

In 2016-17, we launched a number of large-format tiles and niche products.

(airports) and events (IPL, international cricket matches and other national sporting events); we increased our distribution network through the addition of new dealers in 2016-17 with a focus on strengthening our presence and visibility in Tier 1-3 cities and towns.

Chetan Kajaria
Joint Managing Director



OVERVIEW

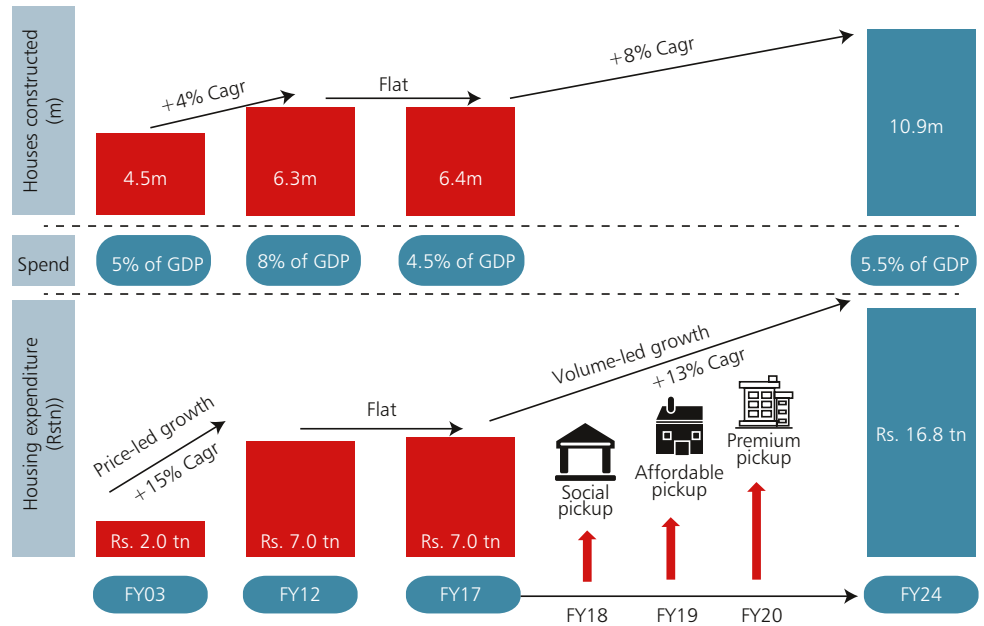
At Kajaria, we look forward to exciting times.

Investment-inducing and business-strengthening Government policies will translate into an economic resurgence. At Kajaria, we have aligned our business strategies with national priorities; growth, we believe, will be a natural corollary.

In view of this, we are confident of delivering significant value for our stakeholders over the foreseeable future.

Warm regards,

The Kajaria management team

PROPERTY MARKETS TO REVIVE

Source: CLSA report



Rishi Kajaria
Joint Managing Director

AT KAJARIA, VALUE-ENHANCEMENT IS AN OVER-RIDING BUSINESS PRIORITY

Kajaria's value proposition to its dealers

CHOICE

The product basket addition and replenishment facilitates in catering to needs of every Indian across the societal pyramid

AWARENESS

The Company's focus on periodically renewing product display, refurbishing the look of the store and pan-India advertisement generates footfalls

KNOWLEDGE

The Company periodically takes its dealers to international tile exhibitions to introduce them to global trends and products

TRAINING

The Company provides training to the sales staff of its dealers and masons on product attributes and soft skills essential for customer interaction

**DEALER
BASE
INCREASED**

750 in FY12 to
1100 in FY17

Kajaria's value proposition to its customers

AVAILABILITY

Created an entrenched network of dealers. Of this channel, a large proportion of the dealers are resident in semi-urban and rural markets.

It ensures that our products are available in every consuming market.

AFFORDABILITY

Replaced high-end imported tiles with Kajaria manufactured products – making them more affordable for the Indian consumer.

Our continued efficiency improvement journey has facilitated in sustaining our promise to make products affordable for the Indian customers

ASPIRATION

Brought global designs, finishes and sizes to Indian shores.

We continue to launch many first time products in the Indian market – enhancing customer aspiration and experience

**SALES
VOLUMES
INCREASED**

by 11.25%
CAGR over the
last five years

KAJARIA HAS EMERGED AS THE
UNDISPUTED LEADER IN THE INDIAN
TILE INDUSTRY



MANAGEMENT DISCUSSION AND ANALYSIS

Economic overview

Global overview

Global growth slowed to 3.1% in 2016 and is estimated to recover in 2017. This stable average growth rate masks divergent developments in different country groups. There was a stronger-than-expected growth in advanced economies, primarily owing to reduced inventories and marginal manufacturing output recovery. But this uptick was partially negated by an unexpected slowdown in some emerging market economies. Going forward, economic activity in advanced economies and EMDEs (emerging

markets and developing economies) is forecast to accelerate in 2017 and 2018, with global growth projected to be 3.4% and 3.6%, respectively. (Source: IMF)

Indian overview

With a GDP at Rs. 121.90 lakh crore (at constant (2011-12) prices), India ranks as the fifth largest economy. India was also the fastest-growing major economy as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The Economic Survey 2016 describes The Indian economy has been growing at an accelerated pace since 2014, supported by



government reforms and stringent fiscal management.

During 2016-17, the Indian economy sustained relatively low inflation, fiscal discipline and moderate current account deficit coupled with a broadly stable rupee-dollar exchange rate. Despite this reality, the nation's GDP grew 7.1 % in 2016-17 against 7.9% in 2015-16. This lacklustre performance was largely due to the Government's demonetisation initiative which impacted economic activity in cash-sensitive sectors. The year-on-year (y-o-y) growth of Gross Value

Added for the services sector (excluding construction) remained largely stagnant between 2015-16 and 2016-17.

Outlook: India's economic growth is expected to improve in 2017-18. The impact of demonetisation could dissipate in 2017-18 with economic growth recovery. The adoption of the Goods and Service Tax (GST) will create a single national market for enhancing the efficiency of the movement of goods and services which could catalyse India's medium-term GDP growth momentum near to 8%.

WITH A GDP AT RS. 121.90 LAKH CRORE (AT CONSTANT (2011-12) PRICES), INDIA RANKS AS THE FIFTH LARGEST ECONOMY.

THE TILE SECTOR

GLOBAL INDUSTRY

PRODUCTION

12,355

TILE PRODUCTION IN 2015 (MSM)

0.1%

DECLINE IN TILE PRODUCTION
OVER 2014 (%)

CONSUMPTION

12,175

TILE CONSUMPTION IN 2015 (MSM)

0.8%

GROWTH IN TILE CONSUMPTION
OVER 2014 (%)

Indian tiles industry

Tiles represent an aesthetic flooring and cladding solution. While ceramic tiles are preferred for wall applications, vitrified tiles are being increasingly used as flooring solutions due to its longer usable life. A majority of Indian tile manufacturers hail from Morbi (Gujarat); the region accounts for ~60% of India's tile production.

India's increased disposable incomes have increased a preference for branded products. As a result, a number of unorganised players partner national tile players, resulting in capacity consolidation and promising prospects for both.

3RD

LARGEST PRODUCER AND
CONSUMER OF TILES IN THE
WORLD

5TH

LARGEST EXPORTER OF TILES IN
THE WORLD

763

TILE CONSUMPTION IN 2015 (MSM)

1%

GROWTH IN TILE CONSUMPTION
OVER 2014 (%)

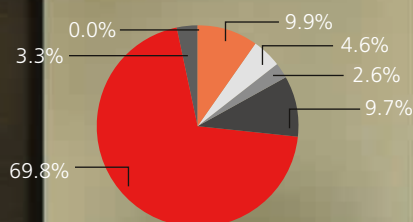
850

TILE PRODUCTION IN 2015 (MSM)

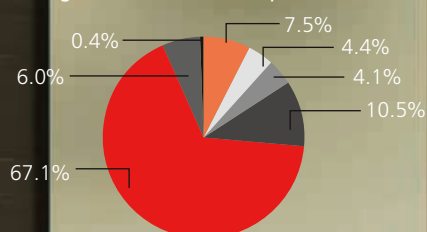
3%

GROWTH IN TILE PRODUCTION
OVER 2014 (%)

Region-wise tile production in CY 2015

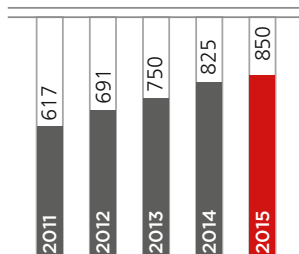


Region-wise tile consumption in CY 2015

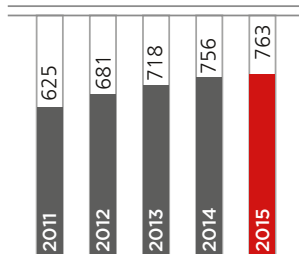


INDIA'S PROGRESSION

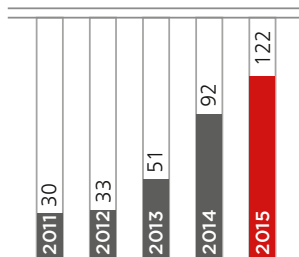
Production (MSM)



Consumption (MSM)



Exports (MSM)



FACTORS CATALYSING INDIA'S TILE DEMAND

Urban India: A recent report released by real estate global consultants Cushman & Wakefield reveals that the urban housing demand in India is set to grow nearly 15 million units by end 2019, an outcome of urbanisation. The top eight cities – Ahmedabad, Bengaluru, Chennai, Hyderabad, Mumbai, Pune, Kolkata and NCR – could account for nearly 3.4 million units.

New India: Eleven small cities (Tier II and Tier III cities) are likely to witness incremental housing demand of 9.44 lakh units in five years (Source: Cushman & Wakefield). The report 'Embracing Change: Exploring Growth Markets for Indian Housing' indicates that these cities exhibit strong development potential based on economic activity, current and proposed infrastructure developments and expected government and private investments.

Liquid India: Economic development and favourable government policies (Seventh Pay Commission recommendations and RBI's initiative to reduce loans cost) have put more money in the hands of the average Indian as India's per capita income crossed the six-figure mark to reach Rs. 103,219 (Rs. 94,130 in 2015-16). Increased earnings should translate

into higher consumption expenditure.

Trending India: Technology and aesthetics have significantly widened tile application. Hitherto, tiles were a bathroom flooring and cladding solution; they have emerged as preferred flooring and cladding solution across applications covering the entire floor plate of concrete structures, enhancing aesthetic appeal to the façade of new-age concrete structure, shop-floor application in manufacturing facilities and even road / pavement laying. A widening tile usage is expected to drive sectoral demand.

Resurgent India: The number of ambitious programmes launched in the last two years by the Centre, like Smart Cities Mission, Swachh Bharat Abhiyaan (Sanitation for All by 2019), Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Housing for All by 2022 is expected to provide significant impetus to the demand for tiles.

Unified India: The implementation of Goods and Service Tax (GST) will be a welcome change for the ceramic tile industry as it promises to create a level playing field between the informal segment of the Indian tile industry and the organised/branded players.



BUSINESS DIVISIONS

Kajaria enjoys a broad sectoral presence covering ceramic wall and floor tiles, polished vitrified tiles and glazed vitrified tiles. The Company offers more than 2,300 SKUs in different sizes and operates through the largest tile dealer network, translating into a dominant market share.



CERAMIC WALL & FLOOR TILES

1,062

TURNOVER IN 2016-17 (RS. CRORE)

6% GROWTH OVER 2015-16

21% GROWTH OVER THREE YEARS

POLISHED VITRIFIED TILES

947

TURNOVER IN 2016-17 (RS. CRORE)

3% DECLINE OVER 2015-16

26% GROWTH OVER THREE YEARS

GLAZED VITRIFIED TILES

707

TURNOVER IN 2016-17 (RS. CRORE)

12% GROWTH OVER 2015-16

91% GROWTH OVER THREE YEARS

BATHWARE

119

TURNOVER IN 2016-17 (RS. CRORE)

65% GROWTH OVER 2015-16

MULTI-REGIONAL MANUFACTURING PRESENCE

The Company's multi-regional manufacturing presence (North, West and South), proximate to large consuming centres, facilitates an understanding of regional trends and addressing market requirements. Besides, the facilities in West and South help counter imports. In addition to capacity build-up, the management focuses on high plant availability and capacity utilisation through disciplined preventive maintenance, enabling the facilities to operate at optimum utilisation.

KAJARIA ENJOYS A BROAD SECTORAL PRESENCE COVERING CERAMIC WALL AND FLOOR TILES, POLISHED VITRIFIED TILES AND GLAZED VITRIFIED TILES.

PLANT-PRODUCT SUMMARY (MSM PER ANNUM)

Unit name	Ceramic Wall and Floor tiles	Polished Vitrified tiles	Glazed Vitrified tiles	Total
Sikandrabad (UP)	—	—	8.40	8.40
Gailpur (Rajasthan)	18.90	—	7.70	26.60
Malootana (Rajasthan)	—	6.50	—	6.50
Jaxx (Morbi, Gujarat)	—	10.20	—	10.20
Cosa (Morbi, Gujarat)	—	5.70	—	5.70
Taurus (Morbi, Gujarat)	—	5.00	—	5.00
Soriso (Morbi, Gujarat)	3.60	—	—	3.60
Vennar (Vijaywada, AP)	2.90	—	—	2.90
Total	25.40	27.40	16.10	68.90

Note: Certain plants capacities have been realigned owing to a change in product profile.

CERAMIC WALL AND FLOOR TILES

CAPACITY:

25.40 MSM

SKUS:

1,800

SIZES:

15

PRICE RANGE:

RS. 225 – 650 PER SQM

CONTRIBUTION TO
TOPLINE:

37%

DEVELOPED
AND LAUNCHED
MORE THAN
100+ DESIGNS
WITHIN THE
EXISTING
PRODUCT
RANGES

OVERVIEW

Kajaria Ceramics offers the largest product basket in Ceramic Wall and Floor tiles segment, comprising diverse sizes, designs and finishes catering to growing aspirations across the consumption pyramid.

Kajaria has a 25.40 MSM ceramic wall and floor tile capacity across 3 facilities equipped with digital printing technologies that provide innumerable tile designs. The Company's wall tiles are produced in Gailpur and Vijaywada (Vennar) while floor tiles are rolled out of its Gailpur and Morbi (Soriso) units. The Company also procures ceramic wall and floor tiles from 10 quality-conscious Morbi manufacturers.

Kajaria markets 1800 SKUs under the 'Kajaria' brand through a robust distribution dealer network; 161 Kajaria Primas and 41 Prima Plus showrooms are present in every major Indian town. The Company's dedicated Display Team manage product display, branding and promotions at every dealer outlet.

THE EDGE

- Most respected brand in the Ceramic Wall and Floor tiles space
- Largest product basket in India's tile sector
- Unmatched shelf-space for

showcasing products pan India

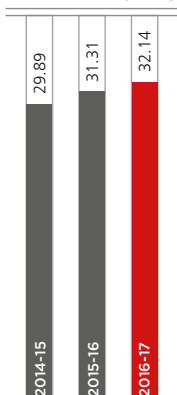
HIGHLIGHTS, 2016-17

- Commissioned a polishing line at Gailpur unit to manufacture Hi-Definition Polished Digital Ceramic Floor Tiles (60x60cm).
- Launched 80x80cm Polished ceramic floor tiles for the first time in the country.
- Developed and launched more than 100+ designs within the existing product ranges.
- Launched a new dealer format showroom called 'Prima Plus' dedicated to Kajaria's ceramic wall and floor tiles only, making 41 such dealer showrooms in the first year of the introduction of this concept.

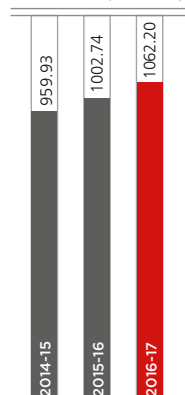
PRIORITIES, 2017-18

- Adding a line of 3.5 MSM per annum manufacturing high value Ceramic Wall and Floor tiles at our Rajasthan plant by September 2017.
- Introducing high value large-sized hi-definition polished ceramic floor tiles again for the first time in the country in August 2017
- Expand the 'Prima Plus' channel network from the current 41 showrooms to 100 showrooms by March 2019.

Sales volume (MSM)



Sales value (Rs. crore)



POLISHED VITRIFIED TILES

CAPACITY:

27.40 MSM

SKUS:

74

SIZES:

3

PRICE RANGE:

RS. 500-1500 PER SQM

CONTRIBUTION TO TOPLINE:

33%

ADDED NEW DESIGNS TO ITS LARGE PRODUCT BASKET ALIGNED TO GLOBAL TRENDS AND CUSTOMER ASPIRATIONS

OVERVIEW

Kajaria Ceramics is a formidable player in this product segment with manufacturing facilities in Malootana (Rajasthan) and Morbi (Gujarat). The Company's five facilities manufacture more than 70 SKUs in three sizes marketed pan-India through an extensive dealer network. The increasing acceptance of this tile variant as a preferred flooring solution for the well-heeled customer has enabled this revenue vertical to grow []% CAGR in the last three years.

of Soluble Salts (commodity products) with double-charge tiles (high-value variants) in certain manufacturing facilities.

- Categorised dealers based on their performance and incentivised them for upward mobility.

PRIORITIES, 2017-18

- Increase the proportion of high-value tiles within the sales mix
- Introduce 1st time in India new size in Double Charge : 60x120 cm
- Introduce for the 1st time in India PVT products in size 30x60 and 40x80 for wall application – a move which will facilitate in expanding growing opportunities
- Enhance size of product portfolio from 74 to approx. 300 SKUs
- Strengthen capacity utilization at all facilities by switching product type and size in line with customer preferences

THE EDGE

- Largest product basket in the Industry
- Largest distribution network in the polished vitrified tile segment

HIGHLIGHTS, 2016-17

- Added new designs to its large product basket aligned to global trends and customer aspirations
- Replaced the production

Sales volume (MSM)



Sales value (Rs. crore)





CAPACITY:

16.10 MSM

SKUS:

800

SIZES:

12

PRICE RANGE:

**RS. 550–2,000
PER SQM**CONTRIBUTION TO
TOPLINE:**25%**

GLAZED VITRIFIED TILES

OVERVIEW

From humble beginnings as an importer of glazed vitrified tiles in 2007-08, the Company has created a manufacturing capacity of 16.10 MSM across its Gailpur (Rajasthan) and Sikandrabad (UP) facilities. The Company's array of products comprising around 800 SKUs in 12 sizes is marketed under the 'Eternity' brand through an entrenched network of dealers targeting customers primarily in metros and other urban locales.

THE EDGE

- Dominant player in the glazed vitrified tiles segment in India
- Largest range in terms of designs and sizes tiles

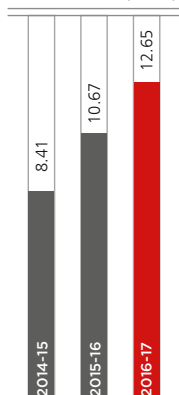
HIGHLIGHTS, 2016-17

- Converted the ceramic floor tile manufacturing line at Sikandrabad to manufacture large format glazed vitrified tiles – enhancing the capacity of this product category to 8.40 MSM per annum
- Commenced production of large format tiles (120x120 cms, 120x180 cms and 29x180 cms) to be marketed under the 'Ultima' brand

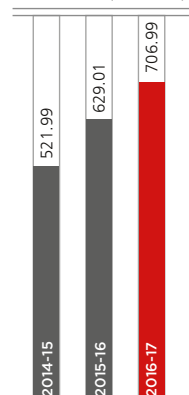
PRIORITIES, 2017-18

- Market large format tiles; maximize value-addition
- Strengthening the dealer network with an emphasis on Tier 1 cities

Sales volume (MSM)



Sales value (Rs. crore)



SANITARYWARE AND FAUCETS

Having established itself as a dominant player in the tile segment, Kajaria moved up the value-chain to emerge as a holistic bathroom solution provider with the launch of faucets and sanitaryware products.

Kajaria launched its sanitaryware and faucets verticals through its wholly-owned subsidiary Kajaria Bathware Pvt Ltd – it has a 1 million pieces faucet manufacturing facility at Gailpur (Rajasthan). The Company has created a large product basket comprising 12 ranges and 100+ SKUs. In keeping with its quality commitment, the Company sources key components from

global brand leaders in the trade.

The Company's 5.40 lac pieces sanitaryware manufacturing facility at Morbi (Gujarat) has created an array of products suited to prevailing trends and customer preferences – growing the acceptability of the Company's products.

In 2016-17, revenue from these verticals grew by more than 50% over the previous year (albeit on a smaller base) – showcasing the increasing acceptance of the Company's range. The Company participated in key exhibitions for growing product awareness.

The Company launched four new faucet ranges which were well received by consumers. In the sanitaryware space, the Company introduced new products in single piece, wall hung, basin with pedestal, cistern plates, coloured basin and an exclusive range of

vanity with mirror.

Going forward, the Company plans to strengthen its faucets offering by introducing three new ranges (incl. two premium ranges) and launching sensor faucets for various applications. In addition, focused marketing efforts should facilitate in improving the capacity utilisation of its faucet facility.

In the sanitaryware segment, the Company is looking to increase its manufacturing capacity by about 1.20 lac pcs per annum through a brownfield expansion to cater to growing demand and emerging opportunities.

The marketing teams for this vertical will focus on strengthening the dealer network especially in Tier I – II towns and cities and ATL branding and advertisement initiatives to create consumer awareness pan-India – driving product offtake.



THE COMPANY HAS CREATED A LARGE PRODUCT BASKET COMPRISING 12 RANGES AND 100+ SKUs.



ANALYSIS OF FINANCIAL PERFORMANCE

“It was another year that challenged our ability to grow business profitably. And despite the subdued environment prevailing in the real estate sector, Kajaria upped its performance – business growth was accompanied by an improvement in profitability margins. This was primarily owing to our success in increasing the proportion of large-format tiles in the sales mix and optimising operational costs.”

Mr. Ashok Kajaria,
Chairman & Mg. Director

STATEMENT OF PROFIT AND LOSS

The successful execution of the volume-value strategy resulted in a 6% growth in net sales: from Rs. 2408.82 crore in 2015-16 to Rs. 2545.62 crore in 2016-17.

The Company continued its focus on optimising operation cost on a holistic basis. Better negotiation with suppliers ensured that raw material cost remained largely at the previous year levels. In addition, process improvements and automations initiatives at all its manufacturing facilities contributed to reducing costs.

Reduction in gas prices resulted in optimising power and fuel cost – an important cost component in tile manufacturing – despite an increase in production volumes. Employee cost increased by 14% over the previous year as the Company on-boarded members to manage its expanded operations.

In addition, the Company shifted part of its traded

products into in-house manufacturing which facilitated in improving organisational profitability.

The Company's interest liability declined marginally from Rs. 34.46 crore in 2015-16 to Rs. 34.00 crore in 2016-17. The interest cover strengthened from 11.47x in 2015-16 to 12.66x in 2016-17. The provision for depreciation increased by 12% from Rs. 72.61 crore in 2015-16 to Rs. 81.39 crore in 2016-17 owing to the full year depreciation charge on assets capitalised in the previous year and the commissioning of capital projects in the current year.

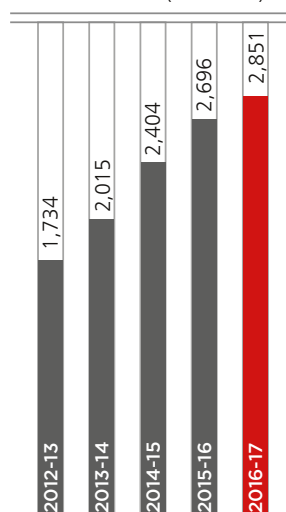
An increase in net sales coupled with optimising costs expanded the Company's EBITDA by 8.50% from Rs. 457.46 crore in 2015-16 to Rs. 496.33 crore in 2016-17. EBITDA margin also improved by 51 bps from 18.99% in 2015-16 to 19.50% in

2016-17.

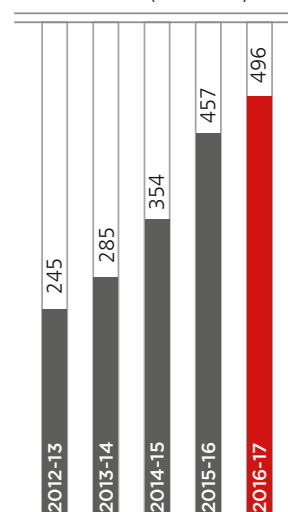
Net profit for the year improved by 9% from Rs. 231.33 crore in 2015-16 to Rs. 252.84 crore in 2016-17; net margins strengthened by 33 bps from 9.60% in 2015-16 to 9.93% in 2016-17. This enabled the Company remain steadfast on its commitment to grow shareholder value – the management declared a dividend of Rs. 3 per share.

EBIDTA MARGIN IMPROVED BY 51 BPS FROM 18.99% IN 2015-16 TO 19.50% IN 2016-17.

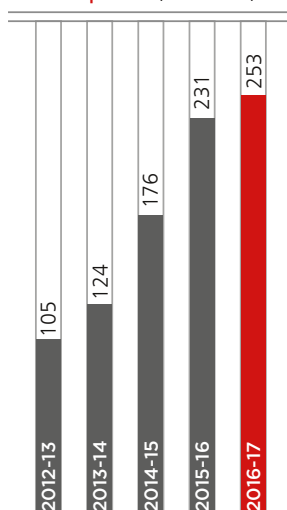
Gross sales (Rs. crore)



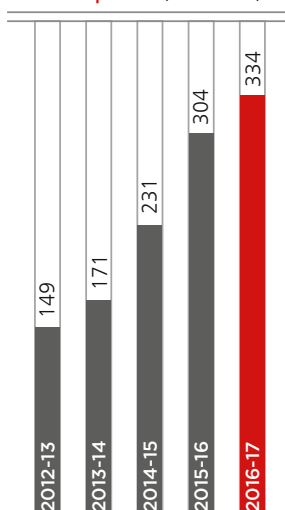
EBIDTA (Rs. crore)



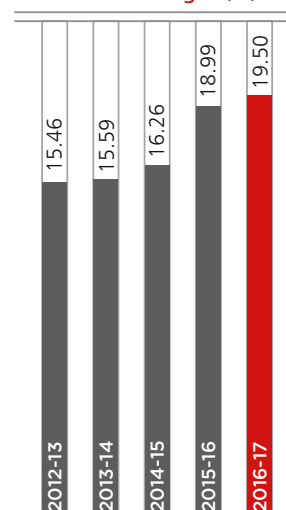
Net profit (Rs. crore)



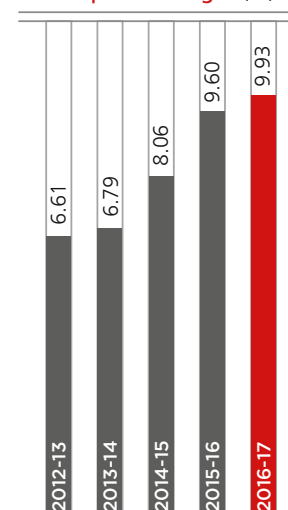
Cash profit (Rs. crore)



EBIDTA margin (%)



Net profit margin (%)



BALANCE SHEET

Ploughback of business surplus into the business (Rs. 205 crore as on March 31, 2017) increased the shareholders' funds even as the Company's equity remain unchanged at Rs. 15.89 crore. Consequently, the book value per share increased from Rs. 121.98 as on March 31, 2016 to Rs. 147.91 as on March 31, 2017.

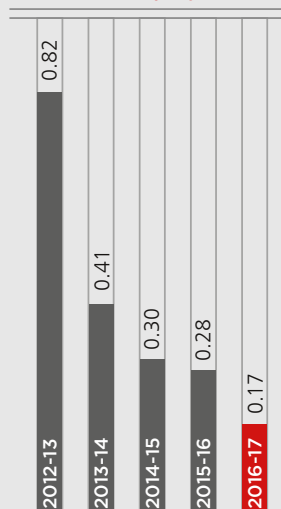
The Company's external debt portfolio declined from Rs. 293.66 crore as on March 31, 2016 to Rs. 213.16 crore as on March 31, 2017. The Company's debt-equity ratio declined from 0.28x as on March 31, 2016 to 0.17x as on March 31, 2017.

The Company's Net Block increased marginally from Rs.

1,120.51 crore as on March 31, 2016 to Rs. 1,177.29 crore as on March 31, 2017 as there was not much new capacity addition during the year under review except conversion of ceramic tile unit into glazed vitrified at Sikandrabad. The Company plans to add fresh capacity in the current year which should add to its Gross Block and increase the provision for depreciation post commissioning.

The Working Capital cycle stood at 46 days in 2016-17 as against 44 days in 2015-16. This increase was largely due to a increase in receivables due to competitive pressure and a challenging market environment.

Debt-equity (x)



Return on capital employed (%)



**CASH AND BANK BALANCE
RS. 51 CRORE AS ON MARCH
31, 2017**

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains a system of well-established policies and procedures for internal control of operations and activities. The team continuously strive to integrate the entire organisation from strategic support functions like finance, human resources, and regulatory affairs to core operations like research, manufacturing and supply chain. The internal audit function is further strengthened in consultation with statutory auditors for monitoring statutory and operational issues.

The Company has appointed Ernst & Young LLP, Chartered

Accountants, as internal auditors. The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements. Significant issues are brought to the attention of the audit committee for periodical review.

The enterprise-wide risk evaluation and validation process is carried out regularly by the Risk Management Committee and the Board of Directors.



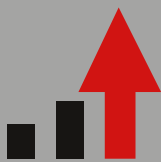
Note: The figures for financial years 2015-2016 and 2016-17 are in accordance with Ind-AS and figures for other financial years are as per Indian GAAP prevailing at that time.



RISK MANAGEMENT

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

GROWTH RISK



Is there enough opportunity to go back to the historical double digit growth?

Mitigation: The need for housing and the aspiration for better housing is an aspiration for every Indian which is growing faster than ever before. This is owing to increasing earning propensity and hence disposable income in the hands of the individual. This results in new and replacement demand for tiles. In addition, Government impetus to housing through investment inducing policies, reducing interest rates for housing loans, upward mobility aspiration of the Indian youth and increasing nuclearisation is expected to catalyse demand for housing

going forward. According to the White Paper - Indian Housing Industry – by research and consultancy firm RNCOS, the shortage of urban housing across the country could increase to an estimated 3.41 crore units by 2022, mainly on the back of a demand-supply gap and rising levels of income among the working class seeking to purchase houses. As a result, the management is confident of attaining the historical growth momentum over the coming years.

COMPETITION RISK



Does the Company have capacity to meet demand expectations over the coming years?

Mitigation: To meet the emerging demand, the Company is adding 3.5 MSM ceramic wall and floor tile manufacturing capacity at its Gailpur unit. It is also putting up a 5 MSM GVT manufacturing unit through its joint venture partner Floera Ceramic Pvt Ltd in South India which is expected to come on stream in the second half of FY19. In keeping with the Company's target

of reaching 100 MSM capacity by 2020 (68.90 MSM as on March 31, 2017), the Company will undertake further Greenfield, brownfield and inorganic initiatives over the next few years to scale up its multi-region manufacturing capability.

CAPACITY RISK



Intensifying competition in the Indian tile space could impact business prospects?

Mitigation: Even as the demand is expected to increase, supply side competition is expected to remain stable which augurs well for Kajaria. This optimism stems from the following realities

One, the Government has imposed an anti-dumping duty on Chinese vitrified tiles for the next 5 years (valid up to 2022).

Two, the roll-out of GST is expected to create a level playing field between the informal sector and the organised/

branded players – minimising competition from unorganised players.

Moreover, Brand 'Kajaria' today is an aspiration – creating a consumer pull for the Company's products. The Company's far-reaching branding and advertisement initiatives at the national level have significantly widened the brand appeal among a larger section of the Indian populous and holds the potential of increasing footfalls at its dealer outlets.

PROFITABILITY RISK



What is the Company's strategy on improving business profitability?

Mitigation: The Company has adopted a two-pronged strategy to improve business profitability. One the focus on large format and value-added tiles is working to improve business margins – the Company has a strong pipeline of such niche tiles which are to be launched in 2017-18.

Two, cost optimisation is a continuous journey at Kajaria. The Company's relentless pursuit on eliminating wastages and optimising power and fuel consumption facilitates in optimising operational costs.

KAJARIA
CERAMICS
LIMITED.

HOW KAJARIA CREATED AN EMOTIONAL CONSUMER CONNECT AND STRENGTHENED RECALL

JEE JAAN LAGAA DETEY HAIN KUCH LOG APNI MITTI KI HIFAZAAT KE LIYE!
ISKE SAMMAN KE LIYE.

EK PEHCHAAN KE LIYE.

SANSKARO AUR VIRASAT KE LIYE.

EK DHUN SANWAAR REHTI HAIN IN LOGO PAR.

DESH KO BULANDIYO TAK PAHUNCHAANE KI.

DARASAL YEH LOG FARZ NIBHAATEY HAIN APNI MITTI KE LIYE.

AISA HI EK FARZ HUM BHI NIBHAATEY HAIN.

DESH KI MITTI SE BANI TILE SE

DESH KO BANATEY HAIN...KAJARIA!





DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 31st Annual Report together with the audited financial statements of your Company for the financial year ended 31st March 2017.

Financial Results

The Company's financial performance for the year ended on 31st March 2017 is summarised below:

(Rs. in crore)

Particular	Standalone		Consolidated	
	Year ended 31st March 2017	Year ended 31st March 2016	Year ended 31st March 2017	Year ended 31st March 2016
Revenue (Net Sales)	2526	2441	2546	2409
Profit Before Depreciation, Interest and taxes	439	384	496	457
Profit before Tax	407	355	396	361
Tax Expense	137	118	142	125
Profit After Tax (before Minority interest)	270	237	254	236
Minority Interest	-	-	1	5
Profit After Tax (after Minority interest)	270	237	253	231
Transferred to General Reserve	75	60	75	60

Financial highlights & State of Affairs of the Company

(The financial discussion is based on Standalone Financial Statements)

Your Company registered 3.48% growth in net sales from Rs. 2441 crores in 2015-16 to Rs. 2526 crores in 2016-17 despite the subdued sentiment prevailing in the real estate industry and the temporary disruption in the cash economy due to demonetization. This uptick largely owned to new product launches during the year under review which were well received by customer pan-India.

Earnings before interest depreciation and tax (EBIDTA) increased by 14% from Rs. 384 crore in 2015-16 to Rs. 439 crore in 2016-17 due to increased sales of value-added tiles, cost optimization

arising from shopfloor efficiencies. The profit after tax grew by 14% from Rs. 237 crore in 2015-16 to Rs. 270 crore in 2016-17. The earnings per share (basic) increased from Rs. 14.87 in 2015-16 to Rs. 16.96 in 2016-17.

The State of affairs of the Company is detailed in the "Management Discussion & Analysis" section which forms part of this report.

Outlook

Investment-inducing and business-strengthening Government policies coupled with growing affluence and soaring aspiration are expected to sustain the sectoral growth momentum over the coming years. Further, the promise of industry consolidation arising out of Government policies, raises the hopes for widening growth opportunities over the medium term.

Growth drivers

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

Rollout of GST: This most significant fiscal policy announcement post Independence is expected to create a level playing field between the informal players and the organised segment of the Indian tile industry – making branded tiles affordable which should enhance consumer pull.

Housing sector: According to credible opinion makers, the housing sector is at a tipping point and will be the economy's next big growth driver. According to CLSA, India expects to build 60 million new homes to be built between 2018 and 2024. In addition, declining home finance rates and increasing funding options are expected to catalyse the demand for housing over the coming years.

Policy driven demand: The number of ambitious programmes launched in the last two years by the Centre, like Smart Cities Mission, Swachh Bharat Abhiyaan (Sanitation for All by 2019), Atal Mission for Rejuvenation, Urban Transformation (AMRUT) and Housing for all by 2022 is expected to provide significant impetus to the demand for tiles.

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

Dividend

Your Directors have recommended a dividend of Rs. 3 (i.e. 300%) on equity shares (previous year Rs. 5.00 per equity share of a face value of Rs. 2 each fully paid up) of a face value of Re. 1 each fully paid-up for the financial year ended on 31st March 2017. If approved, the total payout is expected to be Rs. 57.39 crore (including dividend distribution tax of Rs. 9.71 crore). The dividend payout for the year under review has been formulated in accordance with the Company's Policy - to pay sustainable dividend keeping in mind linked to its long-term growth aspiration of the Company.

Consolidated Financial Statements

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

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

During the year under review, no new company has become subsidiary of the Company. Kajaria Ceramics Kazakhstan, LLP (UIN: KAWAZ20140481) has ceased to be the subsidiary of the Company.

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

Share Capital

The Authorised Share Capital of the Company is Rs. 35.00 Crores comprising of 25.00 Crores of equity shares of Re. 1 each and 10 Lakh preference shares of Rs. 100 each. The paid up equity share capital of the Company as on 31st March 2017 was Rs. 15.89 Crores divided into 15,89,38,000 equity shares of Re. 1 each.

During the year under review, the equity shares of the Company have been sub-divided from Rs. 2 per share to Re. 1 per share (w.e.f. October 4, 2016). Accordingly, the fully paid equity shares of Re. 1 each is 15,89,38,000 equity shares.

During the year under review, the Company has not issued shares with differential voting rights. As on 31st March 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

Employee Stock Option Scheme (ESOP 2015)

The ESOP 2015 was approved by the Board of Directors and the shareholders on 7th September, 2015 for issue and allotment of options exercisable into not more than 10,62,000* of Re. 1 each (Originally ESOP Plan was for 5,31,000 shares of Rs. 2 each) to eligible employees of the Company and its subsidiaries. The ESOP 2015 is administered by the Nomination and Remuneration Committee of the Board of Directors of the Company. On 20th October 2015, the Nomination and Remuneration Committee of the Company had granted 4,58,000* of Re. 1 each (Originally granted shares were 2,29,000 of Rs. 2 each) stock options to the employees of the Company. During the year 2016-17, 40,000 shares of Re. 1 each have been forfeited due to resignation of ESOP holders. Details regarding ESOP 2015 are given at Note No. 38 to the financial statements.

There is no material change in the scheme and the scheme is in compliance with the SEBI (SBEB) Regulations, 2014. Further the details required under SEBI (SBEB) Regulations, 2014 are disclosed on the website of the Company and the same can be accessed at www.kajariaceramics.com

* During the year under 2016-17, the equity shares of the Company have been sub-divided from Rs. 2 per share to Re. 1 per share (w.e.f. October 4, 2016).

Transfer to Reserves

A sum of Rs. 75.00 Crores has been transferred to the Company's General Reserve account and the balance has been carried to surplus in statement of profit and loss.

Directors' Responsibility Statement

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

- i) In the preparation of the annual accounts for the year ended on 31st March, 2017, the applicable accounting standards have been followed and that no material departures have been made from the same;
- ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2017 and the profit and cash flow of the Company for the period 31st March 2017;
- 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 system to ensure the Compliance with the provisions of all the applicable laws and that such systems are adequate and operating effectively.

Corporate Governance

The Company has complied with the Corporate Governance requirements as stipulated under the SEBI (LODR) Regulations 2015. A separate section on corporate governance, along with a certificate from the Practicing Company Secretary confirming the compliance, is annexed and forms part of the Annual Report.

Management Discussion and Analysis Report

Management Discussion and Analysis on matters related to the business performance as stipulated in the SEBI (LODR) Regulations, 2015 is given as a separate section in the Annual Report.

Related Party Transactions

For all related party transactions prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature and such approval

is in the interest of the Company. The transactions entered into, pursuant to the omnibus approval so granted, are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval. All related party transactions are disclosed in Note No. 35 to the financial statements. Material related party transactions with subsidiaries which are at arm's length price are disclosed in Form AOC-2 annexed as Annexure- 2.

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

Corporate Social Responsibility Initiatives

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

The CSR policy may be accessed on the Company's website i.e. https://www.kajariaceramics.com/pdf/csr_policy.pdf

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

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

The Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as Annexure-3 forming part of this Report. The Company has incurred CSR expenditure of Rs. 3.37 Crores during the current financial year. The Company has spent about 65% of the proposed CSR Budget. The shortfall of 35% on CSR was due to non-identification of appropriate projects / activities in line with the CSR policy of the Company.

Scheme of Arrangement

During the year under review, the Board of Directors has

adopted a Scheme of Arrangement, which provides for, inter-alia, the amalgamation of Kajaria Securities Private Limited with the Company with appointed date as closing hours of business on March 31, 2017 ("Scheme"). The Company has filed the Scheme for approval under Sections 230-232 and 66 read with other applicable provisions of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 before the Chandigarh Bench of the National Company Law Tribunal ("NCLT") vide application dated March 16, 2017.

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 had 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 has identified various risk to which the Company is subject to and has accordingly aligned the concerned departments to take the necessary mitigating steps. Risk management has been interlinked with the annual planning exercise where each function and business carries out a fresh risk identification, assessment and draws up treatment plans.

A Risk Management Policy in terms of provisions of Section 134(3)(n) of the Companies Act, 2013 is in place and is uploaded on the website of the Company i.e. www.kajariaceramics.com

Internal Control Systems and their adequacy

The Company believes that a strong internal control framework 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 is carried out by external auditors and periodically covers all areas of business. The audit scope, mythology to be used, reporting framework is defined in charter of the Internal Audit, which is approved by the Audit Committee of the Board of Directors. 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 Board. The Internal Audit also continuously evaluates the various processes being followed by the Company and suggests value addition, to strengthen such processes and make them more effective.

Internal Controls with respect to financial statements

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

Directors and Key Managerial Personnel

Mr. Dev Datt Rishi (DIN: 00312882) is liable to retire by rotation and being eligible offered himself for re-appointment at the ensuing Annual General Meeting.

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

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

During the financial year under 2016-17, Mr. Sandeep Singhal (DIN: 00040491) has resigned from the Directorship of the Company w.e.f. 7th February, 2017. Further, there is no change in the composition of Key Managerial Personnel of the Company.

Board Evaluation

The Board has carried out an annual performance evaluation of its own performance, its Committees and the Directors including Chairman.

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

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 and their remuneration. Nomination and Remuneration Policy including the criteria for determining qualification, positive attributes & independence is placed on the website of the Company i.e. https://www.kajariaceramics.com/pdf/nomination_remuneration_policy.pdf

Details of remuneration under Section 197 of the Companies Act,

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

Statutory Audit

The report given by M/s O.P. Bagla & Co., Chartered Accountants, the Statutory Auditors of the Company on the financial statements of the Company for the financial year ended March 31, 2017 is a part of the Annual Report. There has been no qualification, reservation, adverse remark, comments, observations or disclaimer given by the Auditors in their report. There were no frauds reported by the Statutory Auditors under sub-section 12 of Section 143 of the Companies Act 2013.

M/s O.P. Bagla & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company and they have completed more than ten years and also additional period of 3 years as stipulated under Section 139 of the Companies Act, 2013 read with the rules made thereunder. M/s O.P. Bagla & Co., Chartered Accountants, will thus be holding the office of the Statutory Auditors up to the conclusion of the ensuing Annual General Meeting.

The Board places on record its appreciation for the contribution of M/s O.P. Bagla & Co., Chartered Accountants, during their tenure as the Statutory Auditors of the Company.

Thus, pursuant to the provisions of the Companies Act, 2013 read with the rules made thereunder, the Board has recommended M/s Walker Chandiok & Co LLP (Firm Registration Number 001076N/N500013) to be appointed as the Statutory Auditors of the Company, in place of M/s O. P. Bagla & Co., Chartered Accountants, to hold the office for a period of five years commencing from the conclusion of the ensuing Annual General Meeting till the conclusion of the Annual General Meeting for the financial year 2021-22.

They have consented for the said appointment and confirmed their eligibility under Sections 139 & 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Chandrasekaran Associates, a firm of Company Secretaries in Practice, were appointed, to undertake the Secretarial Audit of the Company for the year ended on 31st March 2017. The Report of the Secretarial Audit Report is annexed herewith as Annexure 5.

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

Disclosures under the Companies Act, 2013 and rules thereunder:

Extract of Annual Return

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

Meetings of the Board

The Board of Directors met 7 (seven) times during the year 2016-17. Details of the number of Meetings of Board held during the financial year 2016-17 forms part of the Report on Corporate Governance.

Particulars of Loans, Guarantee and Investments

Particulars of Loans, Guarantees and Investments, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes Nos. 5, 6, 11, 31 and 34 to the Financial Statements.

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

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

Audit Committee

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

Vigil Mechanism

The Company has established a Vigil Mechanism for directors and employees by adopting the Whistle Blower Policy to report genuine concerns or grievances. The Whistle Blower Policy may be accessed on the website of the Company i.e. https://www.kajariaceramics.com/pdf/whistle_blowing_policy.pdf

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

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. This policy may be accessed on the Company's website i.e. 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, trainees) are covered under this policy. The Company has not received any sexual harassment complaints during the year 2016-17.

Particulars of Employees

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

Deposits

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

Significant and material orders passed by the regulators or courts

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

Cautionary Statement

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

regulations, tax regimes, economic developments within India and the Countries in which the Company conducts business and other ancillary factors.

Appreciation and Acknowledgement

The directors take this opportunity to express their deep sense of gratitude to the banks, Central and State Governments and their departments and the local authorities for their continued guidance and support.

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

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

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

For and on behalf of the Board

Place: New Delhi
Date: 15th May, 2017

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

(ANNUAL PERFORMANCE OF SUBSIDIARIES)

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

(Rs. in Crores)

Name of the Subsidiary Company	Soriso Ceramic Pvt. Ltd. (CIN: U26930GJ 2006PTC048010)	Jaxx Vittrified Pvt. Ltd. (CIN: U26933GJ 2010PTC062933)	Vennar Ceramics Ltd. (CIN: U26919TG 1994PLC031858)	Cosa Ceramics Pvt. Ltd. (CIN: U26933GJ 2010PTC063444)	Kajaria Bathware Pvt. Ltd.* (CIN: U26943DL 2013PTC252495)	Taurus Tiles Pvt. Ltd. (CIN: U26933GJ 2014PTC078487)	Floera Ceramics Pvt. Ltd. (CIN: U26933AP 2014PTC095460)
AS AT	31 Mar-17 31 Mar-16	31 Mar-17 31 Mar-16	31 Mar-17 31 Mar-16	31 Mar-17 31 Mar-16	31 Mar-17 31 Mar-16	31 Mar-17 31 Mar-16	31 Mar-17 31 Mar-16
Capital	3.00	3.00	14.95	14.95	14.95	14.95	14.95
Reserves	15.88	14.84	14.59	13.67	13.67	13.67	13.67
Total Assets	36.86	40.38	213.73	231.91	231.91	231.91	231.91
Total Liabilities	17.98	22.54	184.28	203.37	203.37	203.37	203.37
Investments	-	-	0.09	0.08	0.08	0.08	0.08
Gross Turnover	75.67	104.69	311.44	288.33	288.33	288.33	288.33
Profit before Taxation	4.82	5.58	0.92	-14.14	-14.14	-14.14	-14.14
Provision for Taxation	1.61	1.79	-0.01	-	-	-	-
Profit After Taxation	3.21	3.79	0.93	-14.14	-14.14	-14.14	-14.14
Proposed Dividend							
% of Shareholding	51%	51%	61%	61%	51%	51%	51%

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

Note:

1. There is no Associate or JV Company other than those mentioned above.
2. As on 31st March 2017, Floera Ceramics Private Limited had not commenced operations.
3. Kajaria Ceramics Kazakhstan, LLP (UIN: KAWAZ20140481) ceased to be a subsidiary of the Company.

For O. P. Bagla & Co.

Chartered Accountants

Atul Bagla

Partner

Membership No.:91885

Ashok Kajaria

Chairman &

Mg. Director

(DIN :00273877)

Chetan Kajaria

Joint Mg. Director

(DIN : 00273928)

Rishi Kajaria

Joint Mg. Director

(DIN : 00228455)

For and on Behalf of Board

Ram Chandra Rawat

COO (A&T) & Company Secretary

(FCS No. 5101)

Sanjeev Agarwal

CFO

FORM NO. AOC-2

ANNEXURE – 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 31.03.2017

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

2. Details of material contracts or arrangement or transactions at arm's length basis as on 31.03.2017

Sl. No.	Name(s) of the Related Party and Nature of Relationship	Nature of Contract/ Arrangement/ Transaction	Duration of the Contract/ Arrangement/ Transaction	Salient terms of contract/ Arrangement/ Transactions including the value, if any	Date of Approval by the Board	Amount paid as advance (Rs. in crores)	Total Amount (Rs. in crores)
1	Jaxx Vitrified Private Limited (Subsidiary)	Purchase of tiles	Continuous in nature and not for a specific period	In ordinary course of business	28.04.2016	NIL	314.74

For and on Behalf of Board

Place: New Delhi
Date: 15th May, 2017

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

2. The composition of CSR committee:
Please refer to the Corporate Governance report for the composition of CSR Committee
3. Average net profit of the Company for the last three financial years:
Rs. 259.64 Crores
4. Prescribed CSR expenditure (two percent of the amount as in item 3 above):
Rs. 5.19 Crores
5. Details of CSR spent during the financial year:

(In Rs.)

a) Total amount to be spent for the financial year	5.19 Crores
b) Total amount spent during the financial year	3.37 Crores
c) Amount unspent, if any;	1.82 Crores
d) Manner in which the amount spent during the financial year is detailed below:	

(Rs. in Lakhs)

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period	Amount spend direct or through implementing agency*
1.	Swatch Bharat: Construction / Renovation of Toilets in Government Schools	Cl-i.- Sanitation	Sikandrabad (U.P.),	15.00	5.00	5.00	Direct
			Gailpur (Rajasthan)	35.00	16.00	16.00	
2.	Social Relief	Cl- i - Preventive Health Care, Eradicating poverty and malnutrition		134.00	76.00	76.00	Through trusts

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period	Amount spend direct or through implementing agency*
3.	Education Development / Contribution to Education Trusts	CI-ii – Promoting Education		170.00	101.00	101.00	Direct / through trusts
4.	Sports Development	CI- ii – Training to promote nationally recognised sports		10.00	9.00	9.00	Direct
5.	Safe Drinking Water	CI- ii – Conservation of natural resources		145.00	130.00	130.00	Direct
	Grand Total			519.00		337.00	

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

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

The Company has incurred CSR expenditure of Rs. 3.37 Crores during the current financial year being about 65% of the proposed CSR Budget. The shortfall of 35% in the required expenditure on CSR was due to non-identification of appropriate projects / activities in line with the CSR policy of the Company.

7. Responsibility Statement:

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

Place: New Delhi
Date: 15th May, 2017

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

Sushmita Shekhar
Chairperson, CSR Committee
(DIN: 02284266)

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 2016-17, the percentage increase in remuneration of Chairman & Managing Director, Joint Managing Directors, Executive Directors, Company Secretary and CFO during the financial year 2016-17:

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	96:1	11.46%
2	Mr. Chetan Kajaria (DIN: 00273928)	Joint Managing Director	185:1	13.09%
3	Mr. Rishi Kajaria (DIN: 00228455)	Joint Managing Director	185:1	13.09%
4	Mr. Dev Datt Rishi (DIN: 00312882)	Director - Technical	22:1	8.19%
5	Mr. Basant Kumar Sinha (DIN: 03099241)	Director - Technical	16:1	14.39%
6	Mr. Ram Chandra Rawat (FCS 5101)	COO (A&T) & Company Secretary	Not Applicable	26.77%
7	Mr. Sanjeev Agarwal	CFO	Not Applicable	28.81%

Note:

- a) The Non-Executive Directors of the Company are entitled for sitting fees. The detail of remuneration of Non-Executive Directors is provided in the Report on Corporate Governance 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 2016-17	8%
2	Total number of employees of the Company as on 31st March 2017 (on standalone basis)	2552
3	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2016-17 and comparison with the percentile increase in remuneration of Executive Director and jurisdiction thereof	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2016-17 was 9.3%. Whereas average increase in remuneration of Executive Directors was 12.04%. Percentage increase in remuneration of executive directors is based on the position of high responsibilities and is an award for the exemplary contribution made in the growth of the business of the Company.

- III. 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

Place: New Delhi
Date: 15th May, 2017

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

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

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

2. OBJECTIVES

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

3. DEFINITIONS

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

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

Company

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

4. APPLICABILITY

The Policy is applicable to

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

5. CONSTITUTION OF COMMITTEE

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

The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations 2015 and other applicable statutory requirements.

6. ROLES AND POWERS OF THE NOMINATION AND REMUNERATION COMMITTEE

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

1. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. Formulating the Criteria for evaluation of Independent Directors and the Board.
4. Ensuring that:
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - (c) Remuneration to directors, key managerial personnel and senior management (one level below the functional heads) involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
5. Devising a policy on Board Diversity
6. Formulating the detailed terms and conditions of the ESOP schemes which shall include the provisions as specified by Board in this regard.
7. Framing suitable policies and procedures of ESOP to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company and its employees, as applicable
8. To approve the list of employees to whom the scheme is to be granted.
9. To determine the procedure for winding up of the scheme

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

Appointment criteria and qualifications:

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

Term / Tenure:

1. Managing Director/Whole-time Director:
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director, Joint Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
2. Independent Director:
 - i) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
 - ii) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
 - iii) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed

companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.

3. KMP / Senior Management Employees

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

Performance Evaluation:

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

The criteria for performance evaluation are as follows:

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

Removal:

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

Retirement:

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

even after attaining the retirement age, for the benefit of the Company.

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

General:

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

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

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

1. Salary & Perquisites:

The Whole-time Director / MD / JMD, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, reimbursement of gas electricity and water expenses, HRA, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved

by the shareholders and Central Government, wherever required.

2. Commission:

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

3. Minimum Remuneration:

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

4. Provisions for excess remuneration:

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

5. Stock Options:

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

Remuneration to Non-Executive / Independent Director

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

1. Sitting Fees:

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

2. Stock Options:

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

9. SEVERANCE ARRANGEMENTS

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

There will not be any severance fees.

10. DISCLOSURE OF INFORMATION

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

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

11. REVIEW

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

ANNEXURE – 5

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

The Members

Kajaria Ceramics Limited

SF-11, Second Floor

JMD Regent Plaza, Mehrauli Gurgaon Road,

Village Sikanderpur Ghosi

Gurgaon-122001

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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, 2017 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, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable**
- (vi) As confirmed and certified by the management, there is no law specifically applicable to the Company based on the Sectors / Businesses.

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

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

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

We further report that

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

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

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

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

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

1. amendment in the Memorandum of Association of the Company;

2. sub-division of equity shares of the Company from face value of Rs. 2 to face value of Re. 1 per share;
3. proposed amalgamation of Kajaria Securities Private Limited with the Company by way of scheme of arrangement subject to necessary approvals.

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Partner

Date: 15th May, 2017

Place: New Delhi

Membership No. A16302

Certificate of Practice No. 5673

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

Annexure - A

The Members

Kajaria Ceramics Limited

SF-11, Second Floor

JMD Regent Plaza, Mehrauli Gurgaon Road,

Village Sikanderpur Ghosi, Gurgaon-122001

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Partner

Date: 15th May, 2017

Place: New Delhi

Membership No. A16302

Certificate of Practice No. 5673

ANNEXURE – 6

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2017

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

I. Registration and Other details:

1.	CIN	L26924HR1985PLC056150
2.	Registration Date	20th December 1985
3.	Name of the Company	Kajaria Ceramics Limited
4.	Category/Sub-category of the Company	Public Company Limited by Shares
5.	Address of the Registered office & contact details	Kajaria Ceramics Limited SF-11, Second floor, JMD Regent Plaza, Mehrauli-Gurgaon Road, Village Sikanderpur Ghosi Gurgaon, Haryana- 122001 Telephone No.: 0124-4081281 Email id: investors@kajariaceramics.com
6.	Whether listed Company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited F-65, Okhla Industrial Area, Phase-1, New Delhi- 1100200 Ph. No. 011-41406149-52; Fax No.: 011-41709881 Email Id : helpdeskdelhi@mcsregistrars.com

II. Principal Business Activities of the Company:

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacturing & trading of Ceramic Wall and Floor Tiles, Polished and Glazed Vitrified Tiles	23913	100%

III. Particulars of Holding, Subsidiary and Associate Companies

S. No.	Name and Address of the Company	CIN/GLN	Holding /Subsidiary/ Associate Company	% of Shares held	Applicable section
1	Soriso Ceramic Private Limited, S.No 809-810, Lakhdipar Road, At Ghuntu, Tal Morbi, Dist. Rajkot, Gujarat- 363642	U26930GJ2006PTC048010	Subsidiary	51%	2(87)
2	Jaxx Vitrified Private Limited, S.No. 72/P1 & 72/P2, Near Max Ceramic Morbi, G'Dham Highway, Tal Morbi, Timbdi, Gujarat- 363642	U26933GJ2010PTC062933	Subsidiary	61%	2(87)

S. No.	Name and Address of the Company	CIN/GLN	Holding /Subsidiary/ Associate Company	% of Shares held	Applicable section
3	Cosa Ceramics Private Limited, S. No. 774P1, Near GSPC Gas Terminal Lakhdirpar Road, Ghuntu, Gujarat- 363642	U26933GJ2010PTC063444	Subsidiary	51%	2(87)
4.	Vennar Ceramics Limited, Sitha Nilayam, No. 6-3-347/21, Dwarkapuri Colony, Panjagutta, Hyderabad- 500082, Telangana	U26919TG1994PLC031858	Subsidiary	51%	2(87)
5.	Taurus Tiles Private Limited, S. No. 466P1, Opp. Kajaria Sanitaryware, Tal. Morbi, Dist. Morbi, Jashmatgadh, Rajkot , Gujarat- 363641	U26933GJ2014PTC078487	Subsidiary	51%	2(87)
6	Kajaria Bathware Private Limited, J-1/B-1 (Extn.), Mohan Co-Operative Industrial Estate, Mathura Road, New Delhi- 110044	U26943DL2013PTC252495	Subsidiary	100%	2(87)
7.	Floera Ceramics Private Limited D. No. 23-16-01/1a Lalitha Nagar, Rajahmundry, Guntur, Andhra Pradesh- 533105	U26933AP2014PTC095460	Subsidiary	51%	2(87)

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

(a) Category-wise Share Holding

[illegible]

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April 2016]				No. of Shares held at the end of the year [As on 31st March 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Shareholding of Promoters (A) = (A)(1) + (A)(2)	37491211	0.00	37491211	47.18	75321502	0.00	75321502	47.39	0.21
(B) Public Shareholding									
(1) Institutions									
a) Mutual Funds	2657139	48150	2705289	3.40	8289374	77300	8366674	5.26	1.86
b) Banks / FIs	9056	15210	24266	0.03	29127	11880	41007	0.03	0.00
c) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Insurance Companies	303929	0.00	303929	0.38	738721	0.00	738721	0.46	0.08
g) Foreign Institutional Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
h) Foreign Venture Capital Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Qualified Foreign Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
j) Any Others (Foreign Portfolio Investors)	21247391	0.00	21247391	26.74	37164683	0.00	37164683	23.38	-3.36
Sub-total (B)(1)	24217515	63360	24280875	30.55	46221905	89180	46311085	29.14	-1.41
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	2270181	23000	2293181	2.89	5806891	42000	5848891	3.68	0.79
ii) Overseas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	5249636	1373903	6623539	8.33	11956166	2410037	14366203	9.04	0.70
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	2175518	0.00	2175518	2.74	3895761	0.00	3895761	2.45	-0.29
c) Qualified Foreign Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) NBFCs Registered with RBI	0.00	0.00	0.00	0.00	2050	0.00	2050	0.00	0.00

Category of Shareholders		No. of Shares held at the beginning of the year [As on 01st April 2016]				No. of Shares held at the end of the year [As on 31st March 2017]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e)	Any others (Specify)									
i.	Trust & Foundation	131661	0.00	131661	0.17	253174	0.00	253174	0.16	-0.01
ii.	Cooperative Societies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iii.	Educational Institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Non Resident Indians	546215	41380	587595	0.74	1085734	82760	1168494	0.74	0.00
	Overseas Corporate Bodies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Foreign Companies	5885420	0.00	5885420	7.41	11770840	0.00	11770840	7.41	0.00
Sub-total (B)(2)		16258631	1415283	17696914	22.27	34770616	2534797	37305413	23.47	1.20
Total Public Shareholding (B)=(B)(1)+ (B)(2)		40476146	1478643	41977789	52.82	80992521	2623977	83616498	52.61	-0.21
(C)	Shares held by Custodian for GDRs & ADRs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total (A)+(B)+(C)		77967357	1478643	79469000	100.00	156314023	2623977	158938000	100.00	0.00

(b) Shareholding of Promoter & Promoter Group:

S. No.	Shareholder's Name	Shareholding at the beginning of the year (1st April 2016)			Shareholding at the end of the year (31st March 2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Kajaria Exports Pvt. Limited*	15311999	19.27	0.00	0.00	0.00	0.00	-19.27
2	Kajaria Securities Private Limited	6581905	8.28	0.00	64365138#	40.50	0.00	32.22
3	Cheri Ceramics Private Limited*	5088385	6.40	0.00	0.00	0.00	0.00	-6.40
4	Pearl Tile Marketing Private Limited*	5080240	6.39	0.00	0.00	0.00	0.00	-6.39
5	Ashok Kumar Kajaria	498002	0.63	0.00	1047004	0.66	0.00	0.03
6	Versha Devi Kajaria	875007	1.10	0.00	1778014	1.12	0.00	0.02
7	A.K Kajaria (HUF)	955375	1.20	0.00	1967750	1.24	0.00	0.04
8	Rishi Kajaria	902858	1.14	0.00	1805716	1.14	0.00	0.00
9	Chetan Kajaria	669940	0.84	0.00	1339880	0.84	0.00	0.00
10	Rasika Kajaria	285000	0.36	0.00	570000	0.36	0.00	0.00

S. No.	Shareholder's Name	Shareholding at the beginning of the year (1st April 2016)			Shareholding at the end of the year (31st March 2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
11	Shikha Kajaria	300000	0.38	0.00	600000	0.38	0.00	0.00
12	Kartik Kajaria	225000	0.28	0.00	450000	0.28	0.00	0.00
13	Parth Kajaria	225000	0.28	0.00	450000	0.28	0.00	0.00
14.	Raghav Kajaria	225000	0.28	0.00	450000	0.28	0.00	0.00
15.	Vedant Kajaria	225000	0.28	0.00	450000	0.28	0.00	0.00
16.	Rishi Kajaria (HUF)	21500	0.03	0.00	6000	0.00	0.00	0.03
17.	Chetan Kajaria (HUF)	21000	0.03	0.00	42000	0.03	0.00	0.00
Total		37491211	47.18	0.00	75321502	47.39	0.00	0.21

* Includes shares transferred due to Merger of Kajaria Exports Pvt. Ltd, Cheri Ceramics Pvt. Ltd and Pearl Tile Marketing Pvt. Ltd with Kajaria Securities Private Limited vide order dated 29th April, 2016 issued by the Court of Punjab & Haryana at Chandigarh.

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

S. No.	Name of Promoters & person belongs to Promoter Group	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	37491211	47.18	–	–
	Date Wise increase/Decrease in promoter's shareholding during the year specifying the reason for increase/decrease (e.g. Allotment/transfer/bonus/ sweat equity etc.)	–	–	#	#
	At the end of the year	–	–	75321502	47.39

Note:

The change in shareholding of Promoter & Promoter group is due to:

i) Sub-division of equity shares of the Company from face value of Rs. 2/- to Re. 1/- each

ii) Sale/purchase of shares by the Promoter/promoter group during the year.

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

S. No.	Name	Shareholding No. of shares at the beginning (1st April 2016) / end of the year (31st March 2017)	% of total shares of the Company	Date of Change in Shareholding	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year (1st April 2016 to 31st March 2017)	% of total Shares of the Company
1.	ASHOK KUMAR KAJARIA	498002	0.63	01-04-2016				
				04-10-2016	498002	Sub-Division	996004	0.63
				23-12-2016	51000	Purchase	1047004	0.66
		1047004	0.66	31-03-2017				
2.	VERSHA DEVI KAJARIA	875007	1.10	01-04-2016				
				04-10-2016	875007	Sub-Division	1750014	1.10
				31-12-2016	28000	Purchase	1778014	1.12
		1778014	1.12	31-03-2017				

S. No.	Name	Shareholding No. of shares at the beginning (1st April 2016) / end of the year (31st March 2017)	% of total shares of the Company	Date of Change in Shareholding	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year (1st April 2016 to 31st March 2017)	% of total Shares of the Company
3.	A.K KAJARIA (HUF)	955375	1.20	01-04-2016				
				04-10-2016	955375	Sub-Division	1910750	1.20
				23-12-2016	57000	Purchase	1967750	1.24
		1967750	1.24	31-03-2017				
4.	RISHI KAJARIA	902858	1.14	01-04-2016				
				04-10-2016	902858	Sub- Division	1805716	1.14
				23-12-2016				
		1805716	1.14	31-03-2017				
5.	CHETAN KAJARIA	669940	0.84	01-04-2016				
				04-10-2016	669940	Sub-Division	1339880	0.84
		1339880	0.84	31-03-2017				
6.	SHIKHA KAJARIA	300000	0.38	01-04-2016				
				04-10-2016	300000	Sub- Division	600000	0.38
		600000	0.38	31-03-2017				
7.	RASIKA KAJARIA	285000	0.36	01-04-2016				
				04-10-2016	285000	Sub- Division	570000	0.36
		570000	0.36	31-03-2017				
8.	RAGHAV KAJARIA	225000	0.28	01-04-2016				
				04-10-2016	225000	Sub- Division	450000	0.28
		450000	0.28	31-03-2017				
9.	VEDANT KAJARIA	225000	0.28	01-04-2016				
				04-10-2016	225000	Sub- Division	450000	0.28
		450000	0.28	31-03-2017				
10.	KARTIK KAJARIA	225000	0.28	01-04-2016				
				04-10-2016	225000	Sub-Division	450000	0.28
		450000	0.28	31-03-2017				
11.	PARTH KAJARIA	225000	0.28	01-04-2016				
				04-10-2016	225000	Sub- Division	450000	0.28
		450000	0.28	31-03-2017				
12.	CHETAN KAJARIA (HUF)	21000	0.03	01-04-2016				
				04-10-2016	21000	Sub- Division	42000	0.03
		42000	0.03	31-03-2017				
13.	RISHI KAJARIA	21500	0.02	01-04-2016				
				04-10-2016	21500	Sub- Division	43000	0.03
				23-12-2016	-37000	Sale	6000	0.00
		6000	0.00	31-03-2017				
14.	KAJARIA SECURITIES PVT. LTD.	6581905	8.28	01-04-2016				
				08-07-2016	25480624	Transfer*	32062529	40.34
				02-09-2016	120040	Purchase	32182569	40.50
				04-10-2016	32182569	Sub- Division	64365138	40.50
		64365138	40.50	31-03-2017				

* Transfer of Shares of Kajaria Exports Pvt. Ltd., Cheri Ceramics Pvt. Ltd. and Pearl Tile Marketing Pvt. Ltd with Kajaria Securities Pvt. Ltd. vide merger order dated 29th April, 2016 by the High Court of Punjab & Haryana at Chandigarh.

(d) Shareholding Pattern of top ten Shareholders:

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

Sl. No.	Name & Category	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2016 to 31st March 2017)	
		No. of shares at the beginning (1st April 2016)/end of the year (31st March 2017)	% of total shares of the Company				No. of shares	% of total Shares of the Company
1.	WESTBRIDGE CROSSOVER FUND LLC (IN30014210724452)	5885420	7.41	01-04-2016				
				04-10-2016	5885420	Sub- Division	11770840	7.41
		11770840	7.41	31-03-2017				
2.	GOVERNMENT PENSION FUND GLOBAL (IN30005410076881)	2450036	3.08	01-04-2016				
				04-10-2016	2450036	Sub- Division	4900072	3.08
		4900072	3.08	31-03-2017				
3.	JWALAMUKHI INVESTMENT HOLD (IN30014210713562)	4848823	6.10	01-04-2016				
				06-05-2016	-7900	Sale	4725423	5.97
				13-05-2016	-390018	Sale	4335405	5.73
				04-10-2016	4335405	Sub-Division	8670810	5.46
				03-03-2017	-2426896	Sale	6243914	3.93
				17-03-2017	-206268	Sale	6037646	3.80
				24-03-2017	-283241	Sale	5754405	3.62
		4356946	2.74	31-03-2017	-1397459	Sale	4356946	2.74
4.	GOLDMAN SACHS INDIA LIMITED (IN30016710044058)	1133257	1.42	01-04-2016				
				15-07-2016	-173648	Sale	959609	1.2
				04-10-2016	959609	Sub- Division	1919218	1.21
		2043060	1.29	31-03-2017	123842	Purchase	2043060	1.29
5.	STEADVIEW CAPITAL MAURITIUS LIMITED (IN30317320012164)	1549412	1.94	01-04-2016				
				10-06-2016	17310	Purchase	1566722	0.99
				15-07-2016	99269	Purchase	1665991	2.09
				04-10-2016	1665991	Sub- Division	3331982	2.1
				17-02-2017	-75000	Sale	3256982	2.05
				24-02-2017	-1000641	Sale	2256341	1.42
				03-03-2017	-312021	Sale	1944320	1.22
		1944320	1.22	31-03-2017				
6.	J.P MORGAN FUNDS (IN3034810006522)	276135	0.34	01-04-2016				
				06-05-2016	-43730	Sale	232405	0.29
				13-05-2016	-39540	Sale	192865	0.24
				05-08-2016	5540	Purchase	198405	0.24
				26-08-2016	3030	Purchase	201435	0.25
				02-09-2016	10600	Purchase	212035	0.26
				04-10-2016	218575	Sub- Division	430610	0.27
				04-11-2016	71500	Purchase	502110	0.32
				11-11-2016	50040	Purchase	552150	0.35
				18-11-2016	69063	Purchase	621213	0.39
				25-11-2016	71927	Purchase	693140	0.44
				31-12-2016	75570	Purchase	768710	0.48
				06-01-2017	36100	Purchase	804810	0.51
				03-03-2017	71870	Purchase	876680	0.55

Sl. No.	Name & Category	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2016 to 31st March 2017)	
		No. of shares at the beginning (1st April 2016)/end of the year (31st March 2017)	% of total shares of the Company				No. of shares	% of total Shares of the Company
				10-03-2017	189610	Purchase	1066290	0.67
				17-03-2017	75250	Purchase	1141540	0.72
				24-03-2017	386100	Purchase	1527640	0.96
		1689370	1.06	31-03-2017	161730	Purchase	1689370	1.06
7.	ABU DHABI INVESTMENT AUTHORITY – BEHAVE (IN30343810005898)	631500	0.79	01-04-2016				
				23-09-2016	-89000	Sale	542500	0.68
				04-10-2016	316000	Sub-Division	858500	0.54
				11-11-2016	116500	Purchase	975000	0.61
				18-11-2016	136000	Purchase	1111000	0.70
				24-02-2017	500000	Purchase	1611000	1.01
				03-03-2017	29000	Purchase	1640000	1.03
		1640000	1.03	31-03-2017				
8.	FRANKLIN INDIA SMALLER COMPANIES FUND * (IN30343810005898)	0.00	0.00	01-04-2016				
				24-02-2017	0	Purchase	966867	0.61
				03-03-2017	643133	Purchase	1610000	1.01
		1610000	1.01	31-03-2017				
9.	FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA PRIMA FUND * (IN30016710010936)	0.00	0.00	01-04-2016				
		0.00	0	10-03-2017	0.00	Purchase	1500000	0.94
		1593720	1.00	31-03-2017	93720	Purchase	1593720	1.00
10.	HONG KONG BANK (IN30014210000004)	67000	0.84	01-04-2016				
				06-05-2016	-61903	Sale	5097	0.00
				20-05-2016	-4779	Sale	318	0.00
				03-06-2016	782	Purchase	1100	0.00
				17-06-2016	27121	Purchase	28221	0.03
				30-06-2016	-27166	Sale	1055	0.00
				15-07-2016	8169	Purchase	9224	0.01
				22-07-2016	-4101	Sale	5123	0.00
				29-07-2016	-2243	Sale	2880	0.00
				05-08-2016	5852	Purchase	8732	0.01
				02-09-2016	-8187	Sale	545	0.00
				09-09-2016	14426	Purchase	14971	0.02
				16-09-2016	5427	Purchase	20398	0.02
				23-09-2016	-15932	Sale	4466	0.00
				30-09-2016	9455	Purchase	13921	0.02
				04-10-2016	28946	Sub- Division	42867	0.03
				11-11-2016	55950	Purchase	98817	0.06
				18-11-2016	-58861	Sale	39956	0.03
				25-11-2016	-35686	Sale	4270	0.00
				02-12-2016	-1359	Sale	2911	0.00
				09-02-2016	5133	Purchase	8044	0.01
				16-12-2016	-6768	sale	1276	0.00

Sl. No.	Name & Category	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2016 to 31st March 2017)	
		No. of shares at the beginning (1st April 2016)/end of the year (31st March 2017)	% of total shares of the Company				No. of shares	% of total Shares of the Company
				20-01-2017	2955	Purchase	4231	0.00
				03-03-2017	1427760	Purchase	1431991	0.90
		1167501	0.73	31-03-2017	-264490	Sale	1167501	0.73
11.	ABG CAPITAL (IN30317320015322)	623824	0.78	01-04-2016				
				10-06-2016	129594	Purchase	753418	0.94
				24-06-2016	65000	Purchase	818418	1.02
				15-07-2016	65369	Purchase	883787	1.11
				22-07-2016	34631	Purchase	918418	1.15
				04-10-2016	918418	Sub-Division	1836836	1.16
				24-02-2017	-19284	Sale	1817552	1.14
				03-03-2017	-760716	Sale	1056836	0.66
		1056836	0.66	31-03-2017				
12.	SBI MAGNUM GLOBAL FUND (IN30378610000916)	500000	0.63	01-04-2016				
				04-10-2016	1010241	Sub- Division	1000000	0.63
		1000000	0.63	31-03-2017				
13.	LTR FOCUS FUND (IN30317320012172)	1010241	1.27	01-04-2016				
				04-10-2016	1010241	Sub- Division	2020482	1.27
				27-01-2017	-320000	Sale	1700482	1.07
				24-02-2017	-537325	Sale	1163157	0.73
				03-03-2017	-195013	Sale	968144	0.61
		968144	0.61	31-03-2017				
14.	WASATCH EMERGING MARKETS SMALL CAP FUND	617727	0.77	01-04-2016				
				10-06-2016	41000	Purchase	658727	0.82
				30-06-2016	46650	Purchase	705377	0.88
				01-07-2016	-3589	Sale	701788	0.88
				12-08-2016	-9621	Sale	692167	0.87
				04-10-2016	692167	Sub-Division	1384334	0.87
				28-10-2016	-70902	Sale	1313432	0.83
				02-12-2016	-52930	Sale	1260502	0.79
				16-12-2016	-37495	Sale	1223007	0.77
				31-12-2016	-70224	Sale	1152783	0.73
				06-01-2017	-22941	Sale	1129842	0.71
				03-02-2017	-42186	Sale	1087656	0.68
				03-03-2017	-2705	Sale	1084951	0.68
				10-03-2017	-51964	Sale	1032987	0.65
				17-03-2017	-74760	Sale	958227	0.60
				24-03-2017	-52590	Sale	905637	0.57
		905637	0.57	31-03-2017				
15.	TATA BALANCED FUND (IN30005410012636)#	600000	0.75	01-04-2016				
				04-10-2016	600000	Sub- Division	1200000	0.76
				28-10-2016	-325000	Sale	875000	0.55
				04-11-2016	-25000	Sale	850000	0.53

Sl. No.	Name & Category	Shareholding		Date	Increase/decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2016 to 31st March 2017)	
		No. of shares at the beginning (1st April 2016)/end of the year (31st March 2017)	% of total shares of the Company				No. of shares	% of total Shares of the Company
				11-11-2016	-100000	Sale	750000	0.47
				18-11-2016	-605000	Sale	145000	0.09
				25-11-2016	-145000	Sale	0.00	0.00
		0.00	0.00	31-03-2017				

* Not in the list of top ten shareholder as on April 1, 2016. The same has been reflected above since the shareholder was one of the top 10 shareholders as on March 31, 2017.

Ceased to be in the list of top 10 shareholders as on March 31, 2017. The same was reflected above since the shareholder was one of the top ten shareholders as on April 1, 2016.

(e) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding		Date	Increase/decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2016 to 31st March 2017)	
		No. of shares at the beginning (1st April 2016)/end of the year (31st March 2017)	% of total shares of the Company				No. of shares	% of total Shares of the Company
1.	Mr. Ashok Kajaria Chairman & Managing Director (DIN: 00273877)	498002	0.63	01-04-2016				
				04-10-2016	498002	Sub- Division	996004	0.63
				23-12-2016	51000	Purchase	1047004	0.66
		1047004	0.66	31-03-2017				
2.	Mr. Chetan Kajaria Joint Managing Director (DIN: 00273928)	669940	0.84	01-04-2016				
				04-10-2016	669940	Sub- Division	1339880	0.84
		1339880	0.84	31-03-2017				
3.	Mr. Rishi Kajaria Joint Managing Director (DIN: 00228455)	902858	1.14	01-04-2016				
				04-10-2016	902858	Sub- Division	1805716	1.14
		1805716	1.14	31-03-2017				
4.	Mr. Basant Kumar Sinha Director - Technical (DIN : 03099241)	0.00	0.00	-	0.00	0.00	0.00	0.00
5.	Mr. Dev Datt Rishi Director - Technical (DIN: 00312882)	200	0.00	01-04-2016				
				04-10-2016	200	Sub- Division	400	0.00
		400	0.00	31-03-2017				
6.	Mr. Raj Kumar Bhargava Independent Director (DIN: 00016949)	8296	0.01	01-04-2016- 04-10-2016	8296	Sub- Division	16592	0.01
				07-10-2016	2000	Purchase	18592	0.01
		18592	0.01	31-03-2017				

S. No.	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2016 to 31st March 2017)	
		No. of shares at the beginning (1st April 2016)/end of the year (31st March 2017)	% of total shares of the Company				No. of shares	% of total Shares of the Company
7.	Mr. Ram Ratan Bagri Independent Director (DIN: 00275313)	20000	0.03	01-04-2016	0.00	0.00	0.00	0.00
				04-10-2016	20000	Sub- Division	40000	0.03
		40000	0.03	31-03-2017				
8.	Mr. Debi Prasad Bagchi Independent Director (DIN: 00061648)	0.00	0.00	-	0.00	0.00	0.00	0.00
9.	Mr. H. Rathnakar Hegde Independent Director (DIN : 05158270)	0.00	0.00	-	0.00	0.00	0.00	0.00
10.	Mr. Sandeep Singhal* Independent Director (DIN: 00040491)	0.00	0.00	-	0.00	0.00	0.00	0.00
11.	Mrs. Sushmita Shekhar Independent Director (DIN: 02284266)	0.00	0.00	-	0.00	0.00	0.00	0.00
12.	Mr. Ram Chandra Rawat COO (A & T) & Company Secretary (FCS No. 5101)	0.00	0.00	-	0.00	0.00	0.00	0.00
13.	Mr. Sanjeev Agarwal CFO	0.00	0.00	-	0.00	0.00	0.00	0.00

* Ceased to be Director w.e.f. February 7, 2017.

(f) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	46.01	0.00	0.00	46.01
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i + ii + iii)	46.01	0.00	0.00	46.01
Change in Indebtedness during the financial year				
* Addition	0.00	0.00	0.00	0.00
* Reduction	40.56	0.00	0.00	40.56
Net Change	40.56	0.00	0.00	40.56
Indebtedness at the end of the financial year				
i) Principal Amount	5.45	0.00	0.00	5.45
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i + ii + iii)	5.45	0.00	0.00	5.45

V. Remuneration of Directors and Key Managerial Personnel:

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

S. No.	Particulars of Remuneration	Name of Chairman/MD/MTD/ Manager					Total Amount (Rs. in Lakhs) per annum
	Chairman/MD/MTD	Mr. Ashok Kajaria	Mr. Chetan Kajaria	Mr. Rishi Kajaria	Mr. Basant Kumar Sinha	Mr. Dev Datt Rishi	
1	Gross salary (Per Annum)						
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	210.00	288.00	288.00	56.52	76.12	918.64
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	70.25	33.25	33.25	7.15	8.97	152.87
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00	0.00
4	Commission	0.00	400.00	400.00	0.00	0.00	800.00
	- as % of profit						
	- others, specify...						
5	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00
	Total (A)	280.25	721.25	721.25	63.67	85.09	1871.51
	Overall Ceiling as per Act	Rs. 4313 Lakhs (being 10% of the profit of the Company calculated as per Section 198 of the Companies Act, 2013)					

(B) Remuneration to other directors

S. No.	Particulars of Remuneration	Name of Directors						Total amount (Rs. in Lakhs)
		Mr. Raj Kumar Bhargava	Mr. Ram Ratan Bagri	Mr. Debi Prasad Bagchi	Mr. H. Rathnakar Hegde	Mr. Sandeep Singhal*	Mrs. Sushmita Shekhar	
1.	Independent Directors							
	Fee for attending board / committee meetings	3.63	3.63	3.63	2.72	0.00	2.32	15.93
	Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (1)	3.63	3.63	3.63	2.72	0.00	2.32	15.93
2	Other Non-Executive Directors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Fee for attending board committee meetings	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (B)=(1+2)	3.63	3.63	3.63	2.72	0.00	2.32	15.93
	Total Managerial Remuneration	1887.44						
	Overall Ceiling as per the Act	Rs. 4744 Lakhs (being 11% of the profit of the Company calculated as per Section 198 of the Companies Act, 2013)						

* Ceased to be Director w.e.f. February 7, 2017.

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Ram Chandra Rawat, COO (A&T) & Company Secretary	Mr. Sanjeev Agarwal, CFO	Total (Rs. in Lakhs) per annum
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	136.42	134.00	270.42
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	2.70	2.70	5.40
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	Variable Pay/ incentive	0.00	0.00	0.00
	Total	139.12	136.70	275.82

VI. Penalties / Punishment / Compounding of Offences:

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

For and on behalf of the Board

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Energy Conservation

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

- 1) Installation of another 3.75 MW roof-top solar plant at Gailpur & Malutana, Rajasthan and Sikandrabad, U.P. to generate green power by converting solar energy. The Company is also utilizing wind turbines at Jaisalmer, Rajasthan, and Dhulle, Maharashtra to produce green energy. Such generations will dilute the renewable energy obligation towards the Government.
 - 2) Connected with a 33 KV grid system, having a sanctioned load of 4.9 MVA power grid, at the Malutana plant to optimise the load on grid. This helps to reduce the running of generators thereafter allowing for effective utilization of grid and reduction in fuel consumption for generators
 - 3) Continuously maintaining power factor to achieve effective utilization of grid power and reduction in apparent energy consumption. Efforts are also being made to mitigate or reduce harmonics by broadband reactors. Combined, these measures result in scaling down apparent as well as active energy consumption
 - 4) Installation of BEE (Bureau of Energy Efficiency) certified electrical items and equipment along with latest generation energy-efficient lighting and variable frequency drives in order to conserve energy and also drive down costs
 - 5) Installation of heat recovery system at Gailpur (Unit-1), Malutana and Sikandrabad plants to attain considerable fuel savings by allocating the exhaust heat of kilns to vertical driers
- Capital Investment on Energy Conservation equipment: Rs. 0.65 Crore

Technology Absorption

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

- (i) Major efforts made towards technology absorption
 - a. The Company has fully adopted the latest technology available for producing ceramic tiles putting Kajaria in the same league as other manufacturers in the Chinese and European markets.
 - b. Our R&D and technical experts constantly visit international markets to identify and keep pace with the latest technologies available
 - c. Apart from the Gailpur, Sikandrabad, Malutana plant has also received R&D recognition certificate from the Department of Scientific and Industrial Research (DSIR)
 - d. The Company has, during the year, developed various new bigger size and innovative products.

Benefits derived through such efforts

- a. 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 us to be in the forefront amongst our competitors.
- b. The new sizes in the ceramic and vitrified tiles have been valuable additions to our product line which have allowed us to meet the demands of customers who want latest offerings prevalent in the international markets.
- c. Technology absorption efforts have not only allowed us to develop new products but also improve our existing ones.

(ii) Technology imported

Process of Technology	Monocultura	Monoporosa	Double charge vitrified
Year of Import	1988	1994	2010
Has technology been fully absorbed	YES	YES	YES

- No technology has been imported during the year 2016-17

(iii) Expenditure on Research and Development (R&D)

Rs. in Crores

Particulars	2016-17	2015-16
a) Capital	0.09	1.34
b) Recurring	10.90	8.13
Total	10.99	9.47
Total R&D expenditure as a percentage of total turnover	0.44	0.39

Foreign Exchange Earning and Outgo

Rs. in Crores

Particulars	Amount
Earned :	
Exports (FOB)	34.56
Spent :	
Imports (CIF)	
Capital Goods	49.40
Raw Materials	7.67
Store & Spares	22.90
Traded Goods	0.36
Other (on accrual Basis)	2.51

For and on behalf of the Board

Place: New Delhi
Date: 15th May, 2017

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

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 Rs. 1.02 Crores per annum

S. No.	Name	Age	Designation	Qualification	Experience	Date of commencement of employment	Remuneration received during the year (Rs. in Lakhs)	Particular of Last Employment
1.	Mr. Ashok Kajaria	69	Chairman & Managing Director	B.SC, BSME, UCLA (California), USA	41	01.01.1987	374.50	Managing Director – Kajaria Exports Limited
2.	Mr. Chetan Kajaria	42	Joint Managing Director	B. Engg. (Petrochem), Pune University, MBA from Boston College (USA)	17	15.01.2000	721.00	Managing Director – Kajaria Plus Limited
3.	Mr. Rishi Kajaria	39	Joint Managing Director	B.Sc. in Business Administration from Boston University (USA)	13	26.07.2003	721.00	Director – Kajaria Infotech Limited
4.	Mr. Ram Chandra Rawat	61	COO (A&T) & Company Secretary	M Com. FCA, FCS	37	14.07.1987	142.43	Chief Accounts Officer – RCS Vanaspathi Ltd.
5.	Dr. Rajveer Choudhary	63	Chief Operating Officer (Gailpur Plant)	M.A., PH.D	35	03.08.1998	137.31	VP – Venus Sugars Ltd.
6.	Mr. Sanjeev Agarwal	53	CFO	B.Com, FCA	30	09.02.1994	140.00	Dy. Manager- Finance Orissa Synthetics Ltd.
7.	Mr. Pankaj Sethi	46	COO (Marketing)	BE – Civil Engg	25	01.04.2003	138.38	Regional Manager Kajaria Infotech Ltd.
8.	Mr. Gautam Seth	43	VP (Marketing)	BE-Mech Engg	18	01.09.2009	120.38	VP – Marketing Kajaria Plus Ltd.
9.	Mr. Vivek Goyal	48	VP (Marketing)	PGDBA - Marketing	26	01.05.2000	107.06	DGM- Marketing – Kajaria Plus Ltd.
10.	Mr. Dev Datt Rishi*	68	Director (Technical)	B.SC. Engg, Chem. Hons, DIM	42	14.01.2015	84.84	COO – H&R Johnson

* Mr. Dev Datt Rishi, Director (Technical) falls under the category of top ten employees in terms of remuneration drawn during the financial year 2016-17. However, he was not in receipt of remuneration in excess of Rs. 1.02 crore during the financial year 2016-17.

(b) No employee was in receipt of remuneration exceeding Rs. 8.50 Lac per month for any part of financial year 2016-17.

(c) During the financial year 2016-17, no employee was in receipt of remuneration exceeding the remuneration drawn by the Managing Director or Whole Time Director of the Company.

Note:

1. Remuneration includes salary, allowances, and incentives but excludes Gratuity Fund and Personal Accident Insurance as the same is paid for the Company as whole.
2. All above mentioned employees are on the rolls of the Company and nature of employment is as per the appointment letter given by the Company. None of the above mentioned employees, except Mr.

Ashok Kajaria, Mr. Chetan Kajaria and Mr. Rishi Kajaria, and Mr. Dev Datt Rishi hold equity shares of the Company, which is disclosed in Annexure-6 of the Directors' Report. Mr. Ashok Kajaria is father of Mr. Chetan Kajaria and Mr. Rishi Kajaria, Joint Managing Directors, of the Company. Except this, No employee is relative of any Directors of the Company.

For and on behalf of the Board

Place: New Delhi
Date: 15th May, 2017

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

REPORT ON CORPORATE GOVERNANCE

The Company's Philosophy on Corporate Governance

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

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

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

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

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

Board of Directors

The Company firmly believes that an active, well-informed and independent Board is necessary to ensure the highest standards

of Corporate Governance to bring objectivity and transparency in the Management. The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has vested with the requisite powers, authorities and duties.

Selection of the Board

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

Composition

The Board comprises of such number of Executive and Non-Executive Directors (Independent Director) as required under the applicable legislations. The Board consists of eminent individuals from the Industry, management, technical, finance and marketing. The Company is managed by the Board of Directors in coordination with the Senior Management team. As on 31st March 2017, the Company has ten (10) Directors on its Board out of which five (5) are Executive Directors and five (5) are Independent Directors including one Woman Director. The Board periodically evaluates the need for change in its composition and size.

The details of composition of the Board, nature of directorship, Number of directorships in other companies, Chairmanship/ Membership of the Committee of each director in other Companies, attendance of the Directors at Board Meetings and last Annual General Meeting during the year 2016-17 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)	7	7	Yes	1	0	2
Mr. Chetan Kajaria (DIN: 00273928)\$	Joint Managing Director	7	6	Yes	1	0	1
Mr. Rishi Kajaria (DIN: 00228455)\$	Joint Managing Director	7	6	Yes	1	0	0
Mr. Dev Datt Rishi (DIN: 00312882)	Director – Technical (Executive)	7	6	Yes	1	0	0
Mr. Basant Kumar Sinha (DIN: 03099241)	Director – Technical (Executive)	7	3	No	1	0	0
Mr. Raj Kumar Bhargava (DIN: 00016949)	Director (Independent Non-Executive)	7	7	Yes	4	5	2
Mr. Ram Ratan Bagri (DIN: 00275313)	Director (Independent Non-Executive)	7	7	Yes	3	1	3
Mr. Debi Prasad Bagchi (DIN: 00061648)	Director (Independent Non-Executive)	7	7	Yes	8	1	7
Mr. H. Rathnakar Hegde (DIN: 05158270)	Director (Independent Non-Executive)	7	5	Yes	7	5	3
Mr. Sandeep Singhal (DIN: 00040491)@	Director (Independent Non-Executive)	7	1	No	1	0	0
Mrs. Sushmita Shekhar (DIN: 02284266)	Director (Independent Non-Executive)	7	7	Yes	2	0	0

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

** Included only the Membership / Chairmanship in Audit Committee and Stakeholders Relationship Committee in all Public Limited Companies as per Regulation 26 of the SEBI (LODR) Regulations 2015 including Kajaria Ceramics Limited.

@ Ceased to be Director of the Company w.e.f. 7th February, 2017.

\$ Promoter Group

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

Mr. Ashok Kajaria, Chairman & Managing Director of the Company is father of Mr. Chetan Kajaria and Mr. Rishi Kajaria, Joint Managing Directors, of the Company. There is no

relationship between any of the Independent Directors.

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

Number of shares held by Independent Directors

Mr. Ram Ratan Bagri, Independent Director holds 40,000 Equity shares of the Company and Mr. Raj Kumar Bhargava, Independent Director hold 18,592 Equity shares of the Company. No other independent director, hold any share of the Company.

Board Meetings

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

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

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

During the financial year 2016-17, seven (7) Board Meetings were held, at least one in every calendar quarter and the gap between two consecutive Board Meetings did not exceed - one hundred and twenty (120) days. The dates on which the Board Meetings were held, are as follows:

28th April 2016, 27th May, 2016, 16th June, 2016, 11th July 2016, 3rd August 2016, 20th October 2016, and 24th January 2017.

Post meeting follow up Mechanism

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

Board Support

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

Separate Meeting for Independent Directors

The Independent Directors of the Company meet once in a calendar year without the presence of Executive Directors and Management Personnel. Such Meeting reviews the performance of Non- Independent Directors and the Board as a whole, review the performance of Chairman of the Board, access the quality,

quantity and timeliness of the flow of information between management and the Board that is necessary for it to effectively and reasonably perform its duties. A meeting of Independent Directors was held on May 15, 2017.

Familiarisation Programme for Independent Directors

At the time of appointing an Independent Director, a formal letter of appointment is given to him/her, which inter-alia explains the role, functions, duties and responsibilities expected from him/her as a director of the Company. The Director is also explained in detail the compliances required from him under the Companies Act, 2013, the Listing Regulations and other relevant rules & regulations. The Chairman & Managing Director also has one to one discussion with the newly appointed director to familiarize him/her with the Company's Operations. The Board Members are provided with necessary documents, reports and policies to enable them to familiarise with the Company's Procedures and Practices. Periodic presentations are made at the Board and Committee Meetings on Business and performance update of the Company.

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

Audit Committee

During the year 2016-17, the Committee met five (5) times i.e. 28th April 2016, 11th July 2016, 3rd August 2016, 20th October 2016, and 24th January 2017. The composition of the Committee and details of meetings attended by the directors are as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Raj Kumar Bhargava	Independent	Chairman	5
Mr. Ashok Kajaria	Executive	Member	5
Mr. Ram Ratan Bagri	Independent	Member	5
Mr. H. Rathnakar Hegde	Independent	Member	4
Mr. Debi Prasad Bagchi	Independent	Member	5

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

Mr. Ram Chandra Rawat, COO (A&T) & Company Secretary of the Company acts as the Secretary of the Audit Committee. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company held on 24th August 2016.

Terms of Reference of Audit Committee

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

- a) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending to the Board, the appointment/ re-appointment, and if required, replacement or removal of the statutory auditors, fixation of audit fee and approving payments for any other service rendered by statutory auditors.
- c) Discussion with the statutory auditors about the nature and scope of audit as well as post audit discussion to ascertain areas of concern, if any.
- d) Recommending to the Board of Directors, the appointment / re-appointment of Cost Auditor of the Company.
- e) Reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
 - i. Matter required to be included in the Directors Responsibility Statement to be included in the Board's Report in terms of Section 134 (3)(c) of the Companies Act, 2013.
 - ii. Changes, if any, in accounting policies and practices and reasons of the same.
 - iii. Major Accounting entries involving estimates based on exercise of judgement by management.
 - iv. Significant adjustments made in financial statements arising out of Audit.
 - v. Compliances with the listing and other legal requirements relating to financial statements.
 - vi. Disclosure of Related Party Transactions.
 - vii. Qualification in draft audit report.
- f) Reviewing with the management, the quarterly, half yearly and annual financial statements before submission to the Board.
- g) Reviewing with the internal auditor and statutory auditors, the adequacy of internal controls and steps taken for strengthening the areas of weakness in internal controls.
- h) Reviewing the adequacy of internal audit function in the Company and discussing the findings and follow up with the internal auditors.
- i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- j) Evaluation of internal control and risk management system.
- k) Reviewing with the management, the statements of uses/ application of funds raised through an issue.
- l) Review and monitor the Auditor's independence and performance and effectiveness of audit process.
- m) Approval or any subsequent modification of transaction of the Company with related parties.
- n) Review of inter-corporate loans and investments.
- o) Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- p) Reviewing the management discussion and analysis of financial condition and results of Operations.
- q) Valuation of undertakings or assets of the Company, whenever it is necessary.
- r) Approval of appointment of CFO after assessing the qualifications, experience and background etc. of the candidate.
- s) Reviewing the functioning of the Whistle Blower Mechanism.
- t) Carrying out such other functions as mentioned in the terms of reference to the Audit Committee.

Nomination and Remuneration Committee

During the year 2016-17, no meeting of the Nomination and Remuneration Committee was held. The composition of the Committee is as follows:

Name of the Committee Member	Category	Designation
Mr. Debi Prasad Bagchi	Independent	Chairman
Mr. Ashok Kajaria	Executive	Member
Mr. Ram Ratan Bagri	Independent	Member
Mr. H. Rathnakar Hegde	Independent	Member

The Composition of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013

and Regulation 19 of the Listing Regulations.

The Chairman of the Nomination and Remuneration Committee was present in the last Annual General Meeting of the Company held on 24th August 2016.

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

1. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. Formulating the Criteria for evaluation of Independent Directors and the Board.
4. Ensuring that:
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - (c) Remuneration to directors, key managerial personnel and senior management (one level below the functional heads) involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
5. Devising a policy on Board Diversity.
6. Formulating the detailed terms and conditions of the ESOP schemes which shall include the provisions as specified by Board in this regard.
7. Framing suitable policies and procedures of ESOP to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company and its employees, as applicable.
8. To approve the list of employees to whom the scheme is to be granted.
9. To determine the procedure for winding up of the scheme.

Risk Management Committee

During the year 2016-17, one (1) meeting of the Risk Management Committee was held on 24th January, 2017. 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. Ashok Kajaria	Executive	Chairman	1
Mr. Chetan Kajaria	Executive	Member	1
Mr. Dev Datt Rishi	Executive	Member	1
Mr. H. Rathnakar Hegde	Independent	Member	1
Mr. R. C. Rawat	COO (A&T) & Company Secretary	Member	1
Mr. Sanjeev Agarwal	CFO	Member	1

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

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

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

Board Evaluation

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

The Directors express their satisfaction with the evaluation process.

Remuneration

A. Remuneration to Independent Directors

The Independent directors are paid remuneration by way of sitting fees for each meeting of the Board and Committee of directors attended by them. The total amount of sitting fees paid during the financial year 2016-17 was Rs. 15.93 Lakhs. The Independent Directors do not have any pecuniary relationship or transactions with the Company. The criteria of making payment to Non-Executive Directors is disclosed in the Nomination and Remuneration Policy of the Company which is given as Annexure- 4 to the Directors Report and is also disclosed on the website of the Company https://www.kajariaceramics.com/pdf/nomination_remuneration_policy.pdf

The details of remuneration paid to Independent Directors during the financial year ended 31st March 2017 is as under:

S. No.	Name of Non-Executive Director	Sitting Fees (Rs. in Lakhs)
1	Mr. Raj Kumar Bhargava	3.63
2	Mr. Ram Ratan Bagri	3.63

S. No.	Name of Non-Executive Director	Sitting Fees (Rs. in Lakhs)
3	Mr. Debi Prasad Bagchi	3.63
4	Mr. H. Rathnakar Hegde	2.72
5	Mr. Sandeep Singhal*	-
6	Mrs. Sushmita Shekhar	2.32

* Ceased to be Director w.e.f. 7th February, 2017

B. Remuneration to Executive Directors

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

The details of remuneration paid to Executive Directors during the financial year ended 31st March 2017 is as under:

(Rs. in Lakhs)

S. No.	Name of Directors	Fixed Component		Performance Linked Incentive	Total
		Salary	Perquisites & other Benefits	Commission	
1.	Mr. Ashok Kajaria	210.00	164.50	-	374.50
2.	Mr. Chetan Kajaria	180.00	141.00	400.00	721.00
3.	Mr. Rishi Kajaria	180.00	141.00	400.00	721.00
4.	Mr. Dev Datt Rishi	47.57	37.27	-	84.84
5.	Mr. Basant Kumar Sinha	37.68	25.75	-	63.43

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

Stakeholders Relationship Committee

The Committee is responsible for the satisfactory redressal of investor's grievances and recommends measures for overall improvement in the quality of investor's services. During the year 2016-17, the Committee met five (5) times i.e. 27th May 2016, 30th June 2016, 15th September 2016, 31st December 2016, and 31st March 2017. The composition of the Committee and details of meetings attended by the directors are as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Ram Ratan Bagri	Independent	Chairman	5
Mr. Ashok Kajaria	Executive	Member	5
Mr. Chetan Kajaria	Executive	Member	4

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

During the year 2016-17, 44 complaints were received. Out

of 44 complaints, 42 complaints were duly addressed. As on 31st March 2017, 2 complaints were pending, except the cases where the Registrar & Share Transfer Agent is constrained by dispute or legal impediment or due to incomplete or non-submission of documents by the shareholders.

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

1. Review, on periodic basis, status of grievances relating to transfer, transmission of shares, issue of duplicate shares;
2. Monitor expeditious redressal of investor's grievances;
3. Review instances of non-receipt of Annual Report and declared dividend and
4. Consider all matters related to all security holders of the Company.

Corporate Social Responsibility Committee

During the year 2016-17, the Committee met three (3) times i.e. 27th April 2016, 27th May 2016 and 24th January 2017. 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 Shekhar	Independent	Chairperson	3
Mr. Chetan Kajaria	Executive	Member	3
Mr. Rishi Kajaria	Executive	Member	3

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

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as per the provisions of the Companies Act, 2013 and rules made thereunder;
- (b) Recommend the amount of expenditure to be incurred on the CSR activities; and
- (c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

Business Responsibility & Sustainability Committee

During the year 2016-17, no meeting of the Business Responsibility & Sustainability Committee was held. The composition of the Committee is as follows:

Name of the Committee Member	Category	Designation
Mr. Ashok Kajaria	Executive	Chairman
Mr. Chetan Kajaria	Executive	Member

Name of the Committee Member	Category	Designation
Mr. Rishi Kajaria	Executive	Member
Dr. Rajveer Choudhary	COO (Works)	Member
Mr. Bhupendra Vyas	COO (Marketing)	Member
Mr. Rajeev Gupta	V.P. (HR)	Member

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

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

CSR Policy of the Company

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

As a part of initiative of CSR drive, the Company has implemented various CSR programmes / projects which made positive impacts mainly in the areas of health, sanitation, conservation of natural resources, sports and promoting education. The CSR programmes initiated by the Company includes taking steps for preventive health care, Swatch Bharat, constructing sanitation facilities in the schools near the manufacturing facilities, contributing to the education and social economic development of under privileged children and for slum area / rural area development.

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

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

Management Committee

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

Ethics / Governance Policies

1. Code of Business Conduct and Ethics

In compliance with the Listing Regulations and the Companies Act, 2013, the Company has framed and adopted a Code of Business conduct and Ethics ('the code'). The Company has in place a comprehensive Code of Conduct applicable to all employees and Directors. 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. Company value, Ownership Mind-set, Respect, Integrity, One team and excellence.

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

The code has been circulated to Directors and management personnel.

All members of the Board, the executive directors and senior officers have affirmed compliance to the Code as on 31st March, 2017.

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

2. Insider Trading Code

The Company has adopted the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The code is applicable to Promoters, Promoters Group, all Directors, Key Managerial Persons and such other designated employees who are expected to have access to unpublished Price Sensitive Information relating to the Company. The Company Secretary is the Compliance officer for monitoring the adherence to the said regulations.

3. Policy on Material Subsidiary

The Company has adopted a policy on material subsidiaries. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy on Material Subsidiaries is available on the website

of the Company <https://www.kajariaceramics.com/pdf/MaterialSubsidiaryPolicy-kajaria.pdf>

4. Related Party Transaction Policy

In line with requirement of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Related Party Transaction Policy. This policy is also available at Company's website at <https://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf>

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

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

5. Dividend Distribution Policy

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

6. Risk Management Policy

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

7. Business Responsibility Report

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

General Body Meetings

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

Year	Date	Time	Venue	Details of Special Resolutions Passed, if any.
2013-14	1st August 2014	12.00 Noon	A-27 to 30, Industrial Area, Sikandrabad, Distt. Bulandshahr (U.P.) - 203205	NIL
2014-15	7th September 2015	3.30 P.M.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001	i. Approval of related party transactions ii. Issuance of ESOP to the employees of the Company iii. Issuance of ESOP to the employees of the Subsidiary Company
2015-16	24th August 2016	4.00 P.M.	Crown Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001	i. Re-appointment of Mr. Ashok Kajaria as Chairman & Managing Director of the Company ii. Sub-division of equity shares of the Company

b) Special Resolution passed through Postal Ballot: During the year 2016-17, no Special Resolution has been passed through Postal Ballot.

c) **Special Resolution proposed to be conducted through Postal Ballot:** Pursuant to the Order dated May 4, 2017 of the National Company Law Tribunal ("NCLT"), Chandigarh Bench, a special resolution is proposed to be conducted through Postal Ballot or e-voting or voting by poll at the meeting venue for approval of the Scheme of Arrangement between Kajaria Securities Private Limited and the Company and their shareholders and creditors ("Scheme").

d) Procedure for Postal Ballot:

- In compliance with Regulation 44 of the Listing Regulations read with Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by the Securities and Exchange Board of India ("SEBI") and Section 230(4) read with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, the Company will provide facility for casting votes by way of e-voting or postal ballot or voting by poll at the meeting venue to all its members. The Company proposes to engage the services of National Securities Depository Limited ("NSDL") for the purpose of providing e-voting facility to all its members. The members will have the option to vote either by postal ballot or e-voting or voting by poll at the meeting.
- The Company will dispatch notices of meeting and postal ballot form along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members / List of Beneficiaries as on a Cut-off date decided by Hon'ble NCLT. The Notice will be sent to members in electronic form to the e-mail addresses registered with their depository participants (in case of electronic shareholding) / the Company's Registrar and Share

Transfer Agents (in case of physical shareholding). Physical copy of notice will be sent to the members (whose email is not registered). The Company will publish a notice in the newspaper 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 will be reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date decided by Hon'ble NCLT. Members 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 close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutiniser shall submit his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot, e-voting and voting by poll will be announced by the Chairman. The results will also be displayed on the website of the Company i.e. www.kajariaceramics.com, besides being communicated to the Stock Exchanges

e) Except as stated above, the Company did not hold Extra-Ordinary General Meeting of the Shareholders.

Disclosures

a) **Materially Significant Related party transactions**

During the year 2016-17, there are no materially significant transactions with the related parties' viz. Promoters, Directors or the Management, their subsidiaries or relatives that had potential conflict with the Company's Interest.

Suitable disclosure as required by Accounting Standard

('AS-18') has been made under Note No. 35 of the Financial Statements. The policy on dealing with related party transactions is also present 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 Exchanges or SEBI or any statutory authority during last three years

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

- c) Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) and (10) of Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy with vigil mechanism for directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and directors who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. No complaint has been received during the year 2016-17.

The details of establishment of vigil mechanism have been disclosed by the Company on its website i.e. https://www.kajariaceramics.com/pdf/whistle_blowing_policy.pdf and in the Board's Report

- d) A certificate on compliance with the conditions of the Corporate Governance under the Listing Regulations issued by M/s Chandrasekaran Associates, Company Secretaries forms part of this report.
- e) The Company has complied with all the corporate governance mandatory requirements specified in the Listing Regulations and following are the details of non- mandatory / discretionary requirements:

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

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

- i) The Board: The Company has appointed an executive chairman, being the promoter of the Company.
- ii) Shareholders' Rights: As the quarterly and half yearly performance are published in the newspapers and are also posted on the Company's Website, the same are

not being sent separately to each household of the shareholders.

- iii) Modified opinion(s) in audit report: The Audit Reports on the Financial Statements for the year ended March 31, 2017 do not contain any modified opinion.
- iv) Separate posts of Chairman & CEO / Managing Director: As per the Articles of Association of the Company and in accordance with the provisions of the Companies Act, 2013, the Company continues to appoint one person as Chairman & Managing Director of the Company.
- v) Reporting of Internal Auditor: Independent Internal Auditor has been appointed and is reporting directly to the Audit Committee.
- f) CEO / CFO Certificate

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

Means of Communication

Quarterly, Half-Yearly & Annual Financial Results:

The quarterly, half yearly and annual financial results of the Company are sent to the Stock Exchanges immediately through permitted mode after these have been approved by the Board. These are widely published in the Economic Times, The Financial Express/ Jansatta and Business Standard (both English & Hindi).

These results are simultaneously posted on the website of the Company at www.kajariaceramics.com

Investor Release

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

General Shareholders Information

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

Date, time and venue of the 31st Annual General Meeting ('AGM')

Date : 10th August, 2017

Time : 3.00 P.M.

Venue : Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001

Dates of Book closure :

5th August, 2017 to 10th August, 2017 (Both days inclusive)

Financial Year :

April 1 to March 31

Financial Calendar (Tentative)

First Quarter Results :	2nd week of August 17
Second Quarter/ Half Yearly Results :	4th week of October 2017
Third Quarter / Nine Months Results :	4th week of January 2018
Fourth Quarter / Annual Results for the year ending 31st March 2018 :	2nd week of May, 2018

Dividend Payment date

Dividend shall be paid to all eligible shareholders within 30 days from the date of declaration at the 31st Annual General Meeting.

Dividend history for the last 5 years is as under:

Year	Dividend Rate (%)	In per Share (Face value of Rs. 2/-)	Dividend Amount (Rupees in Crores)
2011-12	125	Rs. 2.50	18.40
2012-13	150	Rs. 3.00	22.08
2013-14	175	Rs. 3.50	26.45
2014-15	200	Rs. 4.00	31.79
2015-16	250	Rs. 5.00	39.73

Unpaid / Unclaimed Dividend:

All the unpaid / unclaimed dividend up to the financial year 2008-09 have been transferred to Investor Education and Protection Fund (IEPF). No claims will lie against the Company or the Fund in respect of unclaimed amount so transferred.

The unclaimed dividend declared in respect of the financial year 2009-10 is due to be transferred to the Investor Education and Protection Fund.

Listing on Stock Exchanges:

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

Listing fees for the financial year 2017-18 has been paid by your Company within the stipulated time.

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

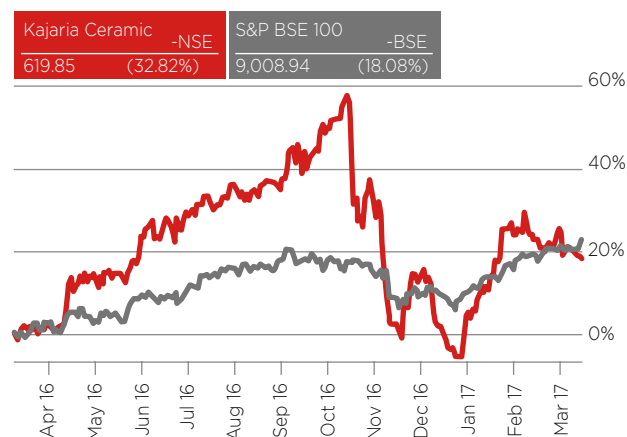
ISIN : INE217B01036

Market Price Data:

Monthly High and Low quotation of shares traded on BSE / NSE during the year 2016-17: (in Rs.)

Month	BSE		NSE	
	High	Low	High	Low
April, 2016	1073.50	938.00	1074.80	936.15
May, 2016	1113.00	1040.00	1085.00	1035.00
June, 2016	1223.10	1050.00	1229.70	1070.00
July, 2016	1271.15	1187.75	1275.00	1185.00
August, 2016	1289.90	1221.00	1289.90	1220.05
September, 2016	1424.90	1265.05	1427.00	1265.00
October, 2016	1408.00	583.10	1409.90	582.00
November, 2016*	639.00	440.90	639.90	440.15
December, 2016*	540.00	437.30	541.05	437.35
January, 2017*	605.70	469.85	605.25	468.60
February, 2017*	610.65	554.00	609.80	553.10
March, 2017*	599.00	545.05	594.00	545.55

* Equity shares have been split off from Rs. 2/- each to Re. 1/- each w.e.f. October 4, 2016.

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

Registrar & Share Transfer Agent

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

MCS Share Transfer Agent Limited

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

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

E-mail ID: helpdeskdelhi@mcsregistrars.com

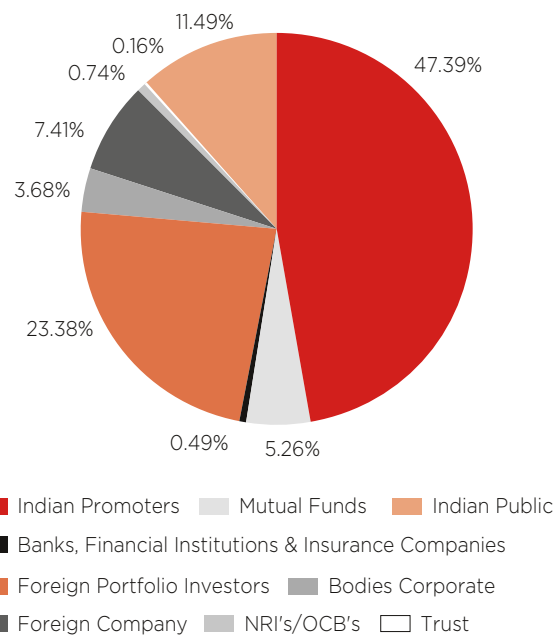
Share Transfer System

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

Shareholding Pattern as on 31.03.2017

Category	No. of Shares Held	Percentage of Shareholding
Promoters		
Indian Promoters	75321502	47.39
Institutional Investors		
Mutual Funds	8366674	5.26
Banks Financial Institutions & Insurance Companies	779728	0.49
Foreign Portfolio Investors	37164683	23.38

Category	No. of Shares Held	Percentage of Shareholding
Bodies Corporate	5848891	3.68
Foreign Company	11770840	7.41
NRI's/ OCBs	1168494	0.74
Trust	253174	0.16
Indian Public	18264014	11.49
Total	158938000	100.00

**Distribution of Shareholding as on 31.03.2017**

Category Range	No. of Shareholders		No. of shares	
	Total	% of shareholders	Total	% of share capital
1-500	31693	83.72	3427908	2.16
501-1000	2919	7.71	2370644	1.49
1001-2000	1614	4.26	2513465	1.58
2001-3000	552	1.46	1423690	0.89
3001-4000	260	0.69	936891	0.59
4001-5000	175	0.46	811168	0.51
5001-10000	288	0.76	2062321	1.30
10001 and above	354	0.94	145391913	91.48
Total	37855	100.00	158938000	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 2017, 156314023 equity shares out of 158938000 equity shares of the Company, forming 98.35% 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	152331626	95.84
CDSL	3982397	2.51
Shares in Physical Form	2623977	1.65
Total	158938000	100.00

Outstanding GDRs / ADRs / Warrants or other Convertible Instruments

The Company has not issued any GDR/ADR / warrants or other convertible instruments during the year 2016-17.

Other Information

a) Corporate Identification Number

L26924HR1985PLC056150

b) Reconciliation Audit for Share Capital

As on 31.03.2017

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 Directors. The Audit Report inter alia confirms that the total listed and paid up capital of the Company is in 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 2017. The details of foreign currency exposure as on 31st March 2017 is provided in Note No. 43 of the Financial Statements. All import liabilities are unhedged because cost of forward premium was higher. However all import liabilities are paid on the due date.

Plant Locations

The plants of the Company are located as under:

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

Subsidiary Companies

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

Address for Correspondence

i. Registered Office:

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

ii. Corporate Office:

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

Email ID for Investors

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

Declaration related to code of conduct to Directors/ Senior Management

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

For and on behalf of the Board

Place : New Delhi
Date : 15th May, 2017

Ashok Kajaria
Chairman & Managing Director
DIN: 00273877

CEO & CFO CERTIFICATE

To
Board of Directors
Kajaria Ceramics Limited
New Delhi

Dear Sir,

- A. We have reviewed financial statements and the cash flow statement of Kajaria Ceramics Limited for the year ended 31st March 2017 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 present a true and fair view of the Company's affairs and are in compliance with current 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, 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 the internal control, if any, of which we are aware and the steps taken or propose to be taken to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
1. significant change in internal control over financial reporting during the year;
 2. significant change in accounting policies made during this year and that the same have been disclosed in the notes to the financial statement; and
 3. instances to significant fraud of which we have become aware and the involvement therein, if any, of management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: New Delhi
Date: 15th May, 2017

Ashok Kajaria
Chairman & Managing Director

Sanjeev Agarwal
CFO

CERTIFICATE ON COMPLIANCE

WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER LISTING REGULATIONS, 2015

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

We have examined all relevant records of Kajaria Ceramics Limited (the Company) for the purpose of certifying of all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March 2017. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

For Chandrasekaran Associates
Company Secretaries

Rupesh Agarwal
Partner

Place: New Delhi
Date: 15th May, 2017

Membership No. ACS 16302
Certificate of Practice No. 5673

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

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

2. PURPOSE AND REGULATORY FRAMEWORK

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

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

3. CONCEPT OF DIVIDEND

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

4. TYPES OF DIVIDEND

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

Interim Dividend

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

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

Final Dividend

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

5. DIVIDEND DECLARATION

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

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

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

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

6. PARAMETER / FACTOR GOVERNING DECLARATION OF DIVIDEND

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

EXTERNAL FACTORS:

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

Economic Scenario

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

Market Scenario

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

Regulatory Restrictions / Obligations

In order to ensure compliance with the applicable laws, the

Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend.

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

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

Agreements with Lenders / Debenture Trustees

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

Other Factors

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

INTERNAL FACTORS:

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

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

7. FINANCIAL PARAMETERS FOR DECLARING DIVIDEND

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

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

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

8. UTILISATION OF RETAINED EARNINGS

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

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

9. CIRCUMSTANCES IMPACTING DIVIDEND PAYMENT

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

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

10. PARAMETERS FOR VARIOUS CLASSES OF SHARES

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

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

11. DISCLOSURE

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

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

12. EFFECTIVE DATE

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

13. REVIEW / AMENDMENT

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

BUSINESS RESPONSIBILITY REPORT

FOR 2016-17

SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L26924HR1985PLC056150	
2.	Name of the Company	Kajaria Ceramics Limited ("the Company")	
3.	Registered Office	SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana- 122001	
4.	Website	www.kajariaceramics.com	
5.	E-mail id	investors@kajariaceramics.com	
6.	Financial Year Reported	2016-17	
7.	Sector(s) that the Company is engaged in (Industrial Activity code wise)	23913 (Manufacturing Ceramic Products)	
8.	List three key products that Company manufactures (as Per Balance Sheet)	The Company operates in only one segment i.e. Ceramic/ Vitrified Tiles	
9.	Total Number of Locations where business activity is undertaken by the Company		
a)	Number of International locations (provide details of major 5)	Nil	
b)	Number of National Locations	Unit	Location
		Sikandrabad (Uttar Pradesh)	A-27 to 30, Industrial Area, Sikandrabad, Distt., Bulandshahr (U P) -203205
		Malutana (Rajasthan)	Alwar Shahpura Road, Village & Post Malutana, Tehsil-Thanagazi, District Alwar (Rajasthan)-301022
		Gailpur (Rajasthan)	19 Km Stone, Bhiwadi – Alwar Road, Village Gailpur, Distt., Alwar (Rajasthan) -301707
	Registered Office	SF-11, Second Floor, JMD Regent Plaza, Mehrauli-Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana- 122001	
	Corporate Office	J1/B1 (Extn.), Mohan Co-operative Estate, Mathura Road, New Delhi – 110044	
10.	Markets served by the Company	The Company operates PAN India and also serves some of the international markets.	

SECTION B : FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital (Rs.) - 15.89 crore
2. Total Turnover (Gross) (Rs.) - 2718 crore
3. Total Profit/(Loss) After Taxes (PAT) (Rs.) - 270 crore
4. Total spending on Corporate Social Responsibility (CSR) for the financial year 2016-17 is Rs. 3.37 crore which is 1.25% of PAT
5. List of activities in which the expenditure in 4 above has been incurred
- Refer Annexure 3 of the Directors' Report for the financial year 2016-17.

SECTION C: OTHER DETAILS

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

As on 31st March, 2017, the Company had 8 subsidiaries including 1 step down subsidiary. The details of the subsidiaries have been disclosed in the Annual Report for the financial year 2016-17.

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

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

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

No

SECTION D: BR INFORMATION

1. Details of Directors responsible for BR

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

1. DIN : 00273877
2. Name : Mr. Ashok Kajaria
3. Designation : Chairman & Mg. Director

- ### (b) Details of BR Head

S. No.	Particulars	Details
1.	DIN (if applicable)	The Company has constituted a Business Responsibility & Sustainability Committee to oversees the BR implementation. However, the Company does not have a BR head as of now.
2.	Name	
3.	Designation	
4.	Telephone Number	
5.	E-mail id	

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

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

[illegible]

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
7.	Has the policy been formally communicated to all the relevant internal and external stakeholders?	The policy has been posted on the Company's website for information of all the internal and external stakeholders of the Company.								
8.	Does the Company have in house structure to implement the policy/ policies	Yes, the Company have necessary structure in place to implement the policy.								
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy/ policies?	Yes, the Company have necessary grievance redressal mechanism, to address the grievance of the relevant stakeholder.								
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Company has not carried out independent audit / evaluation of its working by an internal or external agency as of now.								

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of Directors or CEO to access the BR performance of the Company. Within 3 months, 3 months – 6 months, annually more than 1 year.
The BRS Committee may oversee the BR performance of the Company on annual basis.
- Does the Company publish a BR or sustainability report? What is the hyperlink for viewing this report? How frequently it is published?
The BR report is published on annual basis. The Company is publishing the report for the first time for the financial year 2016-2017 and the same can be assessed through the link: https://www.kajariaceramics.com/pdf/agm_referencer/BusinessResponsibilityReport.pdf

SECTION E: PRINCIPLE WISE PERFORMANCE

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

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

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

Our philosophy is based on the trusteeship, transparency and accountability. We believe that it is imperative for us to manage our business affairs in the most fair and transparent manner with a firm commitment to our values. Any business without ethics cannot win the trust of the stakeholders.

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

Your Company also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices. The copy of the same is available on the website of the Company at https://www.kajariaceramics.com/pdf/whistle_blowing_policy.pdf. Your Company has provided dedicated e-mail address, Whistle officer: whistleofficer@kajariaceramics.com Chairman of the Audit Committee: chairmanauditcommittee@kajariaceramics.com

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

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

During the financial year 2016-17, 44 shareholder complaints were received by the Company, out of which

95% of the complaints has been satisfactorily resolved.

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

PRINCIPLE 2: PRODUCT LIFE CYCLE SUSTAINABILITY

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

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

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

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

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

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

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

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

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

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

the manufacturing units of the Company which helps to minimise transportation.

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

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

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

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

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

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

PRINCIPLE 3: EMPLOYEE WELL-BEING

Business should promote the well-being of all employees

1. Please indicate the total number of employees:
The total number of employees was 2,552 as on 31st March 2017 (on standalone basis).
2. Please indicate the total of employees hired on temporary / contractual / casual basis.
The total temporary/contractual/casual employees were 2,107 as on 31st March 2017.
3. Please indicate the number of permanent women employees:
There were 69 women employees as on 31st March 2017.
4. Please indicate the number of permanent employees with disabilities:
There was 1 permanent employee with disabilities as on 31st March 2017.

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

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

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

Less than 5%

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

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

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

The Company is fully compliant with the prevailing laws on the prevention of sexual harassment of women at workplace. The policy for the prevention of sexual harassment of women at workplace is available on the website of the Company at https://www.kajariaceramics.com/pdf/prevention_of_sexual_harassment_at_workplace.pdf. No, complaints relating to sexual harassment were received during the financial year 2016-17.

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

• Permanent employees	:	20%
• Permanent women employees	:	Nil
• Casual/ Temporary / Contractual employees	:	47%
• Employees with disabilities	:	Nil

PRINCIPLE 4: STAKEHOLDERS ENGAGEMENT

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

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

Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

There are no identified disadvantaged, vulnerable & marginalised stakeholders.

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

Not Applicable

PRINCIPLE 5: HUMAN RIGHTS

Business should respect and promote human rights.

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

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

2. How many stakeholder's complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Nil

PRINCIPLE 6: ENVIRONMENT

Business should respect, protect and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the Company or extend to the group / joint ventures / suppliers / contractors / NGOs / others?

The policy is applicable to the Company and its subsidiaries.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming etc.? Y/N. if yes, please give hyperlink for web page etc.

In order to address the global environmental issues like climate change, global warming, the Company has embedded many facets related to respecting and protecting environment in its operations and processes.

3. Does the Company identify and assess potential environmental risks?

Yes

4. Does the Company have any project related to clean development mechanism? If so, provide details hereof, in about 50 words or so. Also if yes, whether any environmental compliance report is filed?

The Company does not have any specific project related to clean development mechanism but it has installed Effluent Treatment Plant ("ETP") and filter processes at all of its plants and whatever, liquid and solid waste is generated, the same is being recycled and reused in the process.

Further, all the plants of the Company are based on the

principle of minimal environment footprint.

5. Has the Company undertaken any other initiatives on—clean technology, energy efficiency and renewable energy, etc. Y/N. if yes, please give hyperlink for web page, etc.

The Company has undertaken various initiatives on clean technology, energy efficiency and renewable energy like installation of roof top solar plant in the factory & wind turbine to generate green energy.

Further, it has also installed heat recovery systems and latest generation energy lighting and equipment, to save energy and fuel cost. The Company has also commissioned Rain Water harvesting projects within the plant and nearby villages.

6. Are the emission / waste generated by the Company within the permissible limits given by CPCB/ SPCB for the financial year being reported?

Emission / waste generated by the Company are within the permissible limits given by CPCB/SPCB for the financial year 2016-17.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of the financial year.

Nil

PRINCIPLE 7: POLICY ADVOCACY

Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your Company a member of any trade and chamber or association? if yes, name only those major ones that your business deals with:

The Company is member of following trade chambers, associations and forums:

- Federation of Indian Chamber of Commerce and Industry
 - PHD Chamber of Commerce
 - Indian Council of Ceramic Tile and Sanitary ware
 - Bhiwadi Manufacturers Association
 - Sikandrabad Industries Association
 - Indian Industry Association
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: governance and administration, economic reforms, inclusive development policies, energy security, water, food security, sustainable business principles, others)

Your Company is associated with above institutions

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

PRINCIPLE 8: INCLUSIVE GROWTH

Business should support inclusive growth and equitable development

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

The Company supports inclusive growth and equitable development through its Corporate Social Responsibility (CSR) programmes. The Company has aligned its CSR programmes/ initiatives/ activities with the requirements of Companies Act, 2013. The Company's CSR activities are being monitored by the CSR Committee constituted by the Board.

The details and impact of the CSR programmes/ initiatives/ activities taken by the Company in the recognised fields are detailed in the CSR annexure attached to the Annual Report of the Company.

2. Are the programmes / projects undertaken through in house team / own foundation / external NGO/ government structure/ any other organisation?

The Company carries such programmes/ initiatives/ activities directly as well as indirectly and strives to ensure a better quality of life for the people while contributing towards a strong economy. All our CSR efforts stem from our well-articulated Corporate Social Responsibility (CSR) Policy and focus on some of the key priorities of the communities.

Assistance of external agencies / expert may be taken as and when required.

3. Have you done any impact assessment of your initiative?
No formal impact assessment of the initiatives has been undertaken by the Company.
4. What is your Company's direct contribution to community development projects- Amount in Rs. and details of the projects undertaken.

Details of amount spent by the Company by way of CSR Programmes towards the development of the Community have been provided in Annexure 3 of the Directors' Report for the financial year 2016-17.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

The Company undertakes CSR activities after assessing the needs of the community. Further, all CSR activities are rolled out directly to the society. The Company believes that they will benefit the society at large.

This helps in increased reach as well as ensuring the adoption of initiative by communities. Project teams track the reach and take necessary steps to make it successful.

PRINCIPLE 9: CONSUMER VALUE

Business should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of the financial year.

The Company is dedicated to delivering products that satisfy the unmet needs of the consumers. The Company value customer satisfaction as one of its greatest assets. Therefore, it has put in place effective redressal mechanism for addressing customer complaints and handling consumer cases. The system has been created keeping the interest of customers, so that minimum hassles are caused to him/her. The system is periodically reviewed by management team as well. The Company regularly organises feedback and awareness programs for its customers across various

locations. Further all the dealers are advised to ensure that the customer complaints are redressed in the shortest possible time.

The number of such cases are insignificant in comparison to the number of customer in fold.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A

Customers have access to the Company's website which provides host of information on products and services. In addition, information is disseminated to the customers through display board, exhibitions, catalogue, advertisements etc.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on the end of financial year. If so, provide the details thereof, in about 50 words.

No

4. Did your Company carry out any consumer survey / consumer satisfaction trends?

No

DIRECTORS' PROFILE

1. Mr. Ashok Kajaria (DIN : 00273877)

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

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

In his career spanning over 40 years, his vision and foresightedness as an entrepreneur, dynamic leadership, steadfast determination, and global marketing acumen has seen the rise of Kajaria from what started as a 1 MSM tile fledgling in 1988 into an industry leader and most respected tile brand in India.

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

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

As on 31st March, 2017, he is holding 1047004 shares of the Company.

2. Mr. Chetan Kajaria (DIN : 00273928)

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

He is the Joint Managing Director of Kajaria Ceramics Limited and a member of the CSR Committee, Stakeholders Relationship Committee, Risk Management Committee, Management Committee and Business Responsibility & Sustainability

Committee.

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

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

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

As on 31st March, 2017, he is holding 1339880 shares of the Company.

3. Mr. Rishi Kajaria (DIN : 00228455)

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

He is the Joint Managing Director of Kajaria Ceramics Limited and is a member of the CSR Committee, Management Committee and Business Responsibility & Sustainability Committee.

Mr. Rishi Kajaria joined Kajaria Ceramics in the year 2003 and spearheads the vitrified tile vertical. Initially, he opted for trading vitrified tiles rather than joining the race of setting up capacities. After importing for 5 years, he decided to manufacture them. The first production unit for vitrified tile was started in Sikandrabad in 2010. Subsequently, Kajaria Ceramics commissioned a huge expansion of vitrified tiles at Gailpur in 2011.

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

He was instrumental in acquiring three tile companies in Morbi, Gujarat and One in Rajahmundry, Andhra Pradesh. With this strategy, he added capacity without any gestation period and acquired reach (West and South) which was critical to capitalise on the various pan-India opportunities. This resulted in additional sales volumes and profit acceleration for the Company. Mr. Kajaria is also responsible for spearheading the lateral shift of the Company into Sanitaryware and faucets in keeping with the overall growth master plan.

As on 31st March, 2017, he is holding 1805716 shares of the Company.

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

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

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

He is an eminent technical professional having experience in a wide spectrum of industries like Chemicals, Fertilizers, Pesticides and Ceramics. He was associated with Kajaria Ceramics since inception in January 1987 when the first tile plant was conceived at Sikandrabad. For more than 20 years, he managed all operations meticulously. Under his dynamic leadership, the Company successfully carried out various expansions. His knowledge and techniques have contributed to production of international standards quality tiles. He has rich experience in the field of production, quality control, R&D, technology transfer, standardization, projects, training and organization development, etc. He was on the Board of the Company w.e.f. 14th May, 1993 and resigned on 30th April 2010. He was again appointed on the Board w.e.f. 14th January 2015.

As on 31st March 2017, he holds 400 shares of the Company.

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

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

He started his career as Graduate Engineer with Hindustan Sanitaryware and Industries Ltd. and subsequently served with Orient Ceramic Industries Ltd., as General Manager with Somany Tiles, as Senior Vice President with Asian Granito Ltd. and as Technical Director with Kaneria Granito Ltd. before joining Kajaria Ceramics. He has rich experience of about 46 years in the management of production, quality control, R&D, technology transfer, standardization, projects, outsourcing, training and organization development etc. in the field of Tiles

& Sanitaryware.

As on 31st March, 2017, he does not hold any shares of the Company.

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

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

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

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

He is holding Directorships in various other public Limited companies.

As on 31st March, 2017, he is holding 18,592 shares of the Company.

7. Mr. H. Rathnakar Hegde (DIN : 05158270)

Mr. H. Rathnakar Hegde is a Science Graduate.

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

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

He also serves on the Boards of several Companies.

As on 31st March, 2017, he does not hold any share of the Company.

8. Mr. Ram Ratan Bagri (DIN : 00275313)

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

He is an Independent Director and joined the Board of Directors

of the Company on 21st January, 2000. He is a Chairman of the Stakeholders Relationship Committee and member of Audit Committee, Nomination & Remuneration Committee and Management Committee of the Company.

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

He also serves on the Boards of several Companies.

As on 31st March, 2017, he is holding 40,000 shares of the Company.

9. Mr. Debi Prasad Bagchi (DIN : 00061648)

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

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

During his tenure with Government of India, he was also Chief Secretary to Government of Orissa, and is also serving the Board of Directors of the other companies of different business. He has rich experience in General Administration, Management

Strategy, Government Industry Relationship and Corporate Governance. He has also served Government of India as JS, AS, and Secretary.

He also serves on the Boards of several companies.

As on 31st March, 2017, he does not hold any share of the Company.

10. Mrs. Sushmita Shekhar (DIN : 02284266)

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

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

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

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

As on 31st March, 2017, she does not hold any share of the Company.

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of
KAJARIA CERAMICS LIMITED
New Delhi

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of KAJARIA CERAMICS LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be

included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the

year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these Standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us, whose audit report for the year ended 31 March 2016 & 31 March 2015 dated 28 April 2016 & 29 April 2015 respectively expressed an unmodified opinion on those Standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of above matter:

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including the Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors

is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) We are enclosing herewith a report in Annexure II for our opinion on adequacy of internal financial controls system in place in the company and the operating effectiveness of such controls.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements. Refer Note 34 to the financial statements.
 - ii. According to the information and explanations provided to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred during the year, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in Note no.10 of its financial statements as to holdings as well as dealings in Specified Bank Notes (SBN) during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of accounts and records maintained by the Company.

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

(Atul Bagla)

Partner

Membership No. 91885

Place : New Delhi

Dated : 15 May, 2017

Annexure- I to the Independent Auditor's Report

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

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| <p>i) In respect of its fixed assets:</p> <p>a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As in informed to us no material discrepancies were noticed on such physical verification.</p> <p>c) Title deeds In respect of all immovable properties are held in the name of the company.</p> <p>ii) As explained to us physical verification has been conducted by the management at reasonable intervals in respect of inventories of finished goods, stores, spare parts and raw materials. We were informed that physical verification of clay was made on the basis of volume and density which is approximately correct. We were explained that no material discrepancies have been noticed on physical verification.</p> <p>iii) As informed to us the company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act 2013. In respect of such loans we have been informed that:</p> <p>a) the terms and conditions of the grant of such loans are not prejudicial to the company's interest.</p> <p>b) the schedule of repayment of principal and payment of interest is not stipulated. Therefore no comments are offered on whether the repayments or receipts are regular.</p> <p>c) no amount is overdue as at the end of the year.</p> <p>iv) According to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186, wherever applicable, in respect of loans, investments and guarantees given by the company. We are informed that the company has not provided any security during the year.</p> <p>v) According to the information and explanations given to us the company has not accepted any deposits, in terms</p> | <p>of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under.</p> <p>vi) In respect of business activities of the company, maintenance of cost records has not been specified by the Central Government under sub-section (I) of section 148 read with rules framed thereunder of the Companies Act 2013.</p> <p>vii) a) As per information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. As informed to us there are no outstanding statutory dues in arrears as at the last day of the financial year concerned for a period of more than six months from the date they became payable.</p> <p>b) We have been informed that no unpaid disputed demands are outstanding in respect of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, VAT or Cess.</p> <p>viii) Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that there is no default in repayment of loans or borrowings to the financial institutions and banks as at the year end. There are no loans from Government and the company has not issued any debentures.</p> <p>ix) As explained to us term loans obtained during the year were applied for the purpose for which the loans were obtained by the company. The company has not raised any money during the year by way initial or further public offer.</p> <p>x) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit for the year ended 31.03.2017.</p> |
|---|---|

xii) According to information and explanations given to us, the managerial remuneration paid and provided by the company during the year is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.	
xiii) The provisions of clause (xii) of the Order are not applicable as the company is not a Nidhi Company as specified in the clause.	
xiv) According to information and explanations given to us, we are of the opinion that all related party transactions are in compliance with section 177 and 188 of the Companies Act, 2013. Necessary disclosures have been made in the financial statements as required by the applicable accounting standards.	
xv) According to information and explanations given to us the company has not made any preferential allotment	or private placement of shares or debentures during the year.

xv) According to information and explanations given to us the Company has not entered into any non-cash transaction with the director or any person connected with him during the year.

xvi) In our opinion, in view of its business activities, the company is not required to be registered under section 45IA of Reserve Bank of India Act 1934.

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

(Atul Bagla)

Partner

Place : New Delhi

Dated : 15 May, 2017

Membership No. 91885

Annexure- II to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of KAJARIA CERAMICS LIMITED ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated

in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Independent Auditor's Report

Auditors' Responsibility

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

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence l/we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded

as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on "Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

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

(Atul Bagla)
Partner

Place : New Delhi
Dated : 15 May, 2017

Membership No. 91885

Balance Sheet

as at 31 March 2017

(Amount in Rupees crores, unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	716.31	660.62	512.45
Capital work-in-progress		4.79	5.81	3.71
Intangible assets	4	2.75	1.99	1.77
Financial Assets				
a) Investments	5	108.89	108.89	79.19
b) Loans	6	190.43	149.62	100.99
Other non-current assets	7	2.31	3.69	7.51
		1,025.48	930.62	705.62
Current assets				
Inventories	8	234.66	219.99	201.93
Financial assets				
a) Trade receivables	9	305.90	252.20	199.89
b) Cash and cash equivalents	10 a	47.16	3.39	4.94
c) Bank balance other than 'b' above	10 b	1.51	1.42	1.11
d) Loans	11	9.72	11.45	58.91
e) Other financial assets	12	1.48	0.60	4.26
Other current assets	7	33.39	40.18	26.56
		633.82	529.23	497.60
Total Assets		1,659.30	1,459.85	1,203.22
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	15.89	15.89	15.89
Other equity	14	1,163.80	940.27	741.24
		1,179.69	956.16	757.13
LIABILITIES				
Non-current liabilities				
Financial liabilities				
a) Borrowings	15	2.70	2.70	1.23
Provisions	16 a	9.95	9.31	9.72
Deferred tax liabilities (net)	17	99.08	84.51	72.23
Current liabilities				
Financial liabilities				
a) Borrowings	15	7.78	39.73	86.91
b) Trade payables	18	228.15	231.26	187.93
c) Other financial liabilities	19	65.03	65.81	36.37
Other current liabilities	20	49.79	50.01	41.73
Provisions	16 a	10.01	8.67	7.75
Current tax liabilities (net)	16 b	7.12	11.69	2.22
Total liabilities		479.61	503.69	446.09
Total Equity and Liabilities		1,659.30	1,459.85	1,203.22
Significant accounting policies	1 & 2			

The accompanying Notes 1 to 51 form an integral part of these financial statements.

In terms of our report of even date annexed

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

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

For and on behalf of the Board

Chetan Kajaria
Jt. Managing Director
(DIN: 00273928)

Rishi Kajaria
Jt. Managing Director
(DIN: 00228455)

Atul Bagla
Partner
Membership No.: 91885
Place: New Delhi
Dated: 15th May, 2017

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

Sanjeev Agarwal
CFO

Statement of Profit and Loss for the year ended 31 March 2017

(Amount in Rupees crores, unless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
INCOME			
Revenue From Operations	21	2,720.11	2,609.43
Other Income	22	25.34	25.82
Total Income (I)		2,745.45	2,635.25
EXPENSES			
Cost of materials consumed	23	403.95	345.04
Purchase of stock-in-trade		932.86	1,035.77
Changes in inventories of finished goods, stock in trade and work-in-progress	24	(12.87)	(8.99)
Excise duty on sale of goods		192.15	166.41
Employee benefits expense	25	220.52	189.69
Finance costs	26	3.54	6.72
Depreciation and amortisation expense	27	53.20	47.20
Other expenses	28	544.84	497.39
Total Expenses (II)		2,338.19	2,279.23
Profit before tax from continuing operations before exceptional items (I-II)		407.26	356.02
Exceptional items		-	1.51
Profit before tax from continuing operations after exceptional items		407.26	354.51
Tax expense:			
Current Tax		122.10	105.00
Adjustment of tax relating to earlier periods		0.07	(0.12)
Deferred Tax		14.93	12.63
Profit for the year from continuing operations		270.16	237.00
Other Comprehensive Income			
Items that will not be reclassified to profit & loss in subsequent periods			
Re-measurement gains (losses) on defined benefit plans		(1.03)	(1.02)
Income tax effect on such items		0.36	0.35
Total other comprehensive income for the year, net of tax		(0.67)	(0.67)
Total comprehensive income for the year, net of tax		269.49	236.33
Earnings per equity share (computed on the basis of profit for the year):			
(1) Basic		16.96	14.87
(2) Diluted		16.91	14.83
Significant accounting policies	1 & 2		

The accompanying Notes 1 to 51 form an integral part of these financial statements.

In terms of our report of even date annexed

For and on behalf of the Board

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

Ashok Kajaria
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Membership No.: 91885
Place: New Delhi
Dated: 15th May, 2017

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

Sanjeev Agarwal
CFO

Cash Flow Statement for the year ended 31 March 2017

(Amount in Rupees crores, unless otherwise stated)

	Year ended 31 March 2017		Year ended 31 March 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		407.26		354.51
<i>Adjusted for :</i>				
Depreciation	53.20		47.20	
Interest Received	(15.72)		(17.44)	
Interest Paid	3.54		6.72	
Provision for Stock Compensation Expenses	1.87		0.83	
Loss on sale of Property, plant & equipment	3.86		3.43	
Loss on write off of investment	-		1.51	
Dividend received	(0.92)	45.83	-	42.25
Operating Profit before Working Capital Changes		453.09		396.76
<i>Working capital adjustments:</i>				
Increase in inventories	(14.67)		(18.06)	
Increase in trade and other receivables	(85.60)		(59.93)	
Movement in trade and other payables	(3.44)		81.73	
Movements in provisions	0.97		(0.52)	
		(102.74)		3.22
Cash Generated from Operations		350.35		399.98
Direct Taxes Paid		(126.74)		(95.41)
Exceptional / Extraordinary items		-		-
Net Cash from operating activities		223.61		304.57
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, plant & equipment	(114.77)		(207.42)	
Sale of Property, plant & equipment	2.28		6.30	
Purchase of Investments	-		(31.21)	
Sale of Investments	-		-	
Interest Received	15.72		17.44	
Dividend Received	0.92		-	
Net Cash used in Investing Activities		(95.85)		(214.89)

Cash Flow Statement for the year ended 31 March 2017

(Amount in Rupees crores, unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(3.54)	(6.72)
Proceeds from Issue of Share Capital / Application money	-	-
Proceeds from contribution by minority shareholders	-	-
Proceeds/ (Repayment) of Long Term Borrowings (Net)	(0.67)	0.80
Proceeds / (Repayment) of Short Term Borrowings (Net)	(31.95)	(47.18)
Dividend and Dividend Tax Paid	(47.83)	(38.13)
Net Cash flow from in Financing Activities	(83.99)	(91.23)
Net increase in Cash and Cash Equivalents (A+B+C)	43.77	(1.55)
Cash and Cash Equivalents as on 1.4.2015		4.94
Cash and Cash Equivalents as on 31.3.2016	3.39	
Cash and Cash Equivalents as on 31.3.2017	47.16	3.39
Components of cash and cash equivalents		
Cash on hand	0.52	0.62
Balance in current account and deposits with banks	46.64	2.77
	47.16	3.39
Significant accounting policies 1 & 2		

The accompanying Notes 1 to 51 form an integral part of these financial statements.

In terms of our report of even date annexed

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

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

For and on behalf of the Board

Chetan Kajaria
Jt. Managing Director
(DIN: 00273928)

Rishi Kajaria
Jt. Managing Director
(DIN: 00228455)

Atul Bagla
Partner
Membership No.: 91885
Place: New Delhi
Dated: 15th May, 2017

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

Sanjeev Agarwal
CFO

Statement of changes in equity for the year ended 31 March 2017

A. Equity share capital for issued, subscribed and paid up equity share of ₹1/- each

(₹ in crores)

Particulars	Note	Amount
As at 1 April 2015	13	15.89
Changes during the year		-
As at 31 March 2016	13	15.89
Changes during the year		-
As at 31 March 2017	13	15.89

B. Other equity (Refer note 14)

As at 1 April 2017	Reserves and Surplus					Total equity
	General Reserve	Securities Premium Reserve	Capital redemption reserve	Share options outstanding account	Retained earnings	
As at 1 April 2016	245.37	163.06	5.00	0.83	526.01	940.27
Net income / (loss) for the year					270.16	270.16
Transfer to general reserve	75.00				(75.00)	-
Other comprehensive income (Note 29)					(0.67)	(0.67)
Total comprehensive income	75.00	-	-	-	194.49	269.49
Employee stock option scheme				1.87		1.87
Dividend					(39.74)	(39.74)
Dividend distribution tax					(8.09)	(8.09)
At 31 March 2017	320.37	163.06	5.00	2.70	672.67	1,163.80

Significant accounting policies

1&2

As at 1 April 2016	Reserves and Surplus					Total equity
	General Reserve	Securities Premium Reserve	Capital redemption reserve	Share options outstanding account	Retained earnings	
As at 1 April 2015	185.37	163.06	5.00	-	387.81	741.24
Net income / (loss) for the year					237.00	237.00
Transfer to general reserve	60.00				(60.00)	-
Other comprehensive income (Note 29)					(0.67)	(0.67)
Total comprehensive income	60.00	-	-	-	176.33	236.33
Employee stock option scheme				0.83		0.83
Dividend					(31.77)	(31.77)
Dividend distribution tax					(6.36)	(6.36)
At 31 March 2016	245.37	163.06	5.00	0.83	526.01	940.27

Significant accounting policies

1&2

The accompanying Notes 1 to 51 form an integral part of these financial statements.

In terms of our report of even date annexed

For and on behalf of the Board

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

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

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(DIN: 00228455)

Atul Bagla
Partner
Membership No.: 91885
Place: New Delhi
Dated: 15th May, 2017

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

Sanjeev Agarwal
CFO

Notes on the standalone financial statements for the year ended 31 March 2017

1. CORPORATE INFORMATION

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

KCL is the largest manufacturers of ceramic and vitrified wall and floor tiles in the country and 9th largest in the world. The company started its operation in 1988 with a capacity to produce 1 million sq mtr tiles per annum at Sikandrabad (U P). Today it has got nine plants with an aggregate capacity of 68.90 million sq mtr per annum – one in Sikandrabad (UP), one in Gailpur (Rajasthan), one in Malootana (Rajasthan), five in Morbi (Gujarat) and one in Vijaywada (AP).

The company, through its subsidiary Kajaria Bathware Pvt Ltd, has also forayed into manufacturing sanitaryware and faucet. It has 5.40 million pieces of sanitaryware capacity in Morbi (Gujarat) and 10 million pieces of faucet facility in Gailpur (Rajasthan).

The financial statements of the company for the year ended 31st March 2017 were authorized for issue in accordance with a resolution of the directors on 15th May, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP including accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first being prepared in accordance with IndAS.

The financial statements have been prepared on a historical cost basis, except for the certain assets and liabilities which have been measured at different basis and such basis has been disclosed in relevant accounting policy.

The financial statements are presented in INR and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

2.2 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.

The Company classifies all other liabilities as non-current.

Notes on the standalone financial statements for the year ended 31 March 2017

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b. Property, plant and equipment

i) *Tangible assets*

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost net of accumulated depreciation and accumulated impairment losses, if any as at 31 March 2015. The Company has elected to regard those values of property as deemed cost at the date of the transition to Ind AS, i.e., 1 April 2015.

Property, plant and equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) upto the date of acquisition/ installation], net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Whenever major inspection/overhaul/repair is performed, its cost is recognized in the carrying amount of respective assets as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipments are eliminated from financial statements, either on disposal or when retired from active use. Losses/gains arising in case retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Depreciation on property, plant and equipments are provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except on some assets, where useful life has been taken based on external / internal technical evaluation as given below:

Particulars	Useful Life
Plant & machinery	7, 10 & 18 years
Fit-out and other assets at sales outlets	5 years

Leasehold Land and Leasehold Improvements are amortized over the period of the lease or the useful life of the asset, whichever is lower.

The residual values, useful lives and methods of depreciation/amortization of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

ii) *Capital work in progress*

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 capitalized at the time of commissioning of such assets.

c. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

Notes on the standalone financial statements for the year ended 31 March 2017

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. 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.

d. Research & Development Costs

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

e. Borrowing Costs

Borrowing costs 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 as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

f. 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 cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount 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. When 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.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

g. Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw material, stores and spares, packing materials, trading and other products are determined on weighted average basis.

h. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from operations includes sale of goods, services and excise duty, adjusted for discounts (net).

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

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

i. Foreign currency transactions

The Company's financial statements are presented in INR, which is also its functional currency.

Foreign currency transactions are initially recorded in functional currency using the exchange rates at the date the transaction.

Notes on the standalone financial statements for the year ended 31 March 2017

At each balance sheet date, foreign currency monetary items are reported using the exchange rate prevailing at the year end.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

j. Taxes on income

Current tax

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

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity/other comprehensive income is recognized 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

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee renders the related services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, etc. are recognized as expense during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contribution.

The Company's contribution to the Provident Fund is remitted to provident fund authorities and are based on a fixed

Notes on the standalone financial statements for the year ended 31 March 2017

percentage of the eligible employee's salary and debited to Statement of Profit and Loss.

The Company operates a defined benefit gratuity plan with approved gratuity fund, and contributions are made to a separately administered approved gratuity fund. Gratuity is a defined benefit obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to statement of profit & loss in subsequent periods.

Past service costs are recognised in statement of profit & loss in the period of plan amendment.

Compensated absences and other benefits like gratuity which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a non-current liability at the present value of the defined benefit obligation at the balance sheet date.

l. Employee Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

m. Leases

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

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance

Notes on the standalone financial statements for the year ended 31 March 2017

charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

n. 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.

o. Earnings per share

Basic earnings per equity share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

p. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques 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.

q. 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

Notes on the standalone financial statements for the year ended 31 March 2017

- 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 recognized 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.

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 amortized 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 recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Derecognition

A financial asset is primarily derecognized 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.

Investment in subsidiaries, joint ventures and associates

The company has accounted for its investment in subsidiaries, joint ventures and associates at cost.

Notes on the standalone financial statements for the year ended 31 March 2017

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 amortized 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 recognized 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 amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization 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 recognized in the statement of profit and loss.

Derecognition

A financial liability is derecognized 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 recognized 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

Notes on the standalone financial statements for the year ended 31 March 2017

(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 recognized 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. Government grants

Government grants are recognized 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 recognized 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 recognized 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 recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

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

2.3 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 recognized 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

Notes on the standalone financial statements for the year ended 31 March 2017

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 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 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) 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.

(d) 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.

Notes on the standalone financial statements for the year ended 31 March 2017

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Display assets	Total
Cost										
As at April 1, 2015	7.49	3.12	165.20	624.28	6.19	20.26	4.97	6.01	16.77	854.29
Additions	6.14	-	49.10	138.91	1.61	4.64	1.06	0.32	2.77	204.55
Disposals	-	-	-	40.51	1.12	2.09	0.15	0.03	1.55	45.45
As at March 31, 2016	13.63	3.12	214.30	722.68	6.68	22.81	5.88	6.30	17.99	1,013.39
Additions	1.11		14.14	80.48	1.56	6.92	2.24	1.27	6.60	114.32
Disposals	-	-	-	18.69	0.32	3.23	0.37	0.06	1.07	23.74
As at March 31, 2017	14.74	3.12	228.44	784.47	7.92	26.50	7.75	7.51	23.52	1,103.97
Depreciation										
As at April 1, 2015	-	0.80	48.45	265.17	3.63	5.86	2.56	4.95	10.42	341.84
Depreciation charge for the year	-	0.03	4.67	36.10	0.40	2.64	0.52	0.39	1.90	46.65
Disposals	-	-	-	33.52	0.02	1.24	0.09	0.03	0.82	35.72
As at March 31, 2016	-	0.83	53.12	267.75	4.01	7.26	2.99	5.31	11.50	352.77
Depreciation charge for the year	-	0.03	6.03	39.44	0.47	3.03	0.70	0.49	2.30	52.49
Disposals	-	-	-	14.56	0.24	1.79	0.32	0.05	0.64	17.60
As at March 31, 2017	-	0.86	59.15	292.63	4.24	8.50	3.37	5.75	13.16	387.66
Net book value :										
As at March 31, 2017	14.74	2.26	169.29	491.84	3.68	18.00	4.38	1.76	10.36	716.31
As at March 31, 2016	13.63	2.29	161.18	454.93	2.67	15.55	2.89	0.99	6.49	660.62
As at April 1, 2015	7.49	2.32	116.75	359.11	2.56	14.40	2.41	1.06	6.35	512.45

Notes:

- Property, plant and equipment pledged as security
Refer to note 15 for information on property, plant and equipment pledged as security by the Company.
- Expenditure incurred during construction period, ₹10.02 crores (previous year ₹7.06 crores) was capitalized to fixed assets.

Notes on the standalone financial statements for the year ended 31 March 2017

4. INTANGIBLE ASSETS

(₹ in crores)

	Software	Software
Cost		
As at April 1, 2015	3.36	3.36
Additions	0.77	0.77
Disposals	-	-
As at March 31, 2016	4.13	4.13
Additions	1.47	1.47
Disposals	-	-
As at March 31, 2017	5.60	5.60
Amortisation		
As at April 1, 2015	1.59	1.59
Amortisation charge for the year	0.55	0.55
Disposals	-	-
As at March 31, 2016	2.14	2.14
Amortisation charge for the year	0.71	0.71
Disposals	-	-
As at March 31, 2017	2.85	2.85
Net book value :		
As at March 31, 2017	2.75	2.75
As at March 31, 2016	1.99	1.99
As at April 1, 2015	1.77	1.77

Notes on the standalone financial statements for the year ended 31 March 2017

5. INVESTMENTS

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Investments			
(a) Investments in equity shares (unquoted)			
Investments in subsidiaries			
Soriso Ceramic Private Limited: 15,30,000 (March 31, 2016 : 15,30,000, April 1, 2015 : 15,30,000) Equity shares of ₹10 each fully paid up	5.62	5.62	5.62
Jaxx Vitrified Private Limited 91,19,500 (March 31, 2016 : 91,19,500, April 1, 2015 : 91,19,500) Equity shares of ₹10 each fully paid up	24.75	24.75	24.75
Vennar Ceramics Limited 76,50,000 (March 31, 2016 : 76,50,000, April 1, 2015 : 76,50,000) Equity shares of ₹10 each fully paid up	13.65	13.65	13.65
Cosa Ceramics Private Limited 46,42,040 (March 31, 2016 : 46,42,040, April 1, 2015 : 46,42,040) Equity shares of ₹10 each fully paid up	11.61	11.61	11.61
Floera Ceramics Private Limited 510,000 (March 31, 2016 : 5,10,000, April 1, 2015 : Nil) Equity shares of ₹100 each fully paid up	5.10	5.10	-
Kajaria Bathware Private Limited 25,00,000 (March 31, 2016 : 25,00,000, April 1, 2015 : 15,00,000) Equity shares of ₹10 each fully paid up	40.00	40.00	15.00
Taurus Tiles Private Limited 81,60,000 (March 31, 2016 : 81,60,000, April 1, 2015 : 70,50,800) Equity shares of ₹10 each fully paid up	8.16	8.16	7.05
	108.89	108.89	77.68
(b) Investment in LLP (wholly owned entity)			
Kajaria Ceramics Kazakhstan LLP	-	-	1.51
Total	108.89	108.89	79.19
Aggregate value of unquoted investments	108.89	108.89	79.19

6. LOANS

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Security Deposits			
Unsecured, Considered Good	8.48	7.44	6.56
Deferred Lease expenses	2.71	1.83	2.05
Loans to Related Parties *			
Unsecured, Considered Good	179.24	140.35	92.38
Total	190.43	149.62	100.99

Notes:

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

* Represents loans given to subsidiary companies and include ₹62.18 crores (March 31, 2016: ₹40.24 crores, April 1, 2015: ₹24.37 crores) given to "Kajaria Bathware Private Limited" in which directors of the company are also directors.

Notes on the standalone financial statements for the year ended 31 March 2017

7. OTHER NON-FINANCIAL ASSETS

(₹ in crores)

	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Capital advances						
Unsecured, considered good	2.18	3.29	7.48	-	-	-
Other loans and advances (Unsecured, considered good)						
Advance to suppliers	-	-	-	10.94	15.47	11.80
Prepaid expenses	-	-	-	3.69	2.25	1.31
Export benefit receivables	-	-	-	0.16	0.12	0.71
Income tax advances	0.13	0.40	0.03	-	-	-
Balance with statutory authorities						
CENVAT Credit Receivable	-	-	-	9.46	14.98	6.21
VAT Credit receivable	-	-	-	3.79	2.40	3.67
Service tax credit receivable	-	-	-	5.35	4.96	2.86
Total	2.31	3.69	7.51	33.39	40.18	26.56

8. INVENTORIES

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Raw Materials	34.95	31.89	27.57
Work-in-progress	7.18	7.24	4.00
Finished Goods	143.70	129.14	126.26
Stock in trade	17.04	18.70	16.07
Stores and spares	31.79	33.02	28.03
Total	234.66	219.99	201.93

Note:

For mode of valuation refer Accounting policy number 2.2 (g)

9. TRADE RECEIVABLES (UNSECURED)

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Considered good	303.66	250.79	198.09
Considered doubtful	3.53	2.36	2.19
Less: Provision for doubtful receivables	(1.29)	(0.95)	(0.39)
Total	305.90	252.20	199.89

Note:

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies in which any director is a partner, director or a member.

Trade receivables are non interest bearing and are generally on credit terms of 30 days.

Notes on the standalone financial statements for the year ended 31 March 2017

10. CASH AND BANK BALANCES

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
a. Cash and cash equivalents :			
Balances with banks			
On current accounts	16.64	2.77	4.56
On deposit accounts	30.00		
Cash on hand	0.52	0.62	0.38
	47.16	3.39	4.94
b. Bank balances other than above			
Earmarked bank balances	1.51	1.23	0.94
Margin Money (pledged with banks against non-fund based facilities)	0.00	0.19	0.17
	1.51	1.42	1.11

Short-term deposits are made for periods of upto three months at varying rate of interest, depending on cash flow requirements of the Company.

For the purpose of statement of cash flows, cash and cash equivalents comprises the following :

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Balance with banks :			
On current accounts	16.64	2.77	4.56
On deposit accounts	30.00	-	-
Cash on hand	0.52	0.62	0.38
Total	47.16	3.39	4.94

Notes:

Earmarked bank balances includes:

Balance of ₹1.51 crores (31 March 2016: ₹1.23 crores; 1 April 2015: ₹0.94 crores) pertaining to unclaimed dividend.

Specified Bank Notes (SBN) disclosure

Disclosure related to details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.64	0.28	0.92
(+) Withdrawal from Bank accounts	-	0.35	0.35
(+) Permitted receipts	-	0.15	0.15
(-) Permitted payments	-	(0.47)	(0.47)
(-) Amount deposited in Banks	(0.64)	-	(0.64)
Closing cash in hand as on 30.12.2016	-	0.31	0.31

Notes on the standalone financial statements for the year ended 31 March 2017

11. LOANS

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Loans to related parties *			
Unsecured, Considered Good	7.07	0.06	54.21
Other loans			
Unsecured, Considered Good	2.65	11.39	4.70
Total	9.72	11.45	58.91

* disclosure with respect to related party transactions is given in note 35.

12. OTHER FINANCIAL ASSETS

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Interest accrued on deposits and loans	1.26	0.24	4.06
Insurance claims receivables	0.22	0.36	0.20
Total	1.48	0.60	4.26

Loans are non-derivative financial assets which generates interest income at a fixed rate for the Company.

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Break-up of the financial assets carried at amortised cost :			
Security deposits	8.48	7.44	6.56
Loans to related parties	186.31	140.41	146.59
Trade receivables	305.90	252.20	199.89
Cash and bank balances	48.67	4.81	6.05
Other loans	2.65	11.39	4.70
Total	552.01	416.25	363.79

13. EQUITY SHARE CAPITAL

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Authorised:			
25,00,00,000 equity shares of Re 1 each (31 March 2016: 12,50,00,000, 1 April 2015: 12,50,00,000, equity shares of ₹2 each)	25.00	25.00	25.00
15,89,38,000 equity shares of ₹1 each (31 March 2016: 7,94,69,000, 1 April 2015: 7,94,69,000 equity shares of ₹2 each)	15.89	15.89	15.89
Total	15.89	15.89	15.89

A. Reconciliation of the shares outstanding at the beginning and at the end of the year

(₹ in crores)

	31 March 2017		31 March 2016		1 April 2015	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
At the beginning of the year	79,469,000	15.89	79,469,000	15.89	79,469,000	15.89
Issued during the year		-	-	-	-	-
Share spilt during the year (refer note 'C' below)	79,469,000					
Outstanding at the end of the year	158,938,000	15.89	79,469,000	15.89	79,469,000	15.89

Notes on the standalone financial statements for the year ended 31 March 2017

13. EQUITY SHARE CAPITAL (contd...)

B. Terms/Rights attached to equity shares

The company has only one class of equity share having face value of Re 1/- per share (31 March 2016: ₹2/- refer note 'C'). The holder of the equity shares is entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual general meeting. The holder of share is entitled to voting rights proportionate to their share holding.

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

C. Share Spilt during the current year

The equity shares of the Company were split off from face value of ₹2/- each to ₹1/- each. In this regard, the Board of Directors of the Company has accorded its approval at its meeting held on June 16, 2016 and shareholders have approved the same at the Annual General Meeting held on August 24, 2016. Accordingly, NSE & BSE have changed the face value of equity shares of the Company w.e.f. October 4, 2016 and consequently equity shares of the company changed from 7,94,69,000 of ₹2/- each to 15,89,38,000 of ₹1/- each.

D. Following shareholders hold equity shares more than 5% of the total equity shares of the Company:

Name of Shareholder	31 March 2017		31 March 2016		1 April 2015	
	Number of shares held having face value of ₹1 each	% of holding in class	Number of shares held having face value of ₹2 each	% of holding in class	Number of shares held having face value of ₹2 each	% of holding in class
Kajaria Exports Private Limited	-	-	15,311,999	19.27%	15,311,999	19.27%
Kajaria Securities Private Limited	64,365,138	40.50%	6,581,905	8.28%	6,581,905	8.28%
Pearl Tile Marketing Private Limited	-	-	5,080,240	6.39%	5,080,240	6.39%
Cheri Ceramics Private Limited	-	-	5,088,385	6.40%	5,088,385	6.40%
Jwalamukhi Investment Holding	-	-	4,848,823	6.10%	6,245,005	7.86%
Westbridge Crossover Fund LLC	11,770,840	7.41%	5,885,420	7.41%	5,885,420	7.41%

E. Consolidation of promoter group Companies

Pursuant to the Composite Scheme of Arrangement approved by the Hon'ble High Court of Punjab & Haryana on April 29, 2016, the erstwhile promoter companies namely, Kajaria Exports Private Limited, Pearl Tile Marketing Private Limited and Cheri Ceramics Private Limited stands merged ('Merged entities') with another promoter company i.e. Kajaria Securities Private Limited (KSPL). Accordingly, the shareholding of the merged entities in the Company have been transferred to KSPL.

F. Preference share capital

The Company also has authorised preference share capital of 10,00,000 shares (31 March 2016: 10,00,000, 1 April 2015: 10,00,000) of ₹100 each

Notes on the standalone financial statements for the year ended 31 March 2017

14. OTHER EQUITY

(₹ in crores)

	31 March 2017
a) General Reserves	
As at 1 April 2015	185.37
Changes during the year	60.00
As at 31 March 2016	245.37
Changes during the year	75.00
As at 31 March 2017	320.37
b) Securities Premium Reserve	
As at 1 April 2015	163.06
Changes during the year	-
As at 31 March 2016	163.06
Changes during the year	-
As at 31 March 2017	163.06
c) Capital redemption reserve	
As at 1 April 2015	5.00
Changes during the period	-
As at 31 March 2016	5.00
Changes during the period	-
As at 31 March 2017	5.00
d) Share options outstanding account	
As at 1 April 2015	-
Changes during the period	0.83
As at 31 March 2016	0.83
Changes during the period	1.87
As at 31 March 2017	2.70
e) Retained Earnings	
As at 1 April 2015	387.81
Profit for the year 2015-16	236.33
Less: Dividend paid	(31.77)
Less: Dividend distribution tax paid	(6.36)
Less: Transfer to general reserve	(60.00)
As at 31 March 2016	526.01
Profit for the year 2016-17	269.49
Less: Dividend distributed	(39.74)
Less: Dividend distribution tax paid	(8.09)
Less: Transfer to general reserve	(75.00)
As at 31 March 2017	672.67
Total other equity	
As at 31 March 2017	1,163.80
As at 31 March 2016	940.27
As at 1 April 2015	741.24

Notes on the standalone financial statements for the year ended 31 March 2017

15. BORROWINGS

(₹ in crores)

	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Term Loan						
Secured						
From Banks	0.26	1.21	2.84	-	-	-
Less: current maturities of long term debt (refer note 19)	(0.26)	(0.93)	(1.61)			
From financial institution	2.70	2.42	-	-	-	-
Working capital facility						
Secured						
From Banks	-	-	-	7.78	39.73	86.91
	2.70	2.70	1.23	7.78	39.73	86.91

Refer note on next page for details of borrowings.

(a) Terms of Borrowings

(₹ in crores)

Type of loan	Loan outstanding			Sanction amount	Rate of interest	Security Guarantee	Repayment terms
	As on 31 March 2017	As on 31 March 2016	As on 1 April 2015				
Term loans - from Banks (secured)	0.26	1.21	2.83	₹1.47 crores (31 March 2016 ₹3.23 crore, 1 April 2015 ₹6.12 crore)	10.5% to 11%	Secured against respective assets financed.	Repayable in equal monthly installments over 3 years
Term loan - from financial institution *	5.19	5.19	0	₹5.19 crores (31 March 2016 ₹5.19 crore, 1 April 2015 NIL)	Nil	Secured against first charge on part of factory land and building of the company at Sikandrabad, UP.	Repayable in one installment after 7 years from date of disbursement.
Working capital facility (secured)	0	0	25.51	₹ Nil (31 March 2016 ₹ Nil, 1 April 2015 ₹25.51 crores)	LIBOR + 2.5%	Secured by LOU from working capital lenders	Repayable in 180 to 360 days
Working capital facility (secured)	0	39.61	53.12	₹50.00 crores (31 March 2016 ₹50.00 crore, 1 April 2015 ₹50.00 crore)	9.4% to 11.30%	secured by 1st charge on inventories and book debts and second charge on immovable and movable assets of the company (at its factories at Sikandrabad, U. P. and Gailpur, Rajasthan)	On demand
Working capital facility (secured)	7.78	0.13	8.28	(₹7.78 crores (31 March 2016 ₹0.13 crores, 1 April 2015 ₹8.29 crores)	9% to 9.25%	All facilities are covered under ECGC port shipment and buyer wise cover issued by Export Credit Guarantee Corporation of India Ltd.	25 to 180 days

* In absolute terms i.e. undiscounted

Notes on the standalone financial statements for the year ended 31 March 2017

16. PROVISIONS

(₹ in crores)

	Non-Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
a. Provision for employee benefits						
Provision for gratuity	9.95	9.31	9.72	0.67	0.67	0.36
Provision for compensated absences	-	-	-	9.34	8.00	7.39
(Refer note 33 for Ind AS 19 disclosures)						
	9.95	9.31	9.72	10.01	8.67	7.75
b. Current tax liabilities (net)						
Provision for Tax (Net of advance tax & TDS) (Advance tax and TDS- 31 March 2017: 114.98 crores, 31 March 2016: 93.30 crores, 1 April 2015: 69.77 crores)	-	-	-	7.12	11.69	2.22
Total	-	-	-	7.12	11.69	2.22

17. INCOME TAXES

The major components of income tax expense for the year ended 31 March 2017 and 31 March 2016 are:

A. Statement of profit and loss:

(₹ in crores)

	31 March 2017	31 March 2016
(i) Profit & loss section		
Current income tax charge	122.10	105.00
Adjustments in respect of current income tax of previous year	0.07	(0.12)
Deferred tax:		
Relating to origination and reversal of temporary differences	14.93	12.63
Income tax expense reported in the statement of Profit & loss	137.10	117.51
(ii) OCI Section		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on remeasurements of defined benefit plans	0.36	0.35
Income tax charged to OCI	0.36	0.35

Notes on the standalone financial statements for the year ended 31 March 2017

17. INCOME TAXES (contd...)

B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for FY ended 31 March 2016 and 31 March 2017: (₹ in crores)

	31 March 2017	31 March 2016
Accounting profit before tax from continuing operations	407.26	354.51
Profit/(loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	407.26	354.51
At India's statutory income tax rate of 34.608% (31 March 2016: 34.608%)	140.94	122.69
Adjustments in respect of current income tax of previous years	0.07	(0.12)
Expenses not allowed as deduction	1.18	1.24
Deductions not leading to timing differences	(4.77)	(7.56)
Exempt income	(0.32)	-
Impact of change in effective tax rate in B/F tax liability	-	1.26
At the effective income tax rate of 33.66% (31 March 2016: 33.15%)	137.10	117.51
Income tax expense reported in the statement of profit and loss	137.10	117.51
Income tax attributable to a discontinued operation	-	-
	137.10	117.51

Deferred tax (₹ in crores)

	Balance sheet			Statement of profit and loss	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016
Deferred tax relates to the following:					
Accelerated depreciation for tax purposes	102.41	86.80	75.16	15.98	11.99
Disallowance u/s 43B	(3.23)	(2.77)	(2.79)	(0.47)	0.02
Ind AS adjustments	(0.10)	0.48	(0.14)	(0.58)	0.62
Deferred tax expense/(income)				14.93	12.63
Net deferred tax assets/(liabilities)	99.08	84.51	72.23		

Reflected in the balance sheet as follows: (₹ in crores)

	31 March 2017	31 March 2016
Deferred tax assets (continuing operations)	(3.33)	(2.77)
Deferred tax liabilities (continuing operations)	102.41	87.28
Deferred tax liabilities, net	99.08	84.51

Reconciliation of deferred tax liabilities (net): (₹ in crores)

	31 March 2017	31 March 2016
Opening balance as of 1 April	84.51	72.23
Tax (income)/expense during the period recognised in Profit & loss	14.93	12.63
Tax (income)/expense during the period recognised in OCI		(0.35)
Discontinued operation		
Deferred taxes acquired in business combinations		
Closing balance as at 31 March	99.44	84.51

Notes on the standalone financial statements for the year ended 31 March 2017

18. TRADE PAYABLES

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Trade payables			
- total outstanding dues of micro and small enterprises;	15.28	10.40	11.01
- total outstanding dues of creditors other than micro and small enterprises	98.15	110.67	167.62
Others	114.72	110.19	9.30
Total	228.15	231.26	187.93

Notes:

I. Others include acceptances and employee compensation payable.

II. Disclosure with respect to related party transactions is given in note 35.

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled within 90 days except for SME's which are settled within 45 days. For explanations on the Company's credit risk management processes, refer to Note 41

19. OTHER FINANCIAL LIABILITIES

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
(at amortised cost)			
Current maturities of long term debt	0.26	0.93	1.61
Unclaimed dividends	1.51	1.23	0.94
Interest bearing deposits from customers	9.03	11.09	7.16
Security deposits	11.49	5.18	3.72
Creditors for expenses	0.45	1.37	1.76
Oustanding liabilities	17.55	18.65	14.50
Payable for capital expenditures	24.74	27.36	6.68
Total	65.03	65.81	36.37

Break-up of financial liabilities carried at amortised cost

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Trade Payables	228.15	231.26	187.93
Other financial liabilities	65.03	65.81	36.37
Borrowings (current)	7.78	39.73	86.91
Borrowings (non current)	2.70	2.70	1.23
	303.66	339.50	312.44

20. OTHER CURRENT LIABILITIES

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Advance from customers	13.87	9.42	10.17
Statutory dues payable	35.92	40.59	31.56
Total	49.79	50.01	41.73

Notes on the standalone financial statements for the year ended 31 March 2017

21. REVENUE FROM OPERATIONS

(₹ in crores)

	31 March 2017	31 March 2016
Sale of Products		
Tiles	2,716.60	2,606.39
Power	3.68	2.60
Less: Inter division sale of power	(2.30)	(1.65)
	2,717.98	2,607.34
Other operating revenues		
Sale of scrap	1.88	1.80
Rental Income (windmill)	0.25	0.29
	2.13	2.09
Total	2,720.11	2,609.43

Sale of goods includes excise duty collected from customers of ₹192.15 crores (31 March 2016: ₹166.41 crores).

22. OTHER INCOME

(₹ in crores)

	31 March 2017	31 March 2016
Interest income on:		
Loan to subsidiary companies and fixed deposits	15.27	17.02
Security deposit unwinding	0.45	0.43
Other non operating income		
Dividend Income	0.92	-
Net foreign exchange gain	2.67	-
Miscellaneous income	6.03	8.37
Total	25.34	25.82

23. COST OF MATERIAL CONSUMED

(₹ in crores)

	31 March 2017	31 March 2016
Body Material	181.07	142.24
Glaze, Frits & Chemicals	137.15	131.73
Packing Material	85.73	71.07
	403.95	345.04

Notes on the standalone financial statements for the year ended 31 March 2017

24. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS (₹ in crores)

	31 March 2017	31 March 2016
Inventories at the beginning of the year		
Finished Goods	129.14	127.78
Stock In Trade	18.69	14.55
Work-in-progress	7.24	4.00
Total Inventories at the beginning of the year	155.07	146.33
Finished Goods used for Fixed Assets	0.02	0.25
Inventories at the end of the year		
Finished Goods	143.70	129.14
Stock In Trade	17.04	18.69
Work-in-progress	7.18	7.24
Total Inventories at the end of the year	167.92	155.07
Total	(12.87)	(8.99)

25. EMPLOYEE BENEFITS EXPENSE (₹ in crores)

	31 March 2017	31 March 2016
Salaries, wages and amenities	205.02	176.85
Contribution to provident fund and other funds	9.70	9.05
Stock compensation expenses	1.87	0.83
Staff welfare expenses	3.93	2.96
Total	220.52	189.69

26. FINANCE COSTS (₹ in crores)

	31 March 2017	31 March 2016
Interest on debt and borrowings	2.91	5.55
Other ancillary borrowing costs	0.63	1.17
Total	3.54	6.72

27. DEPRECIATION AND AMORTISATION EXPENSE (₹ in crores)

	31 March 2017	31 March 2016
Depreciation of property, plant and equipment (refer note 3)	52.49	46.65
Amortisation of intangible assets (refer note 4)	0.71	0.55
	53.20	47.20

Notes on the standalone financial statements for the year ended 31 March 2017

28. OTHER EXPENSES

(₹ in crores)

	31 March 2017	31 March 2016
Rent	13.22	10.26
Rates & Taxes	0.79	1.14
Traveling & Conveyance Expenses	25.13	24.13
Insurance Charges	2.68	1.93
Legal & Professional Charges	2.48	2.86
Auditors' Remuneration :		
- As Audit Fees	0.30	0.30
- For Tax Audit, Certification & Tax Representations	0.17	0.11
- For Other Matters	0.04	0.03
Stores and Spares Consumed	53.10	44.93
Power and Fuel	266.04	254.63
Excise Duty Variance on opening and closing Stocks	1.01	3.92
Repairs & maintenance		
- Building	5.78	5.05
- Machinery	9.24	8.00
- Others	3.03	2.17
Packing Freight & Forwarding Expenses	32.70	32.51
Advertisement, Publicity & Sales Promotion	73.41	53.31
Sales Commission	18.30	16.18
Loss on Sale / Scrapping of Fixed Assets	3.86	3.43
Provision for bad & doubtful debts	0.34	0.56
CSR Expenses (refer note 46)	3.37	3.59
Research & Development Expenses (refer note 45)	10.90	8.13
Miscellaneous expenses	18.95	20.22
	544.84	497.39

29. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2017

(₹ in crores)

	Retained Earnings	Total
Remeasurement gains (losses) on defined benefit plans	(1.03)	(1.03)
Income tax effect	0.36	0.36
	(0.67)	(0.67)

During the year ended 31 March 2016

(₹ in crores)

	Retained Earnings	Total
Remeasurement gains (losses) on defined benefit plans	(1.02)	(1.02)
Income tax effect	0.35	0.35
	(0.67)	(0.67)

Notes on the standalone financial statements for the year ended 31 March 2017

30. EARNINGS PER SHARE (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year. Diluted EPS are calculated by dividing the profit for the year attributable to the equity holders of the company by weighted average number of Equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations: (₹ in crores)

Particulars	31 March 2017	31 March 2016
Profit for the year as per Statement of Profit & Loss	269.49	236.33
Profit attributable to equityholders of the Company for basic earnings	269.49	236.33
	No. crores	No. crores
Weighted average number of equity shares in calculating basic EPS	15.89	15.89
Effect of dilution:	0.04	0.05
Weighted average number of equity shares in calculating diluted EPS	15.93	15.94
Earnings per equity share in ₹		
Basic	16.96	14.87
Diluted	16.91	14.83
Face Value of each equity share	1	1

Note: The earning per share (EPS) of the year ended 31 March 2016 has been reinstated to consider the impact of share split during the current year. Refer note 13c for details

31. DISCLOSURE OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES:

1) Disclosure of investment in the following subsidiaries :

(₹ in crores)

S. No.	Name	Country of Incorporation	Ownership Interest of Kajaria Ceramics Limited (%)		
			As on 31.03.17	As on 31.03.16	As on 1.04.15
1	Soriso Ceramic Private Limited	India	51%	51%	51%
2	Jaxx Vitrified Private Limited	India	61%	61%	61%
3	Vennar Ceramics Limited	India	51%	51%	51%
4	Cosa Ceramics Private Limited	India	51%	51%	51%
5	Floera Ceramics Private Limited	India	51%	51%	51%
6	Kajaria Bathware Private Limited	India	100%	100%	100%
7	Taurus Tiles Private Limited	India	51%	51%	51%
8	Kajaria Ceramics Kazakhstan LLP	Kazakhstan	-	100%	100%

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

Notes on the standalone financial statements for the year ended 31 March 2017

33. EMPLOYEE BENEFIT PLANS

Defined Contribution Plans - General Description

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is ₹6.02 crores (31 March 2016 ₹5.74 crores)

Defined Benefit Plans - General Description

Gratuity:

The Company has a defined benefit gratuity plan. 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 Gratuity plan for the Company is a defined benefit scheme 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. 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 & 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:

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Defined benefit obligation at the beginning of the year	20.32	17.08	13.57
Current service cost	2.63	2.07	1.85
Interest cost	1.52	1.36	1.09
Benefits paid	(0.83)	(0.78)	(0.45)
Actuarial (gain)/ loss on obligations - OCI	2.38	0.59	1.02
Defined benefit obligation at the end of the year	26.02	20.32	17.08

Changes in the fair value of plan assets are, as follows:

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Fair value of plan assets at the beginning of the year	10.34	6.99	4.82
Contribution by employer	3.76	3.86	2.53
Benefits paid	(0.83)	(0.78)	(0.45)
Expected Interest Income on plan assets	0.78	0.69	0.46
Actuarial gain/(loss) on plan asset	1.35	(0.42)	(0.37)
Fair value of plan assets at the end of the year	15.40	10.34	6.99

Reconciliation of fair value of plan assets and defined benefit obligation:

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Fair value of plan assets	15.40	10.34	6.99
Defined benefit obligation	26.02	20.32	17.08
Amount recognised in the Balance Sheet	10.62	9.98	10.09

Notes on the standalone financial statements for the year ended 31 March 2017

33. EMPLOYEE BENEFIT PLANS (contd...)

Amount recognised in Statement of Profit and Loss:

(₹ in crores)

	31 March 2017	31 March 2016
Current service cost	2.63	2.07
Interest expense	1.52	1.36
Expected return on plan asset	(0.78)	(0.69)
Amount recognised in Statement of Profit and Loss	3.37	2.74

Amount recognised in Other Comprehensive Income:

(₹ in crores)

	31 March 2017	31 March 2016
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	2.38	0.59
Return on plan assets (excluding amounts included in net interest expense)	-	-
Experience adjustments	(1.35)	0.43
Amount recognised in Other Comprehensive Income	1.03	1.02

The major categories of plan assets of the fair value of the total plan assets are as follows:

Gratuity	31 March 2017	31 March 2016	1 April 2015
Investment Details	Funded	Funded	Funded
Investment with Gratuity funds	100%	100%	100%

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	31 March 2017	31 March 2016	1 April 2015
Discount rate	7.50%	8.00%	8.00%
Expected rate of return on Plan assets	7.50%	8.00%	7.75%
Future salary increases	8.50%	8.00%	7.75%
Attrition Rate	1.00%	1.00%	1.00%
Retirement age	60 years	60 years	60 years

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

(₹ in crores)

Gratuity Plan	Sensitivity level		Impact on DBO	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Assumptions				
Discount rate	+1%	+1%	(3.18)	(2.46)
	-1%	-1%	3.82	2.91
Future salary increases	+1%	+1%	3.72	2.86
	-1%	-1%	(3.15)	(2.46)
Withdrawal rate	+1%	+1%	(0.31)	(0.02)
	-1%	-1%	0.35	0.02

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Sensitivities due to mortality and withdrawals are insignificant and hence ignored.

Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

Notes on the standalone financial statements for the year ended 31 March 2017

33. EMPLOYEE BENEFIT PLANS (contd...)

The following payments are expected contributions to the defined benefit plan in future years (In absolute terms i.e. undiscounted): (₹ in crores)

	31 March 2017	31 March 2016
Within the next 12 months (next annual reporting period)	0.60	0.67
Between 2 and 5 years	1.79	1.25
Between 5 and 10 years	5.09	3.71
Beyond 10 years	15.71	14.68
Total expected payments	23.19	20.31

The average duration of the defined benefit plan obligation at the end of the reporting period is 16 years (31 March 2016: 16 years).

34. COMMITMENTS AND CONTINGENCIES

(a) Leases

Operating lease commitments - Company as lessee

The Company has obtained some office premises on operating leases. Few of the leases for office premises are long term and are non- cancelable. Further, there is an escalation clause in the lease agreement.

Lease payments of ₹13.22 crores (previous year – ₹10.26 crores) have been recognized as an expense in the statement of profit and loss during the year.

Future minimum rentals payable under non-cancellable operating leases as at 31-March are as follows: (₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Not later than one year	1.05	0.60	0.60
Later than one year but not later than five years	1.62	-	0.60
Later than five years	-	-	-

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) are ₹3.42 crores (March 31, 2016 - ₹0.88 crores, April 1, 2015 - ₹8.83 crores).

Letters of Credit opened in favour of inland/overseas suppliers (Net) are ₹64.71 crores (March 31, 2016 - ₹64.01 crores, April 1, 2015 - ₹49.81 crores).

(c) Contingent Liabilities

- Counter guarantees issued in respect of guarantees issued by company's bankers ₹2.99 crores (March 31, 2016 - ₹1.01 crores, April 1, 2015 - ₹1.12 crores)
- Guarantees provided on behalf of subsidiaries ₹243.23 crores (March 31, 2016 - ₹209.24 crores, April 1, 2015 - ₹223.23 crores)
- In respect of VAT, Service Tax & Custom Duty Demands pending before various authorities and in dispute ₹0.23 crores (March 31, 2016 - ₹1.45 crores, April 1, 2015 - ₹0.92 crores)
- In respect of pending income tax demands ₹ Nil (March 31, 2016 - ₹ Nil , April 1, 2015 - ₹0.18 crores)
- In respect of Consumer Cases ₹1.78 crores (March 31, 2016 - ₹1.28 crores, April 1, 2015 - ₹2.02 crores)

Notes on the standalone financial statements for the year ended 31 March 2017

35. RELATED PARTY DISCLOSURES

A. List of related parties

- (a) Entities substantially owned directly or indirectly by the Company, irrespective of whether transactions have occurred or not:-

1	Soriso Ceramic Private Limited
2	Jaxx Vitrified Private Limited
3	Vennar Ceramics Limited
4	Cosa Ceramics Private Limited
5	Floera Ceramics Private Limited
6	Kajaria Bathware Private Limited
7	Taurus Tiles Private Limited
8	Kajaria Sanitaryware Private Limited (step - subsidiary)

- (b) Enterprise 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:-

1	Dua Engineering Works Private Limited
2	Malti Devi Kajaria Foundation
3	Kajaria Ceramics Employees Gratuity trust

- (c) Key Management Personnel:-

1	Sh. Ashok Kajaria - Chairman & Managing Director
2	Sh. Chetan Kajaria - Joint Managing Director
3	Sh. Rishi Kajaria - Joint Managing Director
4	Sh. D.D. Rishi - Whole Time Director
5	Sh. B.K. Sinha - Whole Time Director
6	Sh. R.K.Bhargava - Independent director
7	Sh. R. R. Bagri - Independent director
8	Sh. D. P. Bagchi - Independent director
9	Sh. H.R. Hegde - Independent director
10	Smt. Susmita Shekhar - Independent director
11	Sh. Ram Chandra Rawat - COO (A&T) & Company Secretary
12	Sh. Sanjeev Agarwal - Chief Financial Officer

B. Details relating to remuneration of Key Managerial Personnel

(₹ in crores)

Name of KMP	31 March 2017			31 March 2016		
	Short-term employee benefits	Sitting fees	ESOP	Short-term employee benefits	Sitting fees	ESOP
Sh. Ashok Kajaria - Chairman & Managing Director	3.75	-	-	3.36	-	-
Sh. Chetan Kajaria - Joint Managing Director	7.21	-	-	6.38	-	-
Sh. Rishi Kajaria - Joint Managing Director	7.21	-	-	6.38	-	-
Sh. D.D. Rishi - Whole Time Director	0.85	-	-	0.78	-	-
Sh. B.K. Sinha	0.63	-	-	0.55	-	-
Sh. R.K.Bhargava - Independent director	-	0.04	-	-	0.02	-
Sh. R. R. Bagri - Independent director	-	0.04	-	-	0.04	-
Sh. D. P. Bagchi - Independent director	-	0.04	-	-	0.03	-
Sh. H.R. Hegde - Independent director	-	0.03	-	-	0.03	-
Smt. Susmita Shekhar - Independent director	-	0.02	-	-	0.02	-
Sh. Ram Chandra Rawat - COO (A&T) & Company Secretary	1.42	-	-	1.12	-	-
Sh. Sanjeev Agarwal - Chief Financial Officer	1.40	-	0.10	1.09	-	0.04

Notes on the standalone financial statements for the year ended 31 March 2017

35. RELATED PARTY DISCLOSURES (contd...)

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

Related Party Transactions	Period	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Purchase of Goods:			
Soriso Ceramic Pvt Ltd	31st March 2017	71.41	
	31st March 2016	92.57	
Jaxx Vitrified Pvt Ltd	31st March 2017	314.74	
	31st March 2016	292.57	
Cosa Ceramics Pvt Ltd	31st March 2017	182.12	
	31st March 2016	235.37	
Vennar Ceramics Limited	31st March 2017	80.89	
	31st March 2016	80.44	
Kajaria Sanitaryware Pvt Limited	31st March 2017	-	
	31st March 2016	0.01	
Kajaria Bathware Pvt Limited	31st March 2017	-	
	31st March 2016	0.03	
Taurus Tiles Pvt Ltd	31st March 2017	55.73	
	31st March 2016	85.99	
Purchase of Fixed Asset			
Jaxx Vitrified Pvt Ltd	31st March 2017	-	
	31st March 2016	0.87	
Sale of Finished Good/Raw Material /Stores			
Vennar Ceramics Limited	31st March 2017	0.04	
	31st March 2016	-	
Kajaria Bathwares Pvt Ltd	31st March 2017	-	
	31st March 2016	2.04	
Rent Paid			
Dua Engineering Works Pvt Ltd	31st March 2017		1.93
	31st March 2016		1.91
Vennar Ceramics Limited	31st March 2017	0.04	
	31st March 2016	0.07	
Kajaria Bathware Pvt Ltd	31st March 2017	-	
	31st March 2016	0.03	
Service Charges Paid			
Dua Engineering Works Pvt Ltd	31st March 2017		0.83
	31st March 2016		1.64

Notes on the standalone financial statements for the year ended 31 March 2017

35. RELATED PARTY DISCLOSURES (contd...)

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

Related Party Transactions	Period	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Recovery of Expenses			
Kajaria Sanitaryware Pvt. Ltd	31st March 2017	-	
	31st March 2016	1.61	
Kajaria Bathware Pvt Ltd	31st March 2017	0.42	
	31st March 2016	0.52	
Donation Paid			
Malti Devi Kajaria Foundation	31st March 2017		0.37
	31st March 2016		0.31
Rent Received			
Kajaria Bathware Pvt Ltd	31st March 2017	0.14	
	31st March 2016	0.14	
Dividend received			
Soriso Ceramic Pvt Ltd	31st March 2017	0.92	
	31st March 2016	-	
Interest Received			
Soriso Ceramic Pvt Ltd	31st March 2017	0.02	
	31st March 2016	-	
Vennar Ceramics Limited	31st March 2017	0.59	
	31st March 2016	0.47	
Cosa Ceramics Pvt Ltd	31st March 2017	0.43	
	31st March 2016	1.64	
Kajaria Sanitaryware Pvt. Ltd	31st March 2017	-	
	31st March 2016	0.14	
Taurus Tiles Pvt Ltd	31st March 2017	1.65	
	31st March 2016	1.73	
Kajaria Bathware Pvt Ltd	31st March 2017	3.47	
	31st March 2016	3.06	
Jaxx Vitrified Pvt Ltd	31st March 2017	8.07	
	31st March 2016	9.63	
Purchase / subscription of shares of subsidiary company			
Kajaria Bathware Pvt Ltd	31st March 2017	-	
	31st March 2016	25.00	
Taurus Tiles Pvt Ltd	31st March 2017	-	
	31st March 2016	1.11	
Floera Ceramics Pvt Ltd	31st March 2017	-	
	31st March 2016	5.10	

Notes on the standalone financial statements for the year ended 31 March 2017

35. RELATED PARTY DISCLOSURES (contd...)

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

Related Party Transactions	Period	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Loan Given			
Soriso Ceramic Pvt Ltd	31st March 2017	7.00	
	31st March 2016	-	
Jaxx Vitrified Pvt Ltd	31st March 2017	10.00	
	31st March 2016	19.41	
Vennar Ceramics Limited	31st March 2017	2.95	
	31st March 2016	-	
Taurus Tiles Pvt Ltd	31st March 2017	4.50	
	31st March 2016	11.00	
Kajaria Bathware Pvt Ltd	31st March 2017	58.95	
	31st March 2016	70.51	
Cosa Ceramics Pvt Ltd	31st March 2017	10.00	
	31st March 2016	-	
Kajaria Ceramics Employee Gratuity Trust	31st March 2017		0.07
	31st March 2016		0.06
Loan Repaid			
Jaxx Vitrified Pvt Ltd	31st March 2017	1.00	
	31st March 2016	33.70	
Cosa Ceramics Pvt Ltd	31st March 2017	-	
	31st March 2016	13.50	
Kajaria Sanitaryware Pvt. Ltd	31st March 2017	-	
	31st March 2016	4.19	
Kajaria Bathware Pvt Ltd	31st March 2017	37.00	
	31st March 2016	54.65	
Taurus Tiles Pvt Ltd	31st March 2017	9.50	
	31st March 2016	1.11	
Kajaria Ceramics Employee Gratuity Trust	31st March 2017		0.06
	31st March 2016		0.02
Net Outstanding Balance :-			
Loan given			
Soriso Ceramic Pvt Ltd	31st March 2017	7.00	
	31st March 2016	-	
	1st April 2015	-	
Jaxx Vitrified Pvt Ltd	31st March 2017	82.50	
	31st March 2016	73.50	
	1st April 2015	87.79	

Notes on the standalone financial statements for the year ended 31 March 2017

35. RELATED PARTY DISCLOSURES (contd...)

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

Related Party Transactions	Period	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Loan given			
Vennar Ceramics Limited	31st March 2017	8.54	
	31st March 2016	5.22	
	1st April 2015	5.22	
Cosa Ceramics Pvt Ltd	31st March 2017	13.50	
	31st March 2016	3.50	
	1st April 2015	17.00	
Kajaria Sanitaryware Pvt. Ltd	31st March 2017	-	
	31st March 2016	-	
	1st April 2015	4.19	
Taurus Tiles Pvt Ltd	31st March 2017	12.89	
	31st March 2016	17.89	
	1st April 2015	8.00	
Kajaria Bathware Pvt. Ltd	31st March 2017	62.18	
	31st March 2016	40.24	
	1st April 2015	24.37	
Kajaria Ceramics Employee Gratuity Trust	31st March 2017		0.07
	31st March 2016		0.06
	1st April 2015		0.02
Trade Payables			
Jaxx Vitrified Pvt Ltd	31st March 2017	9.36	
	31st March 2016	6.52	
	1st April 2015	0.06	
Soriso Ceramic Pvt Ltd	31st March 2017	1.73	
	31st March 2016	2.56	
	1st April 2015	39.24	
Vennar Ceramics Limited	31st March 2017	0.65	
	31st March 2016	1.19	
	1st April 2015	0.92	
Taurus Tiles Pvt Ltd	31st March 2017	4.75	
	31st March 2016	9.90	
	1st April 2015	-	
Cosa Ceramics Pvt Ltd	31st March 2017	11.50	
	31st March 2016	18.27	
	1st April 2015	14.64	

Notes on the standalone financial statements for the year ended 31 March 2017

36. SEGMENT INFORMATION

According to Ind AS 108, 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 Kajaria Ceramics Limited, 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 of "Segment Reporting" is not considered applicable.

37. DUES TO MICRO AND SMALL ENTERPRISES

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the company is given below: (₹ in crores)

Particulars	31 March 2017	31 March 2016	1 April 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
Principal amount due to micro and small enterprises	15.28	10.40	11.01
Interest due on above	-	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
"The amount of interest due and payable for the period of delay in making payment (which	-	-	-
have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006."	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
The amount of further 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-	-

38. SHARE BASED PAYMENTS

Description of share based payments arrangements

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

Kajaria Ceramics Employee Stock Option Plan 2015 (ESOP 2015)

The ESOP 2015 ("the Plan") was approved by the Board of Directors and the shareholders on 7th September 2015. The plan entitles employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options will be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹850, which is 7.42% below the stock price i.e. ₹918.10 at the date of grant, i.e., 20th October, 2015.

The expense recognised for employee services received during the year is shown in the following table: (₹ in crores)

	31 March 2017	31 March 2016
Expense arising from equity-settled share-based payment transactions	1.87	0.83
Total expense arising from share-based payment transactions	1.87	0.83

There were no cancellations or modifications to the awards in FY ended 31 March 2017 or 31 March 2016.

Notes on the standalone financial statements for the year ended 31 March 2017

38. SHARE BASED PAYMENTS (contd...)

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year: (₹ in crores)

	31 March 2017		31 March 2016	
	Number	WAEP	Number	WAEP
Oustanding at 1 April	229,000	425	-	-
Granted during the year			229,000	850
Share split during the year (refer note '13C')	229,000	425	-	-
Forfeited during the year	(40,000)	425	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 March	418,000		229,000	
Exercisable at 31 March	0		0	

Particulars of Scheme

Name of scheme	Employee Stock Option Plan 2015
Vesting conditions	45,800 options 24 months after the grant date ('First vesting') 91,600 options 36 months after the grant date ('Second vesting') 1,37,400 options 48 months after the grant date ('Third vesting') 1,83,200 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	4,58,000
Exercise Price	₹425
Remaining Life as on 31.03.2017	3.50 years

Note: Adjusted for share split post approval of the scheme

39. FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

(₹ in crores)

	Carrying value			Fair value		
	As at 31- Mar- 2017	As at 31-Mar-2016	As at 1-Apr-2015	As at 31- Mar- 2017	As at 31-Mar-2016	As at 1-Apr-2015
Financial assets						
Investments	108.89	108.89	79.19	108.89	108.89	79.19
Loans	200.15	161.07	159.90	200.15	161.07	159.90
Trade receivables	305.90	252.20	199.89	305.90	252.20	199.89
Cash and cash equivalents	47.16	3.39	4.94	47.16	3.39	4.94
Other bank balances	1.51	1.42	1.11	1.51	1.42	1.11
Other financial assets	1.48	0.60	4.26	1.48	0.60	4.26
Total	665.09	527.57	449.29	665.09	527.57	449.29

Notes on the standalone financial statements for the year ended 31 March 2017

39. FAIR VALUES (contd...)

(₹ in crores)

	Carrying value			Fair value		
	As at 31- Mar- 2017	As at 31-Mar-2016	As at 1-Apr-2015	As at 31- Mar- 2017	As at 31-Mar-2016	As at 1-Apr-2015
Financial liabilities						
Financial liabilities measured at amortised cost						
Long term borrowings	2.70	2.70	1.23	2.70	2.70	1.23
Short term borrowings	7.78	39.73	86.91	7.78	39.73	86.91
Current maturities of long term debt	0.26	0.93	1.61	0.26	0.93	1.61
Trade payables	228.15	231.26	187.93	228.15	231.26	187.93
Security deposits received	11.49	5.18	3.72	11.49	5.18	3.72
Interest bearing deposits from customers	9.03	11.09	7.16	9.03	11.09	7.16
Creditors for capital expenditures	24.74	27.36	6.68	24.74	27.36	6.68
Creditors for expenses	0.45	1.37	1.76	0.45	1.37	1.76
Outstanding liabilities	17.55	18.65	14.50	17.55	18.65	14.50
Other payables	1.51	1.23	0.94	1.51	1.23	0.94
Total	303.66	339.50	312.43	303.66	339.50	312.44

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. The fair value of investments in mutual funds is determined using quoted net assets value of the funds. Further, the subsequent measurements of all assets and liabilities (other than investments in mutual funds) is at amortised cost, using effective interest rate method.

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 currently applicable for debt on similar terms, credit risk and remaining maturities.

Notes on the standalone financial statements for the year ended 31 March 2017

40. FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is insignificant to the fair value measurements as a whole.

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : valuation techniques for which the lowest level inputs that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3 : valuation techniques for which the lowest level input which has a significant effect on fair value measurement is not based on observable market data.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	31-Mar-17	8.48	-	-	8.48

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2017: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	31-Mar-17	2.70	-	-	2.70

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2016: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	31-Mar-16	7.44	-	-	7.44

There have been no transfers between Level 1 and Level 2 during the year ended 31 March 2016.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2016: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	31-Mar-16	2.42	-	-	2.42

There have been no transfers between Level 1 and Level 2 during year ended 31 March 2016.

Notes on the standalone financial statements for the year ended 31 March 2017

40. FAIR VALUE HIERARCHY (contd...)

Quantitative disclosures fair value measurement hierarchy for assets as at 1 April 2015: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	1-Apr-15	6.56	-	-	6.56

Quantitative disclosures fair value measurement hierarchy for liabilities as at 1 April 2015: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	1-Apr-15	-	-	-	-

Valuation technique used to determine fair value:

Security Deposit and interest free loan: Discounted Cash flow method using risk adjusted discount rate

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise , trade and other payables, security deposits, employee liabilities. The Company's principal financial assets include trade and other receivables, inventories and cash and short-term deposits/ loan that derive directly from its operations.

The Company is exposed 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 , deposits.

The sensitivity analyses of the above mentioned risk in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in Note 34.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

Notes on the standalone financial statements for the year ended 31 March 2017

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 by the Company.

	Increase/ decrease in basis points	Effect on profit before tax
		₹ Crores
31-Mar-17		
INR	+50	(0.06)
INR	-50	0.06
31-Mar-16		
INR	+50	(0.17)
INR	-50	0.17

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

B. Foreign currency sensitivity

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.

	Change in USD rate	Effect on profit before tax
		₹ in crores
31-Mar-17	+5%	0.07
	-5%	(0.07)
31-Mar-16	+5%	(0.35)
	-5%	0.35

	Change in EURO rate	Effect on profit before tax
		₹ in crores
31-Mar-17	+5%	(1.08)
	-5%	1.08
31-Mar-16	+5%	(1.01)
	-5%	1.01

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 2017

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

II. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Credit risk from investments with banks and other financial institutions is managed by the Treasury functions in accordance with the management policies. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/or other criteria, and are only made within approved limits. The management continually re-assess the Company's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet 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 9.

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 39. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

B. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

III. Liquidity risk

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.

(₹ in crores)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31-Mar-17						
Borrowings*	7.78	0.12	0.14		5.19	13.23
Trade payables	20.36	205.11	2.68	-	-	228.15
Other financial liabilities	40.02	3.62	21.13	-	-	64.77
	68.16	208.85	23.95	-	5.19	306.15

Notes on the standalone financial statements for the year ended 31 March 2017

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd...)

(₹ in crores)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31-Mar-16						
Borrowings*	39.73	0.28	0.67	0.26	5.19	46.13
Trade payables	12.36	212.46	6.45	-	-	231.27
Other financial liabilities	37.51	1.86	25.51	-	-	64.88
	89.60	214.60	32.63	0.26	5.19	342.28
As at 1 April 2015						
Borrowings*	61.41	0.53	26.61	1.19	-	89.74
Trade payables	9.30	175.04	3.59	-	-	187.93
Other financial liabilities	28.08	1.80	4.88	-	-	34.76
	98.79	177.37	35.08	1.19	-	312.43

* In absolute terms i.e. undiscounted and including current maturity portion

IV. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company's manufacturing facilities are situated in different geographies. Similarly the distribution network is spread PAN India.

42. CAPITAL MANAGEMENT

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements. The Company monitors the long term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate.

No changes were made in the objectives, policies or processes during the year ended 31 March 2017.

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Borrowings	10.74	43.36	89.75
Total Debts	10.74	43.36	89.75
Total equity	1,179.69	956.16	757.13
Gearing ratio (%)	0.9%	4.5%	11.9%

Notes on the standalone financial statements for the year ended 31 March 2017

43. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

The Company 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 -

(₹ in crores)

	31 March 2017	31 March 2017	31 March 2016	31 March 2016	1 April 2015	1 April 2015
	Foreign Currency	Amount (₹ Crores)	Foreign Currency	Amount (₹ Crores)	Foreign Currency	Amount (₹ Crores)
Foreign trade payable						
USD in crores	0.03	2.08	0.21	14.07	0.83	52.71
EURO in crores	0.31	21.63	0.27	20.14	0.08	5.23
Foreign advances						
USD in crores	0.01	0.71	0.01	0.66	0.01	0.64
EURO in crores	0.04	2.39	0.04	2.31	0.02	1.60
Foreign trade receivable						
USD in crores	0.05	3.49	0.11	6.97	0.05	3.08
EURO in crores	-	-	-	-	0.00	0.21

44. BALANCE CONFIRMATION

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

45. RESEARCH AND DEVELOPMENT EXPENDITURE

Research and Development expenditure incurred from 2013-14 to 2016-17:

(₹ in crores)

Particulars	2013-14	2014-15	2015-16	2016-17
Capital expenditure	0.24	0.19	0.53	0.09
Revenue expenditure	4.66	6.28	8.13	10.90

46. CORPORATE SOCIAL RESPONSIBILITY

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 ₹5.19 crores (March 31, 2016: ₹3.82 crores) for Corporate Social Responsibility activities. The company has incurred CSR expenditure of ₹3.37 crores during the current financial year (March 31, 2016: ₹3.59 crores) on the projects/activities for the benefit of the public in general and in the neighborhood of the manufacturing facilities of the company.

47. During the year, the Board of Directors of Kajaria Ceramics Limited (the Company) has approved Scheme of Arrangement, which provides for, inter-alia, the amalgamation of a promoter company i.e. Kajaria Securities Private Limited with the Company with appointed date as closing hours of business on March 31, 2017 ("Scheme"). The Company has filed the Scheme for approval under sections 230-232 and 66 read with other applicable provisions of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 before the Chandigarh Bench of the National Company Law Tribunal ("NCLT") vide application dated March 16, 2017. Pending approval of the Scheme by NCLT, the management has not given effect to provisions of the proposed Scheme.

Notes on the standalone financial statements for the year ended 31 March 2017

48 Disclosure of Movement in Provisions during the year as per Ind AS- 37,

'Provisions, Contingent Liabilities and Contingent Assets :

(₹ in crores)

Particulars	Balance as on 1 April 2016	Provided during the year	Paid/Adjusted During the year	Balance as on 31 March 2017
Non-current provisions				
Gratuity	9.31	3.73	3.09	9.95
Total	9.31	3.73	3.09	9.95
Current provisions				
Gratuity	0.67	0.67	0.67	0.67
Accumulated leaves	7.99	3.61	2.26	9.34
Income Tax	11.69	122.17	126.74	7.12
Total	20.35	126.45	129.67	17.13
Grand total	29.66	130.18	132.76	27.08

49 DIVIDENDS PAID AND PROPOSED

(₹ in crores)

	Year ended March 31, 2017	Year ended March 31, 2016
A. Declared and paid during the year:		
Final dividend for FY 2015-16: ₹5 per share (FY 2014-15: ₹4 per share)	47.83	38.14
(Including dividend distribution tax of ₹8.09 crores, FY 2015-16 ₹6.36 crores)		
	47.83	38.14
B. Proposed for approval at the annual general meeting (not recognised as a liability):		
Final dividend for FY 2016-17: ₹3 per share (2015-16: ₹5 per share)	47.68	39.74
Dividend distribution tax	9.71	8.09
	57.39	47.83

Note: Note: Final dividend for FY 2016-17 is proposed on equity shares of face value of ₹1 per share after share split. All other per share figures are in respect of equity shares of face value of ₹2 per share. (refer note 13C)

50 FIRST TIME ADOPTION OF IND AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Notes on the standalone financial statements for the year ended 31 March 2017

50 FIRST TIME ADOPTION OF IND AS

Exemptions applied:

1. Mandatory exceptions;

a) Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Previous GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

b) De-recognition of financial assets:

The company has applied the de-recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c) Classification and measurement of financial assets:

i. Financial Instruments:

Financial assets like security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind AS by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

d Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind AS, the Company has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Optional exemptions;

A. Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value

B. Lease:-

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The company has elected to apply this exemption for such contracts/arrangements.

Notes on the standalone financial statements for the year ended 31 March 2017

50 FIRST TIME ADOPTION OF IND AS *(contd...)*

C. Business combinations:

Ind AS 101 allows a first-time adopter not to apply Ind AS 21 Effects of changes in Foreign Exchange Rates retrospectively for business combinations that occurred before the date of transition to Ind AS. In such cases, where the entity does not apply Ind AS 21 retrospectively to fair value adjustments and goodwill, the entity treats them as assets and liabilities of the acquirer entity and not as the acquiree.

The company has elected to apply this exemption.

D. Investment in subsidiaries, jointly controlled entities and associates in Standalone financial statements :

At transition date, entity may choose to account for its investment at:

- Cost as per Ind AS 27 determined at transition date.
- Fair value as per Ind AS 113 (only on transition date).
- Previous GAAP carrying amount.
- Fair value as per Ind AS 109 (recurring fair valuation without recycling).

The company has elected to apply previous GAAP carrying amount exemption.”

E. Share based payments :

A first-time adopter is encouraged, but not required, to apply Ind AS 102 to equity instruments that vested before the date of transition to Ind ASs. If a first-time adopter elects to apply Ind AS 102 to equity instruments that vested before the date of transition to Ind ASs, it may do so only if the entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date as defined in Ind AS 102.

Under Previous GAAP, a company could have used the intrinsic value method or the fair value method. However, Ind AS 102 requires all types of share-based payments and transactions to be measured at fair value and recognised over the vesting period.

However Ind-AS 101 provides that requirements of Ind-AS 102 can be applied to the options that have been vested only if the company has publically disclosed the fair value. For options that have not yet vested as at the transition date the company will need to apply the requirements of Ind-AS 102 retrospectively.

Notes on the standalone financial statements for the year ended 31 March 2017

51 RECONCILIATION OF EQUITY AS AT 01 APRIL 2015

(₹ in crores)

Particulars	Indian GAAP As at 1 April 2015	Ind AS adjustments	Ind AS As at 1 April 2015
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	512.45	-	512.45
(b) Capital work-in-progress	3.71	-	3.71
(c) Intangible Assets	1.77	-	1.77
(d) Financial Assets			
(i) Non-current investments	79.19	-	79.19
(ii) Long-term loans and advances	108.73	(7.74)	100.99
(e) Other non-current assets	-	7.51	7.51
(2) Current assets			
(a) Inventories	201.93	-	201.93
(b) Financial Assets			
(i) Trade and other receivables	191.81	8.08	199.89
(ii) Cash and cash equivalents	6.05	(1.11)	4.94
(iii) Bank balances other than (ii) above	-	1.11	1.11
(iv) Short-term loans and advances	88.94	(30.03)	58.91
(v) Other financial assets	-	4.26	4.26
(c) Other current assets	0.72	25.84	26.56
TOTAL	1,195.30	7.92	1,203.22
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	15.89	-	15.89
(b) Other Equity	706.24	35.00	741.24
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Long-term borrowings	1.23	-	1.23
(b) Long-term provisions	9.72	-	9.72
(c) Deferred tax liabilities(Net)	69.54	2.69	72.23
(3) Current liabilities			
(a) Financial Liabilities			
(i) Short Term Borrowings	78.63	8.29	86.91
(ii) Trade and other payables	178.63	9.29	187.93
(ii) Other financial liabilities	-	36.37	36.37
(b) Other current liabilities	87.30	(45.57)	41.73
(c) Short-term provisions	48.12	(40.37)	7.75
(d) Current tax liabilities (net)	-	2.22	2.22
TOTAL	1,195.30	7.92	1,203.22

Notes on the standalone financial statements for the year ended 31 March 2017

51 RECONCILIATION OF EQUITY AS AT 31 MARCH 2016 (contd...)

(₹ in crores)

Particulars	Indian GAAP As at 31 March 2016	Ind AS adjustments	Ind AS As at 31 March 2016
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	660.62	-	660.62
(b) Capital work-in-progress	5.81	-	5.81
(c) Intangible Assets	1.99	-	1.99
(d) Financial Assets			
(i) Non-current investments	108.89	-	108.89
(ii) Long-term loans and advances	153.15	(3.53)	149.62
(e) Other non-current assets	-	3.69	3.69
(2) Current assets			
(a) Inventories	219.99	-	219.99
(b) Financial Assets			
(i) Trade and other receivables	252.32	(0.12)	252.20
(ii) Cash and cash equivalents	4.81	(1.42)	3.39
(iii) Bank balances other than (ii) above	-	1.42	1.42
(iv) Short-term loans and advances	52.28	(40.83)	11.45
(v) Other financial assets	-	0.60	0.60
(c) Other current assets	0.13	40.05	40.18
TOTAL	1,459.99	(0.14)	1,459.85
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	15.89	-	15.89
(b) Other Equity	893.47	46.80	940.27
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Long-term borrowings	5.47	(2.77)	2.70
(b) Long-term provisions	9.31	-	9.31
(c) Deferred tax liabilities(Net)	81.20	3.31	84.51
(3) Current liabilities			
(a) Financial Liabilities			
(i) Short Term Borrowings	39.59	0.14	39.73
(ii) Trade and other payables	218.90	12.36	231.26
(ii) Other financial liabilities	-	65.81	65.81
(b) Other current liabilities	127.95	(77.94)	50.01
(c) Short-term provisions	56.52	(47.86)	8.67
(d) Current tax liabilities (net)	11.69	-	11.69
TOTAL	1,459.99	(0.14)	1,459.85

Notes on the standalone financial statements for the year ended 31 March 2017

51 RECONCILIATION OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2016 (contd...) (₹ in crores)

Particulars	Indian GAAP Year ended 31-Mar-16	GAAP adjustments Year ended 31-Mar-16	Ind AS Year ended 31-Mar-16
Continuing Operations			
Revenue from operations	2,443.02	166.41	2,609.43
Other Income	22.63	3.19	25.82
Total Revenue	2,465.65	169.60	2,635.25
EXPENSES			
(a) Cost of materials consumed	345.04	-	345.04
(b) Purchases of finished, semi-finished and other products	1,035.77	-	1,035.77
(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	(8.99)	-	(8.99)
(d) Excise duty on sale of goods	-	166.41	166.41
(e) Employee benefit expense	190.04	(0.35)	189.69
(f) Finance costs	6.72	0.00	6.72
(g) Depreciation and amortisation expense	47.20	-	47.20
(h) Other expenses	496.93	0.46	497.39
Total Expenses	2,112.71	166.52	2,279.23
Profit/(loss) before exceptional items and tax	352.94	3.08	356.02
Exceptional Items	1.51		1.51
Profit/(loss) before and tax from continuing operations	351.43	3.08	354.51
Tax Expense			
Current tax	105.00	-	105.00
Adjustment of tax relating to earlier periods	(0.12)	-	(0.12)
Deferred tax	11.66	0.97	12.63
Total tax expense	116.54	0.97	117.51
Profit/(loss) after tax from continuing operations	234.89	2.11	237.00
Profit/(loss) for the period	234.89	2.11	237.00
Other comprehensive income	-	(0.67)	(0.67)
Items that will not be recycled to profit & loss			
Remeasurements of the defined benefit liabilities / (asset)		(1.02)	(1.02)
Income tax relating to items that will not be reclassified to profit & loss	-	0.35	0.35
Total comprehensive income for the period	234.89	1.44	236.33

Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit & loss for the year ended 31 March 2016

1 Security deposits

Under Previous GAAP, the security deposits paid for lease rent are shown at the transaction value whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial reporting period. Accordingly, the difference between the transaction and discounted value of the security deposits paid towards lease rent is recognized as deferred lease expense and is amortized over the period of the lease term. Further, interest is accreted on the present value of the security deposits paid for lease rent.

Notes on the standalone financial statements for the year ended 31 March 2017

51 RECONCILIATION OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2016 (contd...)

2 Deferred tax assets

Previous GAAP requires deferred tax accounting using the profit and loss account approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences relating to various transition adjustments which are recognised in correlation to the underlying transaction either in retained earnings as a separate component in equity.

3 Government grant - interest free loan

Under the previous GAAP, interest free loan from the government has been presented in the Balance Sheet by showing it as a part of borrowings, Government grants related to assets, including non-monetary grants at fair value, are required to be presented in the balance sheet by setting up the grant as deferred income in the liability side of balance sheet. The grant set up as deferred income is recognised in profit & loss on a systematic basis over the useful life of the asset. Accordingly, unamortised government grants till transition date is recognized as deferred government grant and is amortized.

4 Expected credit loss model

Under the previous GAAP, provision for bad debt was recognised for the doubtful debtors on a case to case basis. However, under Ind AS, the Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables accounting for both nonpayment and delay of receivable. According to the past estimates, the Company has recognised 0.1% of good debtors as the additional provision under ECL model.

Footnotes to the reconciliation of profit & loss for the year ended 31 March 2016

1 Sale of goods

Under Previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense. There is, however, no impact on profit for the year on account of the same.

2 Other operating income :Sale of power from windmill

Under Previous GAAP, the windmill rental received from Maharashtra State Electricity Distribution Corporation was recognised as income in the respective period. However, as per the arrangement contains a lease within the scope of Ind AS 17. An asset (the facility) is explicitly identified in the arrangement and fulfilment of the arrangement is dependent on the facility. Therefore, the management has estimated an amount of 5% of WDV as the rental income from finance lease.

3 Other income

Security Deposit Interest unwinding- Interest on present value of security deposit is recognised as income at the average borrowing rate for the corresponding period. Impact of the same is ₹0.42 Crore.

4 Finance expense

Interest expense on interest free government loan has been recognised at the average borrowing rate of the Company. Additional interest expense amounting to ₹0.0008 crore has been recognised for the year ended 31 March 2016

5 Rent expense

Rent expense: Deffered lease expense has been recognized on a straight line basis over the life of security deposits for the term of the deposit. Impact ₹0.40 Crore for FY ended 31 March 2016.

6 Defined benefit liabilities

Both under Previous GAAP and Ind AS, the company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit & loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

Notes on the standalone financial statements for the year ended 31 March 2017

51 Reconciliation of profit or loss for the year ended 31 March 2016 (contd...)

7 Share-based payments

Under Previous GAAP, the Company recognised only the intrinsic value for the long-term incentive plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of ₹0.66 crore has been recognised in profit & loss for the year ended 31 March 2016.

8 ECL for trade receivables

Under the previous GAAP, provision for bad debt was recognised for the doubtful debtors on a case to case basis. However, under Ind AS, the Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables accounting for both nonpayment and delay of receivable. According to the past estimates, the Company has recognised 0.1% of good debtors as the additional provision under ECL model. Impact on trade receivables due to extra provision is ₹0.06 crore.

9 Other comprehensive income

Under Previous GAAP, the company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Previous GAAP profit & loss to profit or profit & loss as per Ind AS. Further, Previous GAAP profit & loss is reconciled to total comprehensive income as per Ind AS.

10 Re-classification

The company has reclassified previous year figures to conform to Ind AS classification.

In terms of our report of even date annexed

For O. P. Bagla & Co.

Chartered Accountants

FRN No. 000018N

Ashok Kajaria

Chairman & Managing Director

(DIN: 00273877)

For and on behalf of the Board

Chetan Kajaria

Jt. Managing Director

(DIN: 00273928)

Rishi Kajaria

Jt. Managing Director

(DIN: 00228455)

Atul Bagla

Partner

Membership No.: 91885

Place: New Delhi

Dated: 15th May, 2017

Ram Chandra Rawat

COO (A&T) and Co. Secretary

(FCS No. 5101)

Sanjeev Agarwal

CFO

Independent Auditor's Report

To the Members of
KAJARIA CERAMICS LIMITED
New Delhi

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of KAJARIA CERAMICS LIMITED (hereafter referred as the holding company) and its subsidiaries (collectively referred to as "the Group"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated

Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in para of the "Other Matters" below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of other auditors of subsidiaries, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and

fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Group as at 31 March, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these Consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us, whose audit report for the year ended 31 March 2016 & 31 March 2015 dated 28 April 2016 & 29 April 2015 respectively expressed an unmodified opinion on those Consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹563.96 crores as at 31st March 2017, total revenue of ₹ 709.94 crores and net cash flows of ₹ (-) 13.53 crores for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of subsidiaries, is based solely on the reports of other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of Other Matters as referred above:

Report on Other Legal and Regulatory Requirements

1. The Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable on Consolidated Financial Statements as referred in proviso to para 2 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and

explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and report of other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including the Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- (e) On the basis of the written representations received from the directors of holding company as on 31st March, 2017 taken on record by the Board of Directors of Holding company and the reports of auditors of subsidiary companies, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) We are enclosing herewith a report in Annexure I for our opinion considering the opinion of other auditors of subsidiary companies on adequacy of internal financial controls system in place and the operating effectiveness of such controls.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group has disclosed the impact of pending

litigations on its financial position in its Consolidated Ind AS financial statements. Refer Note 34 to the financial statements.

- ii. According to the information and explanations provided to us, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred during the year, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies wherever applicable.
- iv. The Group has provided requisite disclosures in Note no.10 of its financial statements as to holdings as well as dealings in Specified Bank

Notes (SBN) during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures and relying on the management representation and report of other auditors of subsidiary companies, we report that the disclosures are in accordance with the books of accounts and records maintained by the Company.

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

(Atul Bagla)

Partner

Place : New Delhi

Dated : 15 May, 2017

Membership No. 91885

Annexure- I to the Independent Auditor's Report

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

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended March 31, 2017, We have audited the internal financial controls over financial reporting of KAJARIA CERAMICS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary companies (collectively referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants

of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to

be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of

management and directors of the company;

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to six subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

(Atul Bagla)

Partner

Place : New Delhi

Dated : 15 May, 2017

Membership No. 91885

Consolidated Balance Sheet

as at 31 March 2017

(Amount in Rupees crores, unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	1,162.68	1,106.58	852.75
Capital work-in-progress		8.26	7.83	77.77
Goodwill	4	10.54	10.54	5.47
Other intangible assets	4	4.07	3.39	1.86
Investments	5a	0.08	0.08	0.08
Financial Assets				
a) Investments	5b	0.01	-	-
b) Loans	6	18.62	22.15	29.40
Other non-current assets	7	12.09	7.39	14.88
		1,216.35	1,157.96	982.21
Current assets				
Inventories	8	372.02	384.17	303.32
Financial assets				
a) Trade receivables	9	338.92	274.11	215.20
b) Cash and cash equivalents	10 a	49.84	19.75	9.80
c) Bank balance other than 'b' above	10 b	2.12	1.77	1.36
d) Loans	11	3.03	9.88	4.72
e) Other financial assets	12	1.50	1.72	5.44
Other current assets	7	56.34	68.77	45.15
		823.77	760.17	584.99
Total Assets		2,040.12	1,918.13	1,567.20
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	15.89	15.89	15.89
Other equity	14	1,159.23	956.01	760.09
Equity attributable to the shareholders of the Company		1,175.12	971.90	775.98
Non- controlling interests		76.02	76.13	62.49
Total equity		1,251.14	1,048.03	838.47
LIABILITIES				
Non-current liabilities				
Financial liabilities				
a) Borrowings	15	115.50	142.11	96.40
Provisions	16 a	10.31	9.57	10.26
Deferred tax liabilities (net)	17	110.62	94.89	81.79
Current liabilities				
Financial liabilities				
a) Borrowings	15	55.08	110.49	133.91
b) Trade payables	18	292.10	292.78	253.00
c) Other financial liabilities	19	119.45	136.51	88.97
Other current liabilities	20	65.47	62.20	52.15
Provisions	16 a	10.25	8.85	7.42
Current tax liabilities (net)	16 b	10.20	12.70	4.83
Total liabilities		788.98	870.10	728.73
Total Equity and Liabilities		2,040.12	1,918.13	1,567.20
Significant accounting policies	1 & 2			

The accompanying Notes 1 to 53 form an integral part of these financial statements.

In terms of our report of even date annexed

For O. P. Bagla & Co.

Chartered Accountants

FRN No. 000018N

Ashok Kajaria

Chairman & Managing Director

(DIN: 00273877)

For and on behalf of the Board

Chetan Kajaria

Jt. Managing Director

(DIN: 00273928)

Rishi Kajaria

Jt. Managing Director

(DIN: 00228455)

Atul Bagla

Partner

Membership No.: 91885

Place: New Delhi

Dated: 15th May, 2017

Ram Chandra Rawat

COO (A&T) and Co. Secretary

(FCS No. 5101)

Sanjeev Agarwal

CFO

Consolidated Statement of Profit and Loss

 for the year ended 31 March 2017

(Amount in Rupees crores, unless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
INCOME			
Revenue From Operations	21	2,854.51	2,700.58
Other Income	22	15.36	10.43
Total Income (I)		2,869.87	2,711.01
EXPENSES			
Cost of materials consumed	23	677.13	668.35
Purchase of stock-in-trade		229.67	243.72
Changes in inventories of finished goods, stock in trade and work-in-progress	24	12.63	(65.72)
Excise duty on sale of goods		304.88	287.13
Employee benefits expense	25	288.71	252.28
Finance costs	26	34.00	34.46
Depreciation and amortisation expense	27	81.39	72.61
Other expenses	28	845.16	857.36
Total Expenses (II)		2,473.57	2,350.19
Profit before tax from continuing operations before exceptional items (I-II)		396.30	360.82
Exceptional items			
Profit before tax from continuing operations after exceptional items (I-II)		396.30	360.82
Tax expense:			
Current Tax		126.34	111.35
Adjustment of tax relating to earlier periods		0.07	(0.13)
Deferred Tax		16.08	13.49
Profit for the year from continuing operations		253.81	236.11
Other Comprehensive Income			
Profit from continuing operations for the period attributable to:			
Owners of the Company		252.84	231.33
Non controlling interests		0.97	4.78
Other Comprehensive Income			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gains (losses) on defined benefit plans		(1.10)	(1.04)
Income tax effect		0.38	0.36
Total other comprehensive income for the year, net of tax		(0.72)	(0.68)
Total comprehensive income for the year, net of tax		252.12	230.65
Earnings per equity share (computed on the basis of profit) for the year):			
(1) Basic		15.86	14.51
(2) Diluted		15.82	14.47
Significant accounting policies	1 & 2		

The accompanying Notes 1 to 53 form an integral part of these financial statements.

In terms of our report of even date annexed

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

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

For and on behalf of the Board

Chetan Kajaria **Rishi Kajaria**
Jt. Managing Director Jt. Managing Director
(DIN: 00273928) (DIN: 00228455)

Atul Bagla
Partner
Membership No.: 91885
Place: New Delhi
Dated: 15th May, 2017

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

Sanjeev Agarwal
CFO

Consolidated Cash Flow Statement for the year ended 31 March 2017

(Amount in Rupees crores, unless otherwise stated)

	Year ended 31 March 2017		Year ended 31 March 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		396.30		360.82
<i>Adjusted for :</i>				
Depreciation	81.39		72.61	
Interest Received	(2.77)		(1.66)	
Interest Paid	34.00		34.46	
Foreign Currency Translation impact	-		(0.17)	
Provision for ESOP	1.86		0.84	
Loss on sale of Property, Plant & Equipment	3.91	118.39	5.51	111.59
Operating Profit before Working Capital Changes		514.69		472.41
<i>Working capital adjustments:</i>				
Movement in inventories	12.15		(80.85)	
Increase in trade and other receivables	(46.82)		(69.65)	
Movement in trade and other payables	(14.47)		97.37	
Movements in provisions	1.04	(48.10)	(0.31)	(53.44)
Cash Generated from Operations		466.59		418.97
Direct Taxes Paid		(128.91)		(103.35)
Exceptional / Extraordinary items				
Net Cash from operating activities		337.68		315.62
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant & Equipment	(146.95)		(276.06)	
Sale of Property, Plant & Equipment	4.48		7.45	
Purchase of Investments	(0.01)		-	
Sale of Investments	-		-	
Interest Received	2.77		1.66	
Net Cash used in Investing Activities		(139.71)		(266.95)

Consolidated Cash Flow Statement

for the year ended 31 March 2017

(Amount in Rupees crores, unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(34.00)	(34.46)
Proceeds from Issue of Share Capital / Application money	-	2.75
Proceeds from contribution by minority shareholders	-	8.86
Proceeds/ (Repayment) of Long Term Borrowings (Net)	(26.61)	45.71
Proceeds / (Repayment) of Short Term Borrowings (Net)	(55.41)	(23.43)
Dividend paid to company's shareholders	(47.83)	(38.15)
Dividend distribution tax (subsidiary portion)	(0.20)	-
Dividend paid to non-controlling interest including DDT	(1.08)	-
Refund of share application money	(2.75)	-
Net Cash flow from in Financing Activities	(167.88)	(38.72)
Net increase in Cash and Cash Equivalents (A+B+C)	30.09	9.95
Cash and Cash Equivalents as on 1.4.2015		9.80
Cash and Cash Equivalents as on 31.3.2016	19.75	
Cash and Cash Equivalents as on 31.3.2017	49.84	19.75
Components of cash and cash equivalents		
Cash on hand	0.92	1.25
Balance in current account and deposits with banks	48.92	18.50
	49.84	19.75
Significant accounting policies 1 & 2		

The accompanying Notes 1 to 53 form an integral part of these financial statements.

In terms of our report of even date annexed

For and on behalf of the Board

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

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

Chetan Kajaria **Rishi Kajaria**
Jt. Managing Director Jt. Managing Director
(DIN: 00273928) (DIN: 00228455)

Atul Bagla
Partner
Membership No.: 91885
Place: New Delhi
Dated: 15th May, 2017

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

Sanjeev Agarwal
CFO

Consolidated Statement of changes in equity for the year ended 31 March 2017

A. Equity share capital for issued, subscribed and paid up equity share of ₹1/- each

(₹ in crores)

Particulars	Note	Amount
As at 1 April 2015	13	15.89
Changes during the year		-
As at 31 March 2016	13	15.89
Changes during the year		-
As at 31 March 2017	13	15.89

B. Other equity

As at 1 April 2016	Reserves and Surplus						Total	Non-controlling interests	Total equity
	General Reserve	Share premium	Capital redemption reserve	Share application money pending allotment	Share options outstanding account	Retained earnings			
As at 1 April 2015	185.38	163.06	5.00	-	-	406.65	760.09	62.49	822.58
Net income / (loss) for the year						231.33	231.33	4.78	236.11
Transfer to general reserve	60.00					(60.00)	-		-
Other comprehensive income (Note 29)						(0.68)	(0.68)		(0.68)
Total comprehensive income	60.00	-	-		-	170.65	230.65	4.78	235.43
Employee stock option scheme					0.84		0.84		0.84
Share application money received				2.75			2.75		2.75
Subscription to equity shares								8.86	8.86
Foreign exchange translation						(0.17)	(0.17)		(0.17)
Dividend						(31.79)	(31.79)		(31.79)
Dividend distribution tax						(6.36)	(6.36)		(6.36)
At 31 March 2016	245.38	163.06	5.00	2.75	0.84	538.98	956.01	76.13	1,032.14

Significant accounting policies

1&2

As at 1 April 2016	Reserves and Surplus							Non-controlling interests	Total equity
	General Reserve	Securities Premium Reserve	Capital redemption reserve	Share application money pending allotment	Share options outstanding account	Retained earnings	Total		
As at 1 April 2016	245.38	163.06	5.00	2.75	0.84	538.98	956.01	76.13	1,032.14
Net income / (loss) for the year						252.84	252.84	0.97	253.81
Transfer to general reserve	75.00		-			(75.00)	-		-
Other comprehensive income (Note 29)						(0.72)	(0.72)		(0.72)
Total comprehensive income	75.00	-	-		-	177.12	252.12	0.97	253.09
Employee stock option scheme		-			1.86		1.86		1.86
Share application money received				(2.75)			(2.75)		(2.75)
Foreign exchange fluctuation							-		-
Dividend						(39.74)	(39.74)	(0.89)	(40.63)
Dividend distribution tax						(8.09)	(8.09)		(8.09)
Dividend distribution tax (subsidiary portion)						(0.18)	(0.18)	(0.19)	(0.37)
At 31 March 2017	320.38	163.06	5.00	0.00	2.70	668.09	1,159.23	76.02	1,235.25

Significant accounting policies

1&2

The accompanying Notes 1 to 53 form an integral part of these financial statements.

In terms of our report of even date annexed

For and on behalf of the Board

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

Ashok Kajaria
Chairman & Managing Director
(DIN: 00273877)

Chetan Kajaria
Jt. Managing Director
(DIN: 00273928)

Rishi Kajaria
Jt. Managing Director
(DIN: 00228455)

Atul Bagla
Partner
Membership No.: 91885
Place: New Delhi
Dated: 28th April, 2017

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

Sanjeev Agarwal
CFO

Notes on the consolidated financial statements for the year ended 31 March 2017

1. CORPORATE INFORMATION

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

KCL is the largest manufacturer of ceramic and vitrified wall and floor tiles in the country and 9th largest in the world. The company started its operation in 1988 with a capacity to produce 1 million sq mtr tiles per annum at Sikandrabad (U P). Today it has got nine plants with an aggregate capacity of 68.90 million sq mtr per annum – one in Sikandrabad (UP), one in Gailpur (Rajasthan), one in Malutana (Rajasthan), five in Morbi (Gujarat) and one in Vijaywada (AP).

The company, through its subsidiary Kajaria Bathware Pvt Ltd, has also forayed into manufacturing sanitaryware and faucet. It has 5.40 lac pieces of sanitaryware capacity in Morbi (Gujarat) and 1 million pieces of faucet facility in Gailpur (Rajasthan).

The financial statements of the company for the year ended 31st March 2017 were authorized for issue in accordance with a resolution of the Directors on 15th May, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP including accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first being prepared in accordance with IndAS.

The financial statements have been prepared on a historical cost basis, except for the certain assets and liabilities which have been measured at different basis and such basis has been disclosed in relevant accounting policy.

The financial statements are presented in INR and all values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2017. 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

Notes on the consolidated financial statements for the year ended 31 March 2017

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent company, i.e., year ended on 31 March.

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

2.3 Significant accounting policies

a. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the

Notes on the consolidated financial statements for the year ended 31 March 2017

aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when

Notes on the consolidated financial statements for the year ended 31 March 2017

there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b. 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.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

c. Property, plant and equipment

i) *Tangible assets*

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost net of accumulated depreciation and accumulated impairment losses, if any as at 31 March 2015. The Company has elected to regard those values of property as deemed cost at the date of the transition to Ind AS, i.e., 1 April 2015.

Property, plant and equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) upto the date of acquisition/ installation], net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment (identified individually as component) are required to

Notes on the consolidated financial statements for the year ended 31 March 2017

be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Whenever major inspection/overhaul/repair is performed, its cost is recognized in the carrying amount of respective assets as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipments are eliminated from financial statements, either on disposal or when retired from active use. Losses/gains arising in case retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Depreciation on property, plant and equipments are provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except on some assets, where useful life has been taken based on external/ internal technical evaluation as given below:

Particulars	Useful lives
Plant and Machinery	7, 10 & 18 years
Fit-out and other assets at sales outlets	5 years

Leasehold Land and Leasehold Improvements are amortized over the period of the lease or the useful life of the asset, whichever is lower.

The residual values, useful lives and methods of depreciation/amortization of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

ii) Capital work in progress

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 capitalized at the time of commissioning of such assets.

d. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. 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.

e. Research & Development Costs

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

f. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a

Notes on the consolidated financial statements for the year ended 31 March 2017

substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

g. 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 cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount 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. When 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.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

h. Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw material, stores and spares, packing materials, trading and other products are determined on weighted average basis.

i. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from operations includes sale of goods, services and excise duty, adjusted for discounts (net).

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

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

j. Foreign currency transactions

The Company's financial statements are presented in INR, which is also its functional currency.

Foreign currency transactions are initially recorded in functional currency using the exchange rates at the date the transaction.

At each balance sheet date, foreign currency monetary items are reported using the exchange rate prevailing at the year end.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

k. Taxes on income

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

Notes on the consolidated financial statements for the year ended 31 March 2017

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 recognized directly in equity/other comprehensive income is recognized 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.

I. Employee benefits

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee renders the related services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, etc. are recognized as expense during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contribution.

The Company's contribution to the Provident Fund is remitted to provident fund authorities and are based on a fixed percentage of the eligible employee's salary and debited to Statement of Profit and Loss.

The Company operates a defined benefit gratuity plan with approved gratuity fund, and contributions are made to a separately administered approved gratuity fund. Gratuity is a defined benefit obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to statement of profit & loss in subsequent periods.

Past service costs are recognised in statement of profit & loss in the period of plan amendment.

Compensated absences and other benefits like gratuity which are not expected to occur within twelve months after the

Notes on the consolidated financial statements for the year ended 31 March 2017

end of the period in which the employee renders the related services are recognized as a non-current liability at the present value of the defined benefit obligation at the balance sheet date.

m. Employee Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

n. Leases

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

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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

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

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

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

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.

Notes on the consolidated financial statements for the year ended 31 March 2017

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 computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques 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. 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 recognized 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.

s. 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.

Notes on the consolidated financial statements for the year ended 31 March 2017

(a) Financial assets

Classification

The Company classifies financial assets as subsequently measured at amortized 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 recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Derecognition

A financial asset is primarily derecognized 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.

Investment in subsidiaries, joint ventures and associates

The company has accounted for its investment in subsidiaries, joint ventures and associates at cost.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss 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 amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Notes on the consolidated financial statements for the year ended 31 March 2017

Initial recognition and measurement

All financial liabilities are recognized 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 amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization 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 recognized in the statement of profit and loss.

Derecognition

A financial liability is derecognized 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 recognized 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 recognized 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 recognized 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.

t. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Notes on the consolidated financial statements for the year ended 31 March 2017

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

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

2.4 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 recognized 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 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 Company. Such changes are reflected in the assumptions when they occur.

Notes on the consolidated financial statements for the year ended 31 March 2017

(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) 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.

(d) 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.

Notes on the consolidated financial statements for the year ended 31 March 2017

3. PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Display assets	Total
Cost										
As at April 1, 2015	17.17	8.37	236.61	912.57	7.66	22.05	7.87	6.62	16.71	1,235.63
Additions	8.24	0.08	84.81	232.74	2.17	5.53	1.84	0.49	2.83	338.73
Disposals	-	-	-	44.06	1.12	2.13	0.41	0.03	1.55	49.30
As at March 31, 2016	25.41	8.45	321.42	1,101.25	8.71	25.45	9.30	7.08	17.99	1,525.06
Additions	2.97	1.26	17.19	99.24	1.75	8.03	5.41	1.41	7.73	144.99
Disposals	-	-	-	21.05	0.32	3.23	0.37	0.06	1.07	26.10
As at March 31, 2017	28.38	9.71	338.61	1,179.44	10.14	30.25	14.34	8.43	24.65	1,643.95
Depreciation and impairment										
As at April 1, 2015	-	0.79	53.85	298.93	4.00	6.05	3.58	5.28	10.40	382.88
Depreciation charge for the year	-	0.03	7.89	56.74	0.55	2.92	1.34	0.56	1.91	71.94
Disposals	-	-	-	34.09	0.02	1.24	0.14	0.03	0.82	36.34
As at March 31, 2016	-	0.82	61.74	321.58	4.53	7.73	4.78	5.81	11.49	418.48
Depreciation charge for the year	-	0.03	9.61	61.81	0.75	3.44	1.77	0.63	2.45	80.49
Disposals	-	-	-	14.66	0.24	1.80	0.32	0.05	0.64	17.71
As at March 31, 2017	-	0.85	71.35	368.73	5.04	9.37	6.23	6.39	13.30	481.26
Net book value :										
As at March 31, 2017	28.38	8.86	267.26	810.71	5.10	20.88	8.11	2.04	11.35	1,162.68
As at March 31, 2016	25.41	7.63	259.68	779.67	4.18	17.72	4.52	1.27	6.50	1,106.58
As at April 1, 2015	17.17	7.58	182.76	613.64	3.66	16.00	4.29	1.34	6.31	852.75

Notes:

I. Property, plant and equipment pledged as security

Refer to note 15 for information on property, plant and equipment pledged as security by the Company.

II. Expenditure incurred during construction period ₹10.02 crores (March 31, 2016: ₹7.06 crores) was capitalised to Property, Plant & Equipment.

Notes on the consolidated financial statements for the year ended 31 March 2017

4. OTHER INTANGIBLE ASSETS

(₹ in crores)

	Software	Goodwill	Total
Cost			
As at April 1, 2015	3.57	5.47	9.04
Additions	2.20	5.07	7.27
Disposals	-	-	-
As at March 31, 2016	5.77	10.54	16.31
Additions	1.58	-	1.58
Disposals	-	-	-
As at March 31, 2017	7.35	10.54	17.89
Amortisation			
As at April 1, 2015	1.71	-	1.71
Amortisation charge during the year	0.67	-	0.67
Disposals	-	-	-
As at March 31, 2016	2.38	-	2.38
Amortisation charge during the year	0.90	-	0.90
Disposals	-	-	-
As at March 31, 2017	3.28	-	3.28
Net book value :			
As at March 31, 2017	4.07	10.54	14.61
As at March 31, 2016	3.39	10.54	13.93
As at April 1, 2015	1.86	5.47	7.33

5. INVESTMENTS (OTHER THAN TRADE)

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Investments			
a) Non- financial assets			
Investment in Gold coins	0.08	0.08	0.08
b) Financial Assets			
OPGS Power Gujarat Private Limited 6,51,000 shares of ₹10 each (31 March 2016 Nil, 1 April 2015 Nil)	0.01	-	-
Aggregate value of unquoted investments	0.09	0.08	0.08

6. LOANS

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Security Deposits			
Unsecured, Considered Good	10.79	9.79	8.98
Deferred Lease expenses	2.71	1.83	2.05
Bank deposits with more than 12 months maturity *	5.12	10.53	18.37
Total	18.62	22.15	29.40

Notes:

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

* Bank deposits held as margin money against guarantee for ₹5.12 crores (31 March 2016 ₹10.53 Crores ; 1 April 2015: ₹18.37 Crores)

Notes on the consolidated financial statements for the year ended 31 March 2017

7. OTHER NON-FINANCIAL ASSETS

(₹ in crores)

	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Capital advances						
Unsecured, considered good	2.68	3.35	11.35		-	-
Other loans and advances (Unsecured, considered good)						
Advance to suppliers		-	-	18.47	12.76	10.25
Prepaid expenses		-	-	4.65	4.75	1.92
Export benefit receivables		-	-	0.16	0.12	0.71
Income tax advances	7.32	4.04	3.53	-	-	-
Balance with statutory authorities						
CENVAT Credit Receivable	0.69	-	-	22.11	32.17	22.84
VAT Credit receivable-OCA	1.40	-	-	5.50	13.46	6.25
Service tax credit receivable-OCA		-	-	5.45	5.51	3.18
	9.41	4.04	3.53	56.34	68.77	45.15
Total	12.09	7.39	14.88	56.34	68.77	45.15

8. INVENTORIES

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Raw Materials	60.21	58.41	51.34
Work-in-progress	24.57	28.25	10.99
Finished Goods	215.96	216.92	182.70
Stock in trade	23.49	31.49	17.51
Stores and spares	47.79	49.10	40.78
Total	372.02	384.17	303.32

Note:

For mode of valuation refer Accounting policy number 2.3 (h)

9. TRADE RECEIVABLES (UNSECURED)

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Unsecured, considered good	336.68	272.70	213.37
Unsecured, considered doubtful	3.53	2.36	2.22
Less: Provision for doubtful receivables	(1.29)	(0.95)	(0.39)
Total	338.92	274.11	215.20

Note:

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies in which any director is a partner, director or a member.

Trade receivables are non interest bearing and are generally on credit terms of 30 days.

Notes on the consolidated financial statements for the year ended 31 March 2017

10. CASH AND BANK BALANCES

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
a. Cash and cash equivalents :			
Balances with banks			
On current accounts	18.92	18.50	8.76
On deposit accounts	30.00		
Cash on hand	0.92	1.25	1.04
	49.84	19.75	9.80
b. Bank balances other than above			
Earmarked bank balances	1.51	1.23	0.94
Margin Money (pledged with banks against non-fund based facilities)	0.61	0.54	0.42
	2.12	1.77	1.36

Short-term deposits are made for periods of upto three months at varying rate of interest , depending on cash flow requirements of the Company.

For the purpose of statement of cash flows, cash and cash equivalents comprises the following :

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Balance with banks :			
On current accounts	18.92	18.50	8.76
On deposit accounts	30.00		
Cash on hand	0.92	1.25	1.04
Total	49.84	19.75	9.80

Notes:

1) Earmarked bank deposits includes:

Balance of ₹1.51 crores (31 March 2016: ₹1.23 crores; 1 April 2015: ₹0.94 crores) pertaining to unclaimed dividend.

Specified Bank Notes (SBN) disclosure

Disclosure related to details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1.49	0.68	2.17
(+) Withdrawal from Bank accounts		0.67	0.67
(+) Permitted receipts		0.25	0.25
(-) Permitted payments		(1.06)	(1.06)
(-) Amount deposited in Banks	(1.49)		(1.49)
Closing cash in hand as on 30.12.2016	-	0.54	0.54

Notes on the consolidated financial statements for the year ended 31 March 2017

11. LOANS

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Loans to related parties			
Unsecured, Considered Good	0.07	0.06	0.02
Other loans			
Unsecured, Considered Good	2.96	9.82	4.70
Total	3.03	9.88	4.72

12. OTHER FINANCIAL ASSETS

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Interest accrued on deposits and loans	1.27	1.36	5.14
Insurance claims receivables	0.23	0.36	0.30
Total	1.50	1.72	5.44

Loans are non-derivative financial assets which generates interest income at a fixed rate for the Company.

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Break-up of the financial assets carried at amortised cost :			
Security deposits	10.79	9.79	8.98
Loans to related parties	0.07	0.06	0.02
Cash and cash equivalents	51.96	21.52	11.16
Trade receivables	338.92	274.11	215.20
Other loans	2.96	9.82	4.70
Total	404.70	315.30	240.06

13. EQUITY SHARE CAPITAL

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Authorised:			
25,00,00,000 equity shares of Re 1 each (31 March 2016: 12,50,00,000, 1 April 2015: 12,50,00,000, equity shares of ₹2 each)	25.00	25.00	25.00
Issued subscribed and paid up equity share capital:			
15,89,38,000 equity shares of ₹1 (31 March 2016: 7,94,69,000, 1 April 2015: 7,94,69,000 equity shares of ₹2 each)	15.89	15.89	15.89
Total	15.89	15.89	15.89

A. Reconciliation of the shares outstanding at the beginning and at the end of the year

	31 March 2017		31 March 2016		1 April 2015	
	No of shares	₹ crores	No of shares	₹ crores	No of shares	₹ crores
At the beginning of the year	79,469,000	15.89	79,469,000	15.89	79,469,000	15.89
Issued during the year	-	-	-	-	-	-
Share split during the year (refer note 'C' below)	79,469,000					
Outstanding at the end of the year	158,938,000	15.89	79,469,000	15.89	79,469,000	15.89

Notes on the consolidated financial statements for the year ended 31 March 2017

13. EQUITY SHARE CAPITAL (contd...)

B. Terms/Rights attached to equity shares

The company has only one class of equity share having face value of Re 1/- per share (31 March 2016: RS 2/- refer note 'C'). The holder of the equity shares is entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual general meeting. The holder of share is entitled to voting rights proportionate to their share holding.

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

C. Share Spilt during the current year

The equity shares of the Company were split off from face value of ₹2/- each to ₹1/- each. In this regard, the Board of Directors of the Company has accorded its approval at its meeting held on June 16, 2016 and shareholders have approved the same at the Annual General Meeting held on August 24, 2016. Accordingly, NSE & BSE have changed the face value of equity shares of the Company w.e.f. October 4, 2016 and consequently equity shares of the company changed from 7,94,69,000 of ₹2/- each to 15,89,38,000 of ₹1/- each.

D. Following shareholders hold equity shares more than 5% of the total equity shares of the Company:

Name of Shareholder	31 March 2017		31 March 2016		1 April 2015	
	Number of shares held having face value of ₹1 each	% of holding in class	Number of shares held having face value of ₹2 each	% of holding in class	Number of shares held having face value of ₹2 each	% of holding in class
Kajaria Exports Private Limited	-	0.00%	15,311,999.00	19.27%	15,311,999	19.27%
Kajaria Securities Private Limited	64,365,138	40.50%	6,581,905.00	8.28%	6,581,905	8.28%
Pearl Tile Marketing Private Limited	-	0.00%	5,080,240.00	6.39%	5,080,240	6.39%
Cheri Ceramics Private Limited	-	0.00%	5,088,385.00	6.40%	5,088,385	6.40%
Jwalamukhi Investment Holding	-	0.00%	4,848,823.00	6.10%	6,245,005	7.86%
Westbridge Crossover Fund LLC	11,770,840	7.41%	5,885,420	7.41%	5,885,420	7.41%

E. Consolidation of promoter group Companies

Pursuant to the Composite Scheme of Arrangement approved by the Hon'ble High Court of Punjab & Haryana on April 29, 2016, the erstwhile promoter companies namely, Kajaria Exports Private Limited, Pearl Tile Marketing Private Limited and Cheri Ceramics Private Limited stands merged ('Merged entities') with another promoter company i.e. Kajaria Securities Private Limited (KSPL). Accordingly, the shareholding of the merged entities in the Company have been transferred to KSPL.

F. Preference share capital

The Company also has authorised preference share capital of 10,00,000 shares (31 March 2016: 10,00,000, 1 April 2015: 10,00,000) of ₹100 each

Notes on the consolidated financial statements for the year ended 31 March 2017

14. OTHER EQUITY

(₹ in crores)

	31 March 2017
a) Share application money pending allotement	
As at 1 April 2015	-
Changes during the year	2.75
As at 31 March 2016	2.75
Changes during the year	(2.75)
As at 31 March 2017	0.00
b) General Reserves	
As at 1 April 2015	185.38
Changes during the year	60.00
As at 31 March 2016	245.38
Transfer from profit during the year	75.00
As at 31 March 2017	320.38
c) Securities Premium Reserve	
As at 1 April 2015	163.06
Changes during the year	-
As at 31 March 2016	163.06
Changes during the year	-
As at 31 March 2017	163.06
d) Capital redemption reserve	
As at 1 April 2015	5.00
Changes during the period	-
As at 31 March 2016	5.00
Changes during the period	-
As at 31 March 2017	5.00
e) Share options outstanding account	
As at 1 April 2015	-
Changes during the period	0.84
As at 31 March 2016	0.84
Changes during the period	1.86
As at 31 March 2017	2.70
f) Retained Earnings	
As at 1 April 2015	406.65
Profit/(Loss) for the year 2015-16	230.65
Less : Foreign Currency Translation Reserve Transferred	(0.17)
Less: Dividend paid	(31.79)
Less: Taxes on Dividend paid	(6.36)
Less; Transfer to general reserves	(60.00)
As at 31 March 2016	538.98
Profit/(Loss) for the year 2016-17	252.12
Less: Dividend distributed	(39.74)
Less: Dividend distribution tax paid	(8.09)
Less: Dividend distribution tax paid on distribution by subsidiary	(0.18)
Less: Transfer to general reserve	(75.00)
As at 31 March 2017	668.09

Notes on the consolidated financial statements for the year ended 31 March 2017

14. OTHER EQUITY

(₹ in crores)

	31 March 2017
As at 1 April 2015	760.09
As at 31 March 2016	956.01
As at 31 March 2017	1,159.23
Minority Interest	
As at 1 April 2015	62.49
As at 31 March 2016	76.13
As at 31 March 2017	76.02

15. BORROWINGS

(₹ in crores)

	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Term Loan						
Secured						
From Bank	130.35	168.01	105.08		-	-
Less: current maturities of long term debt (refer note 19)	(42.58)	(41.06)	(21.40)			
From financial institution	2.70	2.42	0.57		-	-
Unsecured						
From Bank		-	-		-	
From Related parties	25.03	12.74	12.15			
From others		-	-		-	-
Working capital facility						
Secured						
From Bank		-	-	55.08	110.49	133.91
	115.50	142.11	96.40	55.08	110.49	133.91

Refer note on next page for details of borrowings.

Notes on the consolidated financial statements for the year ended 31 March 2017

15. BORROWINGS (contd...)

(a) Terms of Borrowings

(₹ in crores)

Type of loan	Loan outstanding			Sanction amount	Rate of interest	Security Guarantee	Repayment terms
	As on 31 March 2017	As on 31 March 2016	As on 1 April 2015				
Working capital facility (secured)	9.23	7.94	-	₹ 12.00 crores (31 March 2016 ₹ 12 crore, 1 April 2015 ₹ Nil)	Rate of interest is variable and linked to MCLR.	secured by 1st charge on inventories and book debts and second charge on immovable and movable assets of the company (at its factories at Morbi, Gujarat)	On demand
Term loans - from Banks (secured)	24.58	29.50	19.93	₹ 29.50 crores (31 March 2016 ₹ 29.50 crore, 1 April 2015 ₹ 29.50 crores)	11.00%	EM over land admeasuring 48867 sq mtrs and building in dist. Morbi, Gujarat and first charge by the way of hypothecation over company's plant and machinery purchased from bank's finance.	Repayble in 24 monthly installments commencing till March 2022
Term loans - from Banks (secured)	21.06	24.22	12.28	₹ 37.47 crores (31 March 2016 ₹ 37.47 crore, 1 April 2015 ₹ 37.47 crores)	11.65% to 11.80%	Hypothecation of entire machineries, Electrical installations, Furniture & Fixtures, Office equipments & other movable FA, present & Future, situated at the factory of the company	Repayble in 84 & 61 monthly installments commencing from May'16 & Jun'12
Working capital facility (secured)	1.55	11.99	10.78	₹ 12.00 crores (31 March 2016 ₹ 12.00 crore, 1 April 2015 ₹ 12.00 crore)	Rate of interest is variable and linked to MCLR.	secured by 1st charge on inventories and book debts and second charge on immovable and movable assets of the company (at its factories at Morbi, Gujarat)	On demand
Term loans - from Banks (secured)	13.51	19.88	26.25	₹ 28.60 crores (31 March 2016 ₹ 28.60 crores, 1 April 2015 28.60 crores)	Rate of interest is variable and linked to MCLR.	Secured against first charge on Immoveable & Movable assets (present & future) of the company at Vishnupuram, Perikigudem, AP. And further guaranteed by KCL & AVHL in the ratio of 5:1:49	repayble in 18 & 22 quarterly installments commencing from Oct'14 & Nov'14
Term loans - from Banks (secured)	0.00	0.07	0.10	₹ 0.13 crores (31 March 2016 ₹ 0.13 crores, 1 April 2015 ₹ 0.13 crores)	Rate of interest is varing for each loan.	Secured against respective assets financed.	according to respective loan agreement executed with lender

Notes on the consolidated financial statements for the year ended 31 March 2017

15. BORROWINGS (contd...)

(a) Terms of Borrowings

(₹ in crores)

Type of loan	Loan outstanding			Sanction amount	Rate of interest	Security Guarantee	Repayment terms
	As on 31 March 2017	As on 31 March 2016	As on 1 April 2015				
Working capital facility (secured)	11.92	9.88	5.36	₹ 12.00 crores (31 March 2016 ₹ 12.00 crores lakhs, 1 April 2015 ₹ 12.00 crores)	Rate of interest is variable and linked to MCLR.	secured by 1st charge on entire current assets both present and future of the company with a margin of 25% on stock and receivables)	On demand
Term loans - from Banks (secured)	0.05	0.32	0.57	₹ 0.76 crores (31 March 2016 ₹ 0.76 crore, 1 April 2015 ₹ 0.76 crore)	Rate of interest is varying for each loan.	Secured against respective assets financed.	according to respective loan agreement executed with lender
Working capital facility (secured)	17.00	17.94	16.98	₹ 18.00 crores (31 March 2016 ₹ 18.00 crore, 1 April 2015 ₹ 18.00 crore)	Rate of interest is variable and linked to MCLR.	secured by 1st charge on inventories and book debts and second charge on immovable and movable assets of the company (at its factories at Morbi, Gujarat)	On demand
Term loans - from Banks (secured)	38.81	52.73	22.76	₹ 62.52 crores (31 March 2016 ₹ 62.52 crore, 1 April 2015 ₹ 62.52 crore)	11.25%	Hypothecation of entire machineries, Electrical installations, Furniture & Fixtures, Office equipments & other movable FA, present & Future, situated at the factory of the company	Repayable in 62 to 72 monthly installments commencing from Jun'14
Term loans - from Banks (secured)	22.00	25.00	-	₹ 22 crores (31 March 2016 ₹ 25 crore, 1 April 2015 NIL)	9.65%	Secured against exclusive charge on immovable and movable assets of the company, both present & future. Above loan is further secured by gaurantee of Holding Company M/s, Kajaria Ceramics Limited	The loan is repayable in 14 quarterly installments of ₹ 150 lacs each and 2 quarterly installments of ₹ 200 lacs each w.e.f. December 2016 till August 2020.

Notes on the consolidated financial statements for the year ended 31 March 2017

15. BORROWINGS (contd...)

(a) Terms of Borrowings

(₹ in crores)

Type of loan	Loan outstanding			Sanction amount	Rate of interest	Security Guarantee	Repayment terms
	As on 31 March 2017	As on 31 March 2016	As on 1 April 2015				
Working capital facility (secured)	2.23	11.22		₹ 10.00 crores (31 March 2016 ₹ 10.00 crore, 1 April 2015 ₹ Nil)	9.30%	Secured against 1st charge on Inventories and Book debts of the company, both present & future. Above loan is further secured by guarantee of Holding Company M/s, Kajaria Ceramics Limited	On demand
Working capital facility (secured)	3.02	-	-	₹ 10.00 crores (31 March 2016 ₹ 10.00 crore, 1 April 2015 ₹ Nil)		Secured against Hypothecation of entire raw materials, stock in process, stores & spares, packing materials, finished goods and book debts of the company, both present & future. Above loan is further secured by guarantee of Holding Company M/s, Kajaria Ceramics Limited	upto 150 days usance
Term loans - from Banks (secured)	10.10	14.31	14.31	₹ 17.50 crores (Avalued amount 17.22 crores). (31 March 2016 ₹ 17.50 crores, 1 Apr 2015 ₹ 17.50 crores)	11.50%	Hypothecation of entire machineries, Electrical installations, Furniture & Fixtures, Office equipments & other movable FA, present & Future, situated at the factory of the company. Above loan is further secured by Equitable mortgage of Factory Land and building situated at Village Shapar, Morbi and Equitable mortgage of Residential house situated at Village Jodhapar, Morbi belonging to a promoter of the company.	Loan is repayable in 53 monthly installments of ₹ 32.40 Lakhs each and 54th installment of ₹ 32.80 Lakhs w.e.f. July 2015 till Feb 2020

Notes on the consolidated financial statements for the year ended 31 March 2017

15. BORROWINGS (contd...)

(a) Terms of Borrowings

(₹ in crores)

Type of loan	Loan outstanding			Sanction amount	Rate of interest	Security Guarantee	Repayment terms
	As on 31 March 2017	As on 31 March 2016	As on 1 April 2015				
Working capital facility (secured)	1.25	3.65	5.16	₹ 8.00 crores (31 March 2016 ₹ 8.00 crore, 1 April 2015 ₹ 8.00 crore)	11.40%	Secured against Hypothecation of entire raw materials, stock in process, stores & spares, packing materials, finished goods and book debts of the company, both present & future. Above loan is further secured by Equitable mortgage of Factory Land and building situated at Village Shapar, Morvi and Equitable mortgage of Residential house situated at Village Jodhapar, Morvi belonging to a promoter of the company.	On demand
Term loans - from Banks (secured)	-	-	0.01	₹ 0 (31 March 2016 ₹ 0, 1 April 2015 ₹ 0.01 crore)	14%	Secured against respective assets financed.	Repayable in 36 monthly installment as per agreement
Term loan - from financial institution *	5.19	5.19	-	5.19 (31 March 2016 ₹ 5.19 crore, 1 April 2015 NIL)	N. A.	Secured against first charge on part of factory land and building of the company at Sikandrabad, UP.	repayable in one installment after 7 years from date of disbursement.
Term loans - from Banks (secured)	0.26	1.21	2.83	1.47 (31 March 2016 ₹ 3.23 crore, 1 April 2015 ₹ 6.12 crore)	Rate of interest is varying for each loan.	Secured against respective assets financed.	according to respective loan agreement executed with lender
Working capital facility (secured)	-	39.61	53.12	50.00 (31 March 2016 ₹ 50.00 crore, 1 April 2015 ₹ 50.00 crore)	Rate of interest is variable and linked to MCLR.	secured by 1st charge on inventories and book debts and second charge on immovable and movable assets of the company (at its factories at Sikandrabad, U. P. and Gailpur, Rajasthan)	On demand
Working capital facility (secured)	-	-	25.51	25.51	LIBOR + 2.5%	Secured by LOU from working capital lenders	180 to 360 days

Notes on the consolidated financial statements for the year ended 31 March 2017

15. BORROWINGS (contd...)

(a) Terms of Borrowings

(₹ in crores)

Type of loan	Loan outstanding			Sanction amount	Rate of interest	Security Guarantee	Repayment terms
	As on 31 March 2017	As on 31 March 2016	As on 1 April 2015				
Working capital facility (secured)	7.78	0.13	8.29	(₹ 7.78 crores (31 March 2016 ₹ 0.13 crores, 1 April 2015 ₹ 8.29 crores)	9% to 9.25%	All facilities are covered under ECGC port shipment and buyer wise cover issued by Export Credit Guarantee Corporation of India Ltd.	25 to 180 days
Term loans - from Banks (secured)	-	0.03	0.07	(₹ 0.08 crores (31 March 2016 ₹ 0.08 crores, 1 April 2015 ₹ 0.08 crores)	11.50%	Secured against respective assets financed.	Repayable in 36 monthly installment as per agreement
Term loans - from Banks (secured)	-	0.46	0.57	(₹ 3.03 crores (31 March 2016 ₹ 3.03 crores, 1 April 2015 ₹ 3.03 crores)	11.50% to 15%	Secured by first charge on Digital printing machine	Repayable in 48 monthly installment as per agreement
Working capital facility (secured)	1.09	8.20	8.71	(₹ 10 crores (31 March 2016 ₹ 10 crores, 1 April 2015 ₹ 10 crores)	Rate of interest is variable and linked to MCLR.	Working capital facility includes cash credit limit from SBI banks is secured against Stock & Book debts of the company	On demand
Term loans - from related parties (unsecured)	25.03	12.74	12.15	(₹ 25.03 crores (31 March 2016 ₹ 12.74 crores, 1 April 2015 ₹ 12.15 crores)	9% to 10%	N.A.	3 - 5 years

Notes on the consolidated financial statements for the year ended 31 March 2017

16. PROVISIONS

(₹ in crores)

	Non-Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
a. Provision for employee benefits						
Provision for gratuity	10.31	9.57	10.26	0.67	0.67	-
Provision for compensated absences	-	-	-	9.58	8.18	7.42
(Refer note 45 for Ind AS 19 disclosures)						
	10.31	9.57	10.26	10.25	8.85	7.42
b. Current tax liabilities (net)						
Provision for Tax (Net of advance tax & TDS) (Advance tax and TDS- 31 March 2017: 120.62 crores, 31 March 2016: 100.59 crores, 1 April 2015: 75.56 crores)	-	-	-	10.20	12.70	4.83
Total	-	-	-	10.20	12.70	4.83

17. INCOME TAXES

The major components of income tax expense for the year ended 31 March 2017 and 31 March 2016 are:

A. Statement of profit and loss:

(i) Profit & loss section

(₹ in crores)

	31 March 2017	31 March 2016
Current income tax:		
Current income tax charge	126.34	111.35
Adjustments in respect of current income tax of previous year	0.07	(0.13)
Deferred tax:		
Relating to origination and reversal of temporary differences	16.08	13.49
Income tax expense reported in the statement of Profit & loss	142.49	124.71

(ii) OCI Section

(₹ in crores)

	31 March 2017	31 March 2016
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on remeasurements of defined benefit plans	0.38	0.36
Income tax charged to OCI	0.38	0.36

Notes on the consolidated financial statements for the year ended 31 March 2017

17. INCOME TAXES (contd...)

B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for FY ended 31 March 2016 and 31 March 2017:

	31 March 2017	31 March 2016
Accounting profit before tax from continuing operations	396.30	360.82
Profit/(loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	396.30	360.82
At India's statutory income tax rate of 34.608% (31 March 2016: 34.608%)	137.15	124.87
Adjustments in respect of current income tax of previous years	0.07	(0.13)
Expenses not allowed as deduction	1.17	1.24
Deductions not leading to timing differences	(5.54)	(10.40)
Exempt income	(0.32)	-
Losses in subsidiary company not recognised as deferred tax asset	9.96	7.87
Impact of change in effective tax rate in B/F tax liability	-	1.26
At the effective income tax rate of 35.95% (31 March 2016: 34.56%)	142.49	124.71
Income tax expense reported in the statement of profit and loss	142.49	124.71
Income tax attributable to a discontinued operation	-	-
	142.49	124.71

Deferred tax

(₹ in crores)

	Balance sheet			Statement of profit and loss	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016
Deferred tax relates to the following:					
Accelerated depreciation for tax purposes	113.95	97.18	84.72	17.13	12.85
Disallowance u/s 43B	(3.23)	(2.77)	(2.79)	(0.47)	0.02
Ind AS adjustments	(0.10)	0.48	(0.14)	(0.58)	0.62
Deferred tax expense/(income)				16.08	13.49
Net deferred tax assets/(liabilities)	110.62	94.89	81.79		

Reflected in the balance sheet as follows:

(₹ in crores)

	31 March 2017	31 March 2016
Deferred tax assets (continuing operations)	(3.33)	(2.77)
Deferred tax liabilities (continuing operations)	113.95	97.66
Deferred tax liabilities (net)	110.62	94.89

Reconciliation of deferred tax liabilities (net):

(₹ in crores)

	31 March 2017	31 March 2016
Opening balance as of 1 April	94.89	81.79
Tax income/(expense) during the period recognised in Profit & loss	16.08	13.49
Tax income/(expense) during the period recognised in OCI	(0.35)	(0.39)
Discontinued operation		
Deferred taxes acquired in business combinations		
Closing balance as at 31 March	110.62	94.89

Notes on the consolidated financial statements for the year ended 31 March 2017

18. TRADE AND OTHER PAYABLES

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Trade payables			
- total outstanding dues of micro enterprises and small enterprises;	15.28	10.40	11.01
total outstanding dues of creditors other than micro enterprises and small enterprises	158.05	172.19	229.22
Others	118.77	110.19	12.77
Total	292.10	292.78	253.00

Notes: Others include acceptances and employee compensation payable.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled within 90 days except for SME's which are settled within 45 days.

For explanations on the Company's credit risk management processes, refer to Note 42

19. OTHER FINANCIAL LIABILITIES

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
(at amortised cost)			
Current maturities of long term debt	42.58	41.06	21.40
Unclaimed dividends	1.51	1.23	0.94
Interest bearing deposits from customers	9.03	9.79	8.50
Security deposits	13.74	6.38	3.60
Creditors for expenses	0.84	17.70	4.94
Oustanding liabilities	22.99	18.65	13.88
Payable for capital expenditures	28.76	41.70	35.71
Total	119.45	136.51	88.97

Break-up of financial liabilities carried at amortised cost

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Trade Payables	292.10	292.78	253.00
Other financial liabilities	119.45	136.51	88.97
Borrowings (current)	55.08	110.49	133.91
Borrowings (non current)	115.50	142.11	96.40
	582.13	681.89	572.28

20. OTHER CURRENT LIABILITIES

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Advance from customers	15.06	11.26	10.64
Statutory dues payable	50.41	50.94	41.51
Total	65.47	62.20	52.15

Notes on the consolidated financial statements for the year ended 31 March 2017

21. REVENUE FROM OPERATIONS

(₹ in crores)

	31 March 2017	31 March 2016
Sale of Products		
Tiles	2,849.12	2,694.70
Power	3.68	2.60
Less: Inter division sale of power	(2.30)	(1.65)
	2,850.50	2,695.65
Other operating revenues		
Sale of scrap	3.75	4.62
Rental Income (windmill)	0.26	0.31
	4.01	4.93
Total	2,854.51	2,700.58

Sale of goods includes excise duty collected from customers of ₹ 304.88 crores (31 March 2016: ₹ 287.13 crores).

22. OTHER INCOME

(₹ in crores)

	31 March 2017	31 March 2016
Interest income on:		
Loan to subsidiary companies and fixed deposits	2.32	1.23
Security deposit unwinding	0.45	0.43
Other non operating income		
Net foreign exchange gain	3.15	-
Miscellaneous income	9.44	8.77
Total	15.36	10.43

23. COST OF MATERIAL CONSUMED

(₹ in crores)

	31 March 2017	31 March 2016
Body Material	382.71	430.30
Glaze, Frits And Chemicals	180.96	131.73
Packing Material	113.46	106.32
	677.13	668.35

24. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS

(₹ in crores)

	31 March 2017	31 March 2016
Inventories at the beginning of the year		
Finished Goods	216.92	182.70
Stock In Trade	31.50	17.51
Work-in-process	28.25	10.99
Total Inventories at the beginning of the year	276.67	211.20
Finished Goods used for Fixed Assets	0.02	0.25
Inventories at the end of the year		
Finished Goods	215.96	216.92
Stock In Trade	23.49	31.50
Work-in-process	24.57	28.25
Total Inventories at the end of the year	264.02	276.67
Total	12.63	(65.72)

Notes on the consolidated financial statements for the year ended 31 March 2017

25. EMPLOYEE BENEFITS EXPENSE

(₹ in crores)

	31 March 2017	31 March 2016
Salaries, wages and amenities	270.52	237.28
Contribution to provident fund and other funds	10.88	9.95
Stock compensation expenses	1.86	0.84
Staff welfare expenses	5.45	4.21
Total	288.71	252.28

26. FINANCE COSTS

(₹ in crores)

	31 March 2017	31 March 2016
Interest on debt and borrowings	32.65	32.40
Other ancilliary borrowing cost	1.35	2.06
Total	34.00	34.46

27. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in crores)

	31 March 2017	31 March 2016
Depreciation of property, plant and equipments (refer note 3)	80.49	71.94
Amortisation of intangible assets (refer note 4)	0.90	0.67
	81.39	72.61

28. OTHER EXPENSES

(₹ in crores)

	31 March 2017	31 March 2016
Rent	13.52	10.63
Rates & Taxes	0.99	1.39
Traveling & Conveyance Expenses	30.31	27.16
Insurance Charges	3.42	2.41
Legal & Professional Charges	8.57	6.42
Auditors' Remuneration :		
- As Audit Fees	0.42	0.40
- For Tax Audit, Certification & Tax Representations	0.17	0.11
- For Other Matters	0.07	0.13
Stores and Spares Consumed	88.91	89.05
Power and Fuel	448.02	480.48
Excise Duty Variance on opening and closing Stocks	(1.29)	13.71
Repairs & maintenance		
- Building	6.27	5.55
- Machinery	13.52	10.99
- Others	3.96	3.55
Packing Freight & Forwarding Expenses	85.95	90.98
Advertisement, Publicity & Sales Promotion	79.93	56.90
Sales Commission	18.30	17.21
Loss on Sale / Scrapping of Property, Plant & Equipment	3.91	5.51
Provision for bad & doubtful debts	0.35	0.56
CSR Expenses (refer note 47)	3.37	3.59
Research & Development Expenses (refer note 48)	10.92	8.13
Miscellaneous expenses	25.57	22.50
	845.16	857.36

Notes on the consolidated financial statements for the year ended 31 March 2017

29. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2017

(₹ in crores)

	Retained Earnings	Total
Remasurement gains (losses) on defined benefit plans	(1.10)	(1.10)
Income tax impact	0.38	0.38
	(0.72)	(0.72)

During the year ended 31 March 2016

(₹ in crores)

	Retained Earnings	Total
Remasurement gains (losses) on defined benefit plans	(1.04)	(1.04)
Income tax impact	0.36	0.36
	(0.68)	(0.68)

30. EARNINGS PER SHARE (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year. Diluted EPS are calculated by dividing the profit for the year attributable to the equity holders of the company by weighted average number of Equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

(₹ in crores)

Particulars	31 March 2017	31 March 2016
Profit / (loss) for the year as per Statement of Profit & Loss	252.12	230.65
Profit / (loss) attributable to equityholders of the Company for basic earnings	252.12	230.65
	No. crores	No. crores
Weighted average number of equity shares in calculating basic EPS	15.89	15.89
Effect of dilution:	0.04	0.05
Weighted average number of equity shares in calculating diluted EPS	15.93	15.94
Earnings per equity share in ₹		
Basic	15.86	14.51
Diluted	15.82	14.47
Face Value of shares	1	1

Note: The earning per share (EPS) of the year ended 31 March 2016 has been reinstated to consider the impact of share split during the current year. Refer note 13c for details

Notes on the consolidated financial statements for the year ended 31 March 2017

31. MATERIAL PARTLY-OWNED SUBSIDIARIES:

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

(₹ in crores)

S. No.	Name	Country of Incorporation	Ownership Interest of Kajaria Ceramics Limited (%)		
			As on 31.03.17	As on 31.03.16	As on 1.04.15
1	Soriso Ceramic Private Limited	India	51%	51%	51%
2	Jaxx Vitrified Private Limited	India	61%	61%	61%
3	Vennar Ceramics Limited	India	51%	51%	51%
4	Cosa Ceramics Private Limited	India	51%	51%	51%
5	Floera Ceramics Private Limited	India	51%	51%	51%
6	Kajaria Bathware Private Limited	India	100%	100%	100%
7	Taurus Tiles Private Limited	India	51%	51%	51%
8	Kajaria Ceramics Kazakhstan LLP	Kazakhstan	-	100%	100%

Information regarding non-controlling interest

As at	31 March 2017	31 March 2016	1 April 2015
Accumulated balances of material non-controlling interest:			
Soriso Ceramic Private Limited	9.24	8.74	6.88
Jaxx Vitrified Private Limited	11.52	11.16	15.18
Vennar Ceramics Limited	14.83	14.34	10.61
Cosa Ceramics Private Limited	30.55	26.50	18.60
Floera Ceramics Private Limited	4.66	4.65	-
Kajaria Sanitaryware Private Limited (step subsidiary)	1.42	1.95	4.45
Taurus Tiles Private Limited	3.80	8.79	6.77
Profit/(loss) allocated to material non-controlling interest:			
Soriso Ceramic Private Limited	1.57	1.86	-
Jaxx Vitrified Private Limited	0.36	(5.51)	-
Vennar Ceramics Limited	0.49	0.79	-
Cosa Ceramics Private Limited	4.06	7.12	-
Floera Ceramics Private Limited	0.01	(0.14)	-
Kajaria Sanitaryware Private Limited (step subsidiary)	(0.53)	(0.29)	-
Taurus Tiles Private Limited	(4.99)	0.95	-

Notes on the consolidated financial statements for the year ended 31 March 2017

31. MATERIAL PARTLY-OWNED SUBSIDIARIES

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit and loss for the year ended 31 March 2017:

	Soriso Ceramic Private Limited	Jaxx Vitrified Private Limited	Vennar Ceramics Limited	Cosa Ceramics Private Limited	Floera Ceramics Private Limited	Kajaria Bathware Private Limited	Taurus Tiles Private Limited	Kazakhstan
Revenue	75.82	314.38	80.60	182.12	0.26	120.37	56.76	0
Cost of raw material and components consumed	26.62	116.41	23.68	70.1	0	17.46	18.91	0
Other expenses	43.47	178.50	51.18	94.65	0.23	113.51	41.39	0
Finance costs	0.91	18.55	4.14	5.91	0	8.54	6.65	0
Profit before tax	4.82	0.92	1.60	11.46	0.03	-19.14	-10.19	0
Income tax	1.61	-0.01	0.61	3.19	0	0	0	0
Profit for the year from continuing operations	3.21	0.93	0.99	8.28	0.03	-19.14	-10.19	0
Total comprehensive income	3.21	0.93	0.94	8.28	0.03	-19.14	-10.19	0
Attributable to non-controlling interests	1.57	0.36	0.49	4.06	0.01	-0.53	-4.99	0.00
Dividends paid to non-controlling interests	1.08	0	0	0	0	0	0	0

Summarised statement of profit and loss for the year ended 31 March 2016:

	Soriso Ceramic Private Limited	Jaxx Vitrified Private Limited	Vennar Ceramics Limited	Cosa Ceramics Private Limited	Floera Ceramics Private Limited	Kajaria Bathware Private Limited	Taurus Tiles Private Limited	Kazakhstan
Revenue	89.17	247.16	67.11	200.22	0	67.81	75.01	-0.42
Cost of raw material and components consumed	44.34	114.57	24	89.01	0	17.01	34.38	0
Other expenses	38.07	126.92	36.17	85.58	0.29	51.90	33.86	0.34
Finance costs	1.18	19.81	4.53	6.98	0	6.43	4.33	-0.25
Profit before tax	5.58	-14.14	2.41	18.65	-0.29	-7.53	2.44	-0.51
Income tax	1.79	0	0.81	4.11	0	0	0.5	0
Profit for the year from continuing operations	3.79	-14.14	1.61	14.54	-0.29	-7.53	1.94	-0.51
Total comprehensive income	3.79	-14.14	1.61	14.54	-0.29	-7.53	1.94	-0.51
Attributable to non-controlling interests	1.86	-5.51	0.79	7.12	-0.14	0.00	0.95	0.00
Dividends paid to non-controlling interests	0	0	0	0	0	0	0	0

Notes on the consolidated financial statements for the year ended 31 March 2017

31. MATERIAL PARTLY-OWNED SUBSIDIARIES

Summarised balance sheet as at 31 March 2017:

	Soriso Ceramic Private Limited	Jaxx Vitrified Private Limited	Vennar Ceramics Limited	Cosa Ceramics Private Limited	Floera Ceramics Private Limited	Kajaria Bathware Private Limited	Taurus Tiles Private Limited	Kazakhstan
Inventories and cash and cash equivalents and other current assets (current)	17.75	66.31	22.66	43.35	0.93	61.11	15.34	0
Property, plant and equipment and other non-current assets (non-current)	19.12	147.51	67.71	93.74	8.63	73.30	60.92	0
Trade and other payable (current)	17.05	76.66	32.08	38.47	0.04	34.51	22.2	0
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	0.93	107.63	28.08	36.26	0	84.75	46.29	0
Total equity	18.89	29.53	30.21	62.36	9.52	15.15	7.77	0
Attributable to:								
Equity holders of parent	9.65	18.01	15.38	31.81	4.86	13.73	3.97	0.00
Non-controlling interest	9.24	11.52	14.83	30.55	4.66	1.42	3.80	0.00

Summarised balance sheet as at 31 March 2016:

	Soriso Ceramic Private Limited	Jaxx Vitrified Private Limited	Vennar Ceramics Limited	Cosa Ceramics Private Limited	Floera Ceramics Private Limited	Kajaria Bathware Private Limited	Taurus Tiles Private Limited	Kazakhstan
Inventories and cash and cash equivalents and other current assets (current)	22.19	72.67	24.09	41.55	12.16	71.36	30.69	0.01
Property, plant and equipment and other non-current assets (non-current)	18.19	159.32	59.38	93.57	0.13	71.45	62.98	0
Trade and other payable (current)	21.01	90.86	25.87	47.75	0.04	36.19	29.06	0.02
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	1.53	112.51	28.34	33.29	0	72.33	46.66	0
Total equity	17.84	28.62	29.26	54.08	12.25	34.29	17.95	-0.01
Attributable to:								
Equity holders of parent	9.10	17.46	14.92	27.58	7.60	32.34	9.16	-0.01
Non-controlling interest	8.74	11.16	14.34	26.50	4.65	1.95	8.79	0.00

Notes on the consolidated financial statements for the year ended 31 March 2017

31. MATERIAL PARTLY-OWNED SUBSIDIARIES

Summarised balance sheet as at 01 April 2015:

	Soriso Ceramic Private Limited	Jaxx Vitrified Private Limited	Vennar Ceramics Limited	Cosa Ceramics Private Limited	Floera Ceramics Private Limited	Kajaria Bathware Private Limited	Taurus Tiles Private Limited	Kazakhstan
Inventories and cash and cash equivalents and other current assets (current)	21.25	59.49	21.93	34.14	0.00	21.93	6.51	3.59
Property, plant and equipment and other non-current assets (non-current)	19.53	159.80	60.91	96.16	0.00	57.91	46.76	0.01
Trade and other payable (current)	23.31	71.01	21.36	54.89	0.00	17.61	9.50	2.93
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	3.43	105.53	33.83	35.87	0.00	42.88	29.94	0.00
Total equity	14.05	42.76	27.66	39.54	0.00	19.35	13.83	0.67
Attributable to:								
Equity holders of parent	7.17	27.58	17.05	20.94	0.00	14.90	7.06	0.67
Non-controlling interest	6.88	15.18	10.61	18.60	0.00	4.45	6.77	0.00

Summarised cash flow information as at 31 March 2017

	Soriso Ceramic Private Limited	Jaxx Vitrified Private Limited	Vennar Ceramics Limited	Cosa Ceramics Private Limited	Floera Ceramics Private Limited	Kajaria Bathware Private Limited	Taurus Tiles Private Limited	Kazakhstan
Operating	5.73	29.39	12.53	12.61	(0.01)	(1.75)	4.07	-
Investing	(1.11)	(5.16)	(9.76)	(2.84)	(0.08)	(3.45)	(1.85)	-
Financing	(4.60)	(24.40)	(2.62)	(9.59)	(0.03)	5.29	(4.75)	-
Net increase/(decrease) in cash and cash equivalents	0.02	(0.17)	0.15	0.18	(0.11)	0.09	(2.53)	-

Notes on the consolidated financial statements for the year ended 31 March 2017

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

33. EMPLOYEE BENEFIT PLANS

Defined Contribution Plans - General Description

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is ₹ 7.11 crores (31 March 2016 ₹ 6.53 crores)

Defined Benefit Plans - General Description

Gratuity:

The Company has a defined benefit gratuity plan. 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 Gratuity plan for the Company is a defined benefit scheme 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. 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 & 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: (₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Defined benefit obligation at the beginning of the year	20.56	17.25	13.74
Current service cost	3.01	2.07	1.85
Interest cost	1.54	1.37	1.09
Benefits paid	(0.83)	(0.75)	(0.45)
Actuarial (gain)/ loss on obligations - OCI	2.45	0.62	1.02
Defined benefit obligation at the end of the year	26.74	20.56	17.25

Changes in the fair value of plan assets are, as follows: (₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Fair value of plan assets at the beginning of the year	10.32	6.99	4.82
Contribution by employer	4.14	3.86	2.53
Benefits paid	(0.83)	(0.80)	(0.45)
Expected Interest Income on plan assets	0.78	0.69	0.46
Actuarial gain/(loss) on plan asset	1.35	(0.42)	(0.37)
Fair value of plan assets at the end of the year	15.76	10.32	6.99

Reconciliation of fair value of plan assets and defined benefit obligation: (₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Fair value of plan assets	15.76	10.32	6.99
Defined benefit obligation	26.74	20.56	17.25
Amount recognised in the Balance Sheet	10.98	10.24	10.26

Notes on the consolidated financial statements for the year ended 31 March 2017

33. EMPLOYEE BENEFIT PLANS (contd...)

Amount recognised in Statement of Profit and Loss:

(₹ in crores)

	31 March 2017	31 March 2016
Current service cost	3.01	2.07
Interest expense	1.54	1.37
Expected return on plan asset	(0.78)	(0.69)
Amount recognised in Statement of Profit and Loss	3.77	2.75

Amount recognised in Other Comprehensive Income:

(₹ in crores)

	31 March 2017	31 March 2016
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	2.94	0.59
Return on plan assets (excluding amounts included in net interest expense)	-	-
Experience adjustments	(1.84)	0.45
Amount recognised in Other Comprehensive Income	1.10	1.04

The major categories of plan assets of the fair value of the total plan assets are as follows:

Gratuity	31 March 2017	31 March 2016	01 April 2015
Investment Details	Funded	Funded	Funded
Investment with Gratuity funds	100%	100%	100%

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	31 March 2017	31 March 2016	1 April 2015
Discount rate	7.50%	8.00%	8.00%
Expected rate of return on Plan assets	7.50%	8.00%	7.75%
Future salary increases	8.50%	8.00%	7.75%
Attrition Rate	1.00%	1.00%	1.00%
Retirement age	60 years	60 years	60 years

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

(₹ in crores)

Gratuity Plan	Sensitivity level		Impact on DBO	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Assumptions				
Discount rate	+1%	+1%	(3.18)	(2.46)
	-1%	-1%	3.82	2.91
Future salary increases	+1%	+1%	3.72	2.86
	-1%	-1%	(3.15)	(2.46)
Withdrawal rate	+1%	+1%	(0.31)	(0.02)
	-1%	-1%	0.35	0.02

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Sensitivities due to mortality and withdrawals are insignificant and hence ignored.

Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

Notes on the consolidated financial statements for the year ended 31 March 2017

33. EMPLOYEE BENEFIT PLANS (contd...)

The following payments are expected contributions to the defined benefit plan in future years: (₹ in crores)

	31 March 2017	31 March 2016
Within the next 12 months (next annual reporting period)	0.60	0.67
Between 2 and 5 years	1.79	1.25
Between 5 and 10 years	5.09	3.71
Beyond 10 years	15.71	14.68
Total expected payments	23.19	20.31

The average duration of the defined benefit plan obligation at the end of the reporting period is 16 years (31 March 2016: 16 years).

34. COMMITMENTS AND CONTINGENCIES

(a) Leases

Operating lease commitments - Company as lessee

The Company has obtained some office premises on operating leases. Few of the leases for office premises are long term and are non- cancelable. Further, there is an escalation clause in the lease agreement.

Lease payments of ₹ 13.52 crores (previous year – ₹ 10.63 crores) have been recognized as an expense in the statement of profit and loss during the year.

Future minimum rentals payable under non-cancellable operating leases are as follows: (₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Not later than one year	1.05	0.60	0.60
Later than one year but not later than five years	1.62	-	0.60
Later than five years	-	-	-

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) are ₹ 4.11 crores (March 31, 2016 - ₹ 0.88 crores, April 1, 2015 - ₹ 8.83 crores).

Letters of Credit opened in favour of inland/overseas suppliers (Net) are ₹ 68.64 crores (March 31, 2016 - ₹ 64.01 crores, April 1, 2015 - ₹ 49.81 crores).

(c) Contingent Liabilities

- Counter guarantees issued in respect of guarantees issued by company's bankers ₹ 3.99 crores (March 31, 2016 - ₹ 2.01 crores, April 1, 2015 - ₹ 2.12 crores)
- In respect of VAT, Service Tax, Excise & Custom Duty Demands pending before various authorities and in dispute ₹ 11.56 crores (March 31, 2016 - ₹ 13.06 crores, April 1, 2015 - ₹ 5.55 crores)
- In respect of pending income tax demands ₹ Nil (March 31, 2016 - ₹ Nil, April 1, 2015 - ₹ 0.18 crores)
- In respect of Consumer Cases ₹ 1.82 crores (March 31, 2016 - ₹ 1.28 crores, April 1, 2015 - ₹ 2.02 crores)

Notes on the consolidated financial statements for the year ended 31 March 2017

35. RELATED PARTY DISCLOSURES

- (a) Enterprise 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:-

1	Dua Engineering Works Private Limited
2	Malti Devi Kajaria Foundation
3	Kajaria Ceramics Employees Gratuity trust

- (b) Associates

1	Face Impex Private Limited (Soriso Ceramic Private Limited)
2	Fea Ceramics (Soriso Ceramic Private Limited)
3	Anjani Vishnu Holdings Limited (Vennar Ceramics Limited)
4	Morbi Industrial Advisor (Cosa Ceramics Private Limited)
5	Global Consultancy (Jaxx Vitrified Private Limited)

- (c) Key Management Personnel:-

1	Sh. Ashok Kajaria - Chairman & Managing Director
2	Sh. Chetan Kajaria - Joint Managing Director
3	Sh. Rishi Kajaria - Joint Managing Director
4	Sh. D.D. Rishi - Whole Time Director
5	Sh. B.K. Sinha - Whole Time Director
6	Sh. R.K.Bhargava - Independent director
7	Sh. R. R. Bagri - Independent director
8	Sh. D. P. Bagchi - Independent director
9	Sh. H.R. Hegde - Independent director
10	Smt. Susmita Shekhar - Independent director
11	Sh. Ram Chandra Rawat - COO (A&T) & Company Secretary
12	Sh. Sanjeev Agarwal - Chief Financial Officer
13	Sh. Rajveer Chaudhary - Additional director (Kajaria Bathware Private Limited)
13	Sh. Kishori Bhai Patel - Director (Cosa Ceramics Private Limited)
14	Sh. Kishan Bhai Patel - Director (Cosa Ceramics Private Limited)
15	Sh. Bharatbhai Vadaliya - Director (Cosa Ceramics Private Limited)
16	Sh. Ashvanibhai patel -Director (Cosa Ceramics Private Limited)
17	Sh. Vishal Rastogi - Director (Cosa Ceramics Private Limited)
18	Sh. Ramkishan Sharma -Director (Cosa Ceramics Private Limited)
19	Sh. Ramanand Parikh - Director (Cosa Ceramics Private Limited)
20	Sh.Sadhanaben Dineshbhai Sanariya (Cosa Ceramics Private Limited)
21	Sh.Nileshbhai Virjibhai Patel (Cosa Ceramics Private Limited)
22	Sh.Madhuben Arvindbhai Patel (Cosa Ceramics Private Limited)
23	Sh.Hetalben Nileshbhai Vansdadiya (Cosa Ceramics Private Limited)
24	Sh.Divyeshbhai Keshavjibhai Patel (Cosa Ceramics Private Limited)
25	Sh.Ashvinbhai Valjibhai Bhoraniya (Cosa Ceramics Private Limited)

Notes on the consolidated financial statements for the year ended 31 March 2017

35. RELATED PARTY DISCLOSURES

(c) Key Management Personnel:-

26	Sh.Manishbhai G Patel (Cosa Ceramics Private Limited)
27	Sh.Jayeshbhai G Patel (Cosa Ceramics Private Limited)
28	Sh.Manojbhai G Patel (Cosa Ceramics Private Limited)
29	Sh.Smit Bharatbhai Vadaliya (Cosa Ceramics Private Limited)
30	Sh.Poonamben Krishnabhai Patel (Cosa Ceramics Private Limited)
31	Sh.Ramaben Ashvinbhai Patel (Cosa Ceramics Private Limited)
32	Sh.Rajendrakumar G. Dhamasana -director (Soriso Ceramic Private Limited)
33	Sh.Manoj Bhai V. kakasaniya- Director (Soriso Ceramic Private Limited)
34	Sh.Alok Kumar - Director (Soriso Ceramic Private Limited)
35	Sh.R.N. Pareek - Director (Soriso Ceramic Private Limited)
36	Sh.C.V.K. Raju - Director (From 01.04.2016 to 30.09.2016) (Vennar Ceramics Limited)
37	Sh. PVRLN Raju - Director (From 01.10.2016) (Vennar Ceramics Limited)
38	Sh. K Balakrishna - CFO (Vennar Ceramics Limited)
39	Sh. MD. Ibrahim Pasha - CS (Vennar Ceramics Limited)
40	Sh.P.Srinivasa Raju - Independent Director (Vennar Ceramics Limited)
41	Sh.P.S.Ranganath - Independent Director (Vennar Ceramics Limited)
42	Sh.Arun Bagla - Director (Vennar Ceramics Private Limited)
43	Sh.SVSS Shetty - Director (Vennar Ceramics Private Limited)
44	Sh.Alok Kumar - Director (Vennar Ceramics Private Limited)
45	Sh. Ajay Maganbhai Marvania - Director (Kajaria Sanitaryware Private Limited)
46	Sh.Jigarbhai Kishorbhai Patel - Director (Taurus Tiles Private Limited)
47	Sh.Sunilkumar Gopaldas Asher - Director (Taurus Tiles Private Limited)
48	Sh.Chandubhai Patel - Director (Taurus Tiles Private Limited)
49	Sh.Rajeev Radheshyam Sharma (Taurus Tiles Private Limited)
50	Sh.Maganlal Mavjibhai Patel - Director (Soriso Ceramic Private Limited)
51	Sh.Atulbhai J. Padaliya - Director (Jaxx verified Private Limited)
52	Sh.Jaydipbhai J Patel - Director (Jaxx verified Private Limited)
53	Sh.Rajnikant P Fultariya - Director (Jaxx verified Private Limited)
54	Sh.Ramanand Pareek - Director (Jaxx verified Private Limited)
55	Sh.Bhavenbhai Jivrajbhai Padliya (Jaxx verified Private Limited)

Notes on the consolidated financial statements for the year ended 31 March 2017

35. RELATED PARTY DISCLOSURES

Details relating to remuneration of Key Managerial Personnel (KMP)

(₹ in crores)

Name of KMP	Company	31 March 2017			31 March 2016		
		Short-term employee benefits	Sitting fees	ESOP	Short-term employee benefits	Sitting fees	ESOP
KMP of holding company:							
Sh. Ashok Kajaria - Chairman & Managing Director		3.75	-		3.36	-	
Sh. Chetan Kajaria - Joint Managing Director		7.21	-		6.38	-	
Sh. Rishi Kajaria - Joint Managing Director		7.21	-		6.38	-	
Sh. D.D. Rishi - Whole Time Director		0.85	-		0.55	-	
Sh. B.K. Sinha - Whole Time Director		0.63	-		0.78	-	
Sh. R.K.Bhargava - Independent director		-	0.04		-	0.02	
Sh. R. R. Bagri - Independent director		-	0.04		-	0.04	
Sh. D. P. Bagchi - Independent director		-	0.04		-	0.03	
Sh. H.R. Hegde - Independent director		-	0.03		-	0.03	
Smt. Susmita Shekhar - Independent director		-	0.02		-	0.02	
Sh. Ram Chandra Rawat - COO (A&T) & Company Secretary		1.42	-		1.12	-	
Sh. Sanjeev Agarwal - Chief Financial Officer		1.40	-	0.10	1.09	-	0.04
KMP of subsidiary companies:							
Sh. C V K Raju - CEO	Vennar Ceramics Limited	0.24	-	-	0.39	-	-
Sh. P V R L N Raju - CEO	Vennar Ceramics Limited	0.11	-	-	-	-	-
Sh. K Balkishan	Vennar Ceramics Limited	0.19	-	-	-	-	-
Sh.Md.Ibrahim Pasha	Vennar Ceramics Limited	0.04	-	-	-	-	-
Sh.Keshavjibhai Parsotambhai Padaliya	Jaxx Verified Private Limited	0.16	-	-	-	-	-
Sh.Hirenbbhai Keshavjibhai Padliya	Jaxx Verified Private Limited	0.07	-	-	-	-	-
Sh.Bhavenbbhai Jivrajbbhai Padliya	Jaxx Verified Private Limited	0.01	-	-	0.04	-	-
Sh.Bhargavbbhai Rameshbhai Padliya	Jaxx Verified Private Limited	-	-	-	0.07	-	-

Notes on the consolidated financial statements for the year ended 31 March 2017

35. RELATED PARTY DISCLOSURES

Details relating to remuneration of Key Managerial Personnel (KMP)

Details relating to remuneration of Key Managerial Personnel (KMP)							
Name of KMP	Company	31 March 2017			31 March 2016		
		Short-term employee benefits	Sitting fees	ESOP	Short-term employee benefits	Sitting fees	ESOP
KMP of subsidiary companies:							
Sh. Vinodbhai Surjibhai Padliya	Jaxx Verified Private Limited	-	-	-	0.06	-	-
Sh. Rameshbhai Jethabhai Padliya	Jaxx Verified Private Limited	-	-	-	0.04	-	-
Sh. Jaydipkumar Jivrajibhai Patel	Jaxx Verified Private Limited	0.05	-	-	0.18	-	-
Sh. Rajnikant Prabhulal Fultariya	Jaxx Verified Private Limited	0.05	-	-	0.18	-	-
Sh. Atulbhai Jethabhai Padliya	Jaxx Verified Private Limited	-	-	-	0.23	-	-
Sh. Ashvinbhai Valjibhai Bhoraniya	Cosa Ceramics Private Limited	0.02	-	-	-	-	-
Sh. Hetalben Nileshbhai Vansdadiya	Cosa Ceramics Private Limited	0.02	-	-	-	-	-
Sh. Madhuben Anvindhbai Patel	Cosa Ceramics Private Limited	0.02	-	-	-	-	-
Sh. Nileshbhai Virjibhai Patel	Cosa Ceramics Private Limited	0.02	-	-	-	-	-
Sh. Sadhanaben Dineshbhai Sanariya	Cosa Ceramics Private Limited	0.02	-	-	-	-	-
Sh. Ramaben Ashvinbhai Patel	Cosa Ceramics Private Limited	0.02	-	-	0.10	-	-
Sh. Divyeshbhai Keshavjibhai Patel	Cosa Ceramics Private Limited	0.04	-	-	-	-	-
Sh. Manojbhai G Patel	Cosa Ceramics Private Limited	0.31	-	-	-	-	-
Sh. Jayeshbhai G Patel	Cosa Ceramics Private Limited	0.31	-	-	-	-	-
Sh. Manishbhai G Patel	Cosa Ceramics Private Limited	0.31	-	-	-	-	-
Sh. Smit Bharatbhai Vadaliya	Cosa Ceramics Private Limited	0.53	-	-	0.67	-	-
Sh. Poonamben Krishnabhai Patel	Cosa Ceramics Private Limited	0.80	-	-	0.77	-	-
Sh. Parulben Kishorbhai Patel	Cosa Ceramics Private Limited	-	-	-	0.58	-	-
Sh. Manojbhai V Kakasaniya	Soriso Ceramic Private Limited	0.05	-	-	0.05	-	-
Sh. Kunjanben Sunil Kumar Ashar	Taurus Tiles Private Limited	-	-	-	0.01	-	-

(₹ in crores)

Notes on the consolidated financial statements for the year ended 31 March 2017

36. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties in the ordinary course of business:-

(₹ in crores)

Related Party Transactions	Key Management Personnel & their relatives			Enterprises over which KMP or their relatives are able to exercise significant influence			Associates		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
A. Transactions with related parties of holding company:									
Rent Paid									
Dua Engineering Works Private Limited				1.93	1.91	-			
Service Charge Paid									
Dua Engineering Works Private Limited				0.83	1.64	-			
Donation Paid									
Malti Devi Kajaria Foundation				0.37	0.31				
Loan Given									
Kajaria Ceramics Employee Gratuity Trust				0.07	0.06				
Loans Repaid									
Kajaria Ceramics Employee Gratuity Trust				0.06	0.02				
B. Transactions with related parties of subsidiaries:									
Purchase of Goods									
Face Impex Private Limited (Soriso Ceramic Private Limited)							0.26	0.40	-
Sale of Finished Goods/ Raw Material/ Stores									
Fea Ceramics (Soriso Ceramic Private Limited)							4.70	-	-
Service Charge Paid									
Global Consultancy (Jaxx Vitrified Private Limited)							1.52	-	-
Morbi Industrial Advisor (Cosa Ceramics Private Limited)							3.42	3.01	
Anjani Vishnu Holdings Limited (Vennar Ceramics Limited)							0.5	1.03	

Notes on the consolidated financial statements for the year ended 31 March 2017

36. RELATED PARTY TRANSACTIONS (contd...)

The following transactions were carried out with related parties in the ordinary course of business:-

(₹ in crores)

Related Party Transactions	Key Management Personnel & their relatives			Enterprises over which KMP or their relatives are able to exercise significant influence			Associates		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
B. Transactions with related parties of subsidiaries: (contd...)									
Interest paid									
Arvindbhai Virjibhai Vansdadiya (Cosa Ceramics private Limited)	0.01	0.01							
Ashvinbhai Valjibhai Bhoraniya (Cosa Ceramics private Limited)	0.01	0.01							
Bharatbhai Laxmidas HUF (Cosa Ceramics private Limited)	0.02	0.01							
Bharatbhai Laxmidas Vadaliya (Cosa Ceramics private Limited)	0.04	0.06							
Dinesh Ranchhodbhai Sanariya (Cosa Ceramics private Limited)	0.03	0.03							
Divyeshbhai Keshavjibhai Patel (Cosa Ceramics private Limited)	0.01	0.01							
Gokalbhai Sundarajibhai (Cosa Ceramics private Limited)	0.00	0.00							
Gopalbhai Khodabhai Sanariya (Cosa Ceramics private Limited)	0.03	0.03							
Govindbhai Popatbhai (Cosa Ceramics private Limited)	0.01	0.02							
Hetalben Nileshbhai Vansdadiya (Cosa Ceramics private Limited)	0.00	0.00							
Jayeshbhai Govindbhai Patel (Cosa Ceramics private Limited)	0.01	0.06							
Kishorbhai Govindbhai HUF (Cosa Ceramics private Limited)	0.06	0.03							

Notes on the consolidated financial statements for the year ended 31 March 2017

36. RELATED PARTY TRANSACTIONS (contd...)

The following transactions were carried out with related parties in the ordinary course of business:-

(₹ in crores)

Related Party Transactions	Key Management Personnel & their relatives			Enterprises over which KMP or their relatives are able to exercise significant influence			Associates		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
B. Transactions with related parties of subsidiaries: (contd...)									
Interest paid (contd...)									
Kishorbhai Govindbhai Patel (Cosa Ceramics private Limited)	0.01	0.02							
Krishna Gopalbhai Patel (Cosa Ceramics private Limited)	0.01	0.02							
Madhavjibhai Narshibhai Patel (Cosa Ceramics private Limited)	0.00	0.00							
Madhuben Arvindbhai Patel (Cosa Ceramics private Limited)	0.00	0.00							
Manishaben Jayeshbhai Patel (Cosa Ceramics private Limited)	0.03	0.12							
Manishbhai Govindbhai Patel (Cosa Ceramics private Limited)	0.01	0.02							
Manojbhai Govindbhai HUF (Cosa Ceramics private Limited)	0.01	0.01							
Manojbhai Govindbhai Patel (Cosa Ceramics private Limited)	0.03	0.03							
Nileshbhai Virjibhai Patel (Cosa Ceramics private Limited)	0.01	0.01							
Parulben Kishorbhai Patel (Cosa Ceramics private Limited)	0.00	-							
Peenaben Manojbhai Patel (Cosa Ceramics private Limited)	0.01	0.04							
Poonamben Krishna Patel (Cosa Ceramics private Limited)	0.04	0.02							

Notes on the consolidated financial statements for the year ended 31 March 2017

36. RELATED PARTY TRANSACTIONS (contd...)

The following transactions were carried out with related parties in the ordinary course of business:-

(₹ in crores)

Related Party Transactions	Key Management Personnel & their relatives			Enterprises over which KMP or their relatives are able to exercise significant influence			Associates		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
B. Transactions with related parties of subsidiaries: (contd...)									
Interest paid (contd...)									
Radhikaben Manishbhai Patel (Cosa Ceramics private Limited)	0.03	0.04							
Rajeshbhai Gokulbhai Sanariya (Cosa Ceramics private Limited)	0.00	0.00							
Ramaben Ashvinbhai Patel (Cosa Ceramics private Limited)	0.00	0.00							
Rekhaben Bharatbhai-Rajkot (Cosa Ceramics private Limited)	0.04	0.07							
Sadhanaben Dineshbhai Sanariya (Cosa Ceramics private Limited)	0.01	0.01							
Valjibhai Virjibhai Bhoraniya (Cosa Ceramics private Limited)	0.01	0.02							
Bhavesbhai Gopaldas Ashar (Taurus Tiles Private Limited)	0.02	0.02							
JIGAR KISHORBHAI PATEL (Taurus Tiles Private Limited)	0.15	0.12							
KISHORBHAI GOVINDBHAI PATEL (Taurus Tiles Private Limited)	0.09	0.03							
KISHORBHAI GOVINDBHAI PATEL(HUF) (Taurus Tiles Private Limited)	0.09	-							
MANSI JIGARBHAI PATEL (Taurus Tiles Private Limited)	0.06	0.02							
PARULBEN KISHORBHAI (Taurus Tiles Private Limited)	0.05	0.01							

Notes on the consolidated financial statements for the year ended 31 March 2017

36. RELATED PARTY TRANSACTIONS (contd...)

The following transactions were carried out with related parties in the ordinary course of business:-

(₹ in crores)

Related Party Transactions	Key Management Personnel & their relatives			Enterprises over which KMP or their relatives are able to exercise significant influence			Associates		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
B. Transactions with related parties of subsidiaries: (contd...)									
Interest paid (contd...)									
SANJAYBHAI GOPALDAS ASHAR (Taurus Tiles Private Limited)	0.02	0.02							
SUNILKUMAR GOPALDAS ASHAR (Taurus Tiles Private Limited)	0.02	0.02							
MAGHJIBHAI RATANJIBHAI PATEL (Taurus Tiles Private Limited)	-	0.02							
Anjani Vishnu Holdings Limited (Vennar Ceramics Limited)							0.59	0.45	
C. Net Outstanding Balance:-									
Loans given									
Kajaria Ceramics Employee Gratuity Trust				0.07	0.06	0.02			
Borrowings									
Anjani Vishnu Holding Ltd (Vennar Ceramics Limited)							7.85	5.03	5.03
Trade Payables									
Face Impex Private Limited (Soriso Ceramic Private Limited)							0.01	0.07	0.13
Service charges payable									
Anjani Vishnu Holdings Limited (Vennar Ceramics Limited)							0.45	0.93	2.49
Global Consultancy (Jaxx Vitrified Private Limited)							0.16	-	-
Trade receivables									
Fea Ceramics (Soriso Ceramic Private Limited)							1.79	-	-

Notes on the consolidated financial statements for the year ended 31 March 2017

36. RELATED PARTY TRANSACTIONS (contd...)

The following transactions were carried out with related parties in the ordinary course of business:-

(₹ in crores)

Related Party Transactions	Key Management Personnel & their relatives			Enterprises over which KMP or their relatives are able to exercise significant influence			Associates		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
C. Net Outstanding Balance:- (contd...)									
Director's remuneration payable									
Keshavjibhai Parsotambhai Padaliya (Jaxx Vitrified Private Limited)	0.01								
Hirenbbhai Keshavjibhai Padliya (Jaxx Vitrified Private Limited)	0.01	0.01							
Jaydipkumar Jivrajbbhai Patel (Jaxx Vitrified Private Limited)	-	0.01	0.01						
Rajnikant Prabhulal Fultariya (Jaxx Vitrified Private Limited)	-	0.01	0.01						
Atulbbhai Jethabbbhai Padliya (Jaxx Vitrified Private Limited)	-	-	0.01						
Poonamben Krishnabbbhai Patel (Cosa Ceramics Private Limited)	0.05	-	-						
Smit Bharatbbhai Vadaliya (Cosa Ceramics Private Limited)	0.03	-	-						
Manojbbhai G Patel (Cosa Ceramics Private Limited)	0.02	-	-						
Jayeshbbhai G Patel (Cosa Ceramics Private Limited)	0.02	-	-						
Manishbbhai G Patel (Cosa Ceramics Private Limited)	0.02	-	-						
Interest payable on loan									
Jaydipkumar Jivrajbbhai Patel (Jaxx Vitrified Private Limited)	-	-	0.01						
Rajnikant Prabhulal Fultariya (Jaxx Vitrified Private Limited)	-	-	0.01						
Bhavenbbhai Jivrajbbhai Padliya (Jaxx Vitrified Private Limited)	-	-	0.01						

Notes on the consolidated financial statements for the year ended 31 March 2017

36. RELATED PARTY TRANSACTIONS (contd...)

The following transactions were carried out with related parties in the ordinary course of business:-

(₹ in crores)

Related Party Transactions	Key Management Personnel & their relatives			Enterprises over which KMP or their relatives are able to exercise significant influence			Associates		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
C. Net Outstanding Balance:- (contd...)									
Interest payable on loan (contd...)									
Ramaben Ashvinbhai Patel (Cosa Ceramics Private Limited)	-	0.01	-						
Poonamben Krishnabhai Patel (Cosa Ceramics Private Limited)	-	0.05	-						
Smit Bharatbhai Vadaliya (Cosa Ceramics Private Limited)	-	0.04	-						
Manojbhai G Patel (Cosa Ceramics Private Limited)	-	0.03	-						
Jayeshbhai G Patel (Cosa Ceramics Private Limited)	-	0.03	-						
Manishbhai G Patel (Cosa Ceramics Private Limited)	-	0.03	-						
Ashvinbhai Valjibhai Bhoraniya (Cosa Ceramics Private Limited)	-	0.01	-						
Divyeshbhai Keshavjibhai Patel (Cosa Ceramics Private Limited)	-	0.01	-						
Hetalben Nileshbhai Vansdadiya (Cosa Ceramics Private Limited)	-	0.01	-						
Madhuben Arvindbhai Patel (Cosa Ceramics Private Limited)	-	0.01	-						
Nileshbhai Virjibhai Patel (Cosa Ceramics Private Limited)	-	0.01	-						
Sadhanaben Dineshbhai Sanariya (Cosa Ceramics Private Limited)	-	0.01	-						
Jigarbhai Kishorbhai Patel (Taurus Tiles Private Limited)	-	-	0.01						
Rajeev Radheshyam Sharma (Taurus Tiles Private Limited)	-	-	0.01						

Notes on the consolidated financial statements for the year ended 31 March 2017

37. SEGMENT INFORMATION

The business activity of the company falls within one broad business segment viz. "Ceramic/ Vitrified Tiles" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108 of The Institute of Chartered Accountants of India. Hence the disclosure requirement of Ind AS 108 of "Segment Reporting" issued by the Institute of Chartered Accountants of India is not considered applicable.

38. DUES TO MICRO AND SMALL ENTERPRISES

The dues to Micro & Small Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the company is given below: (₹ in crores)

Particulars	31 March 2017	31 March 2016	1 April 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
Principal amount due to micro and small enterprises	15.28	10.40	11.01
Interest due on above	-	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
"The amount of interest due and payable for the period of delay in making payment (which	-	-	-
have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006."	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
The amount of further 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-	-

39. SHARE BASED PAYMENTS

Description of share based payments arrangements

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

Kajaria Ceramics Employee Stock Option Plan 2015 (ESOP 2015)

The ESOP 2015 ("the Plan") was approved by the Board of Directors and the shareholders on 7th September 2015. The plan entitles employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options will be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 850, which is 7.42% below the stock price i.e. ₹ 918.10 at the date of grant, i.e., 20th October, 2015.

The expense recognised for employee services received during the year is shown in the following table: (₹ in crores)

	31 March 2017	31 March 2016
Expense arising from equity-settled share-based payment transactions	1.87	0.83
Expense arising from cash-settled share-based payment transactions	-	-
Total expense arising from share-based payment transactions	1.87	0.83

There were no cancellations or modifications to the awards in 31 March 2017 or 31 March 2016.

Notes on the consolidated financial statements for the year ended 31 March 2017

39. SHARE BASED PAYMENTS (contd...)

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year: (₹ in crores)

	31 March 2017		31 March 2016	
	Number	WAEP	Number	WAEP
Outstanding at 1 April	229,000	425*	-	-
Granted during the year	-	-	229,000	850
Share split during the year (refer note '13C')	229,000	425	-	-
Forfeited during the year	(40,000)	425	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 March	418,000		229,000	
Exercisable at 31 March	0		0	

Particulars of Scheme

Name of scheme	Employee Stock Option Plan 2015
Vesting conditions	45,800 options 24 months after the grant date ('First vesting') 91,600 options 36 months after the grant date ('Second vesting') 1,37,400 options 48 months after the grant date ('Third vesting') 1,83,200 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	4,58,000
Exercise Price	₹ 425
Remaining Life as on 31.03.2017	3.50 years

* Adjusted for share split post approval of the scheme

40. FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments. (₹ in crores)

	Carrying value			Fair value		
	As at 31- Mar- 2017	As at 3-Mar-2016	As at 1-Apr-2015	As at 31- Mar- 2017	As at 3-Mar-2016	As at 1-Apr-2015
Financial assets						
Investments	0.01	-	-	0.01	-	-
Loans	21.65	32.03	34.12	21.65	32.03	34.12
Trade receivables	338.92	274.11	215.20	338.92	274.11	215.20
Cash and cash equivalents	49.84	19.75	9.80	49.84	19.75	9.80
Other bank balances	2.12	1.77	1.36	2.12	1.77	1.36
Other financial assets	1.50	1.72	5.44	1.50	1.72	5.44
Total	414.04	329.38	265.92	414.04	329.38	265.92

Notes on the consolidated financial statements for the year ended 31 March 2017

40. FAIR VALUES (contd...)

(₹ in crores)

	Carrying value			Fair value		
	As at 31- Mar- 2017	As at 3-Mar-2016	As at 1-Apr-2015	As at 31- Mar- 2017	As at 3-Mar-2016	As at 1-Apr-2015
Financial liabilities						
Financial liabilities measured at amortised cost						
Long term borrowings	115.50	142.11	96.40	115.50	142.11	96.40
Short term borrowings	55.08	110.49	133.91	55.08	110.49	133.91
Current maturities of long term debt	42.58	41.06	21.40	42.58	41.06	21.40
Trade payables	292.10	292.78	253.00	292.10	292.78	253.00
Security deposits received	13.74	6.38	3.60	13.74	6.38	3.60
Interest bearing deposits from customers	9.03	9.79	8.50	9.03	9.79	8.50
Creditors for capital expenditures	28.76	41.70	35.71	28.76	41.70	35.71
Creditors for expenses	0.84	17.70	4.94	0.84	17.70	4.94
Outstanding liabilities	22.99	18.65	13.88	22.99	18.65	13.88
Other payables	1.51	1.23	0.94	1.51	1.23	0.94
Total	582.13	681.89	572.28	582.13	681.89	572.28

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. The fair value of investments in mutual funds is determined using quoted net assets value of the funds. Further, the subsequent measurements of all assets and liabilities (other than investments in mutual funds) is at amortised cost, using effective interest rate method.

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 currently applicable for debt on similar terms, credit risk and remaining maturities.

Notes on the consolidated financial statements for the year ended 31 March 2017

41. FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is insignificant to the fair value measurements as a whole.

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : valuation techniques for which the lowest level inputs that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3 : valuation techniques for which the lowest level input which has a significant effect on fair value measurement is not based on observable market data

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	31-Mar-17	8.48	-	-	8.48

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2017: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	31-Mar-17	2.70	-	-	2.70

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2016: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	31-Mar-16	7.44	-	-	7.44

There have been no transfers between Level 1 and Level 2 during the year ended 31 March 2016.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2016: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	31-Mar-16	2.42	-	-	2.42

There have been no transfers between Level 1 and Level 2 during year ended 31 March 2016.

Notes on the consolidated financial statements for the year ended 31 March 2017

41. FAIR VALUE HIERARCHY (contd...)

Quantitative disclosures fair value measurement hierarchy for assets as at 1 April 2015: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	1-Apr-15	6.56	-	-	6.56

Quantitative disclosures fair value measurement hierarchy for liabilities as at 1 April 2015: (₹ in crores)

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	1-Apr-15	-	-	-	-

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise , trade and other payables, security deposits, employee liabilities. The Company's principal financial assets include trade and other receivables, inventories and cash and short-term deposits/ loan that derive directly from its operations.

The Company is exposed 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 , deposits.

The sensitivity analyses of the above mentioned risk in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The analyses 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 the contingent consideration liability is provided in Note 34.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

Notes on the consolidated financial statements for the year ended 31 March 2017

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

	Increase/ decrease in basis points	Effect on profit before tax
		₹ Crores
31-Mar-17		
INR	+50	(1.00)
INR	-50	1.00
31-Mar-16		
INR	+50	(1.29)
INR	-50	1.29

B. Foreign currency sensitivity

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.

	Change in USD rate	Effect on profit before tax
		₹ in crores
31-Mar-17	+5%	0.14
	-5%	(0.14)
31-Mar-16	+5%	(1.04)
	-5%	1.04

	Change in EURO rate	Effect on profit before tax
		₹ in crores
31-Mar-17	+5%	(1.34)
	-5%	1.34
31-Mar-16	+5%	(3.02)
	-5%	3.02

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.

Notes on the consolidated financial statements for the year ended 31 March 2017

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

II. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Credit risk from investments with banks and other financial institutions is managed by the Treasury functions in accordance with the management policies. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/or other criteria, and are only made within approved limits. The management continually re-assess the Company's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet 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 9.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 40. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets..

B. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

III. Liquidity risk

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.

(₹ in crores)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 March 2017						
Borrowings*	55.08	12.56	30.02	112.80	5.19	215.65
Trade payables	20.36	269.06	2.68	-	-	292.10
Other financial liabilities	48.62	7.46	20.78	-	-	76.86
	124.06	289.08	53.48	112.80	5.19	584.61

Notes on the consolidated financial statements for the year ended 31 March 2017

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd...)

(₹ in crores)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 March 2016						
Borrowings*	110.49	10.69	30.38	139.36	5.19	296.11
Trade payables	12.36	273.96	6.46	-	-	292.78
Other financial liabilities	45.31	11.22	38.92	-	-	95.45
	168.16	295.87	75.76	139.36	5.19	684.34
As at 1 April 2015						
Borrowings*	133.91	3.13	18.26	96.40	-	251.70
Trade payables	9.30	240.12	3.59	-	-	253.01
Other financial liabilities	42.65	8.53	16.20	0.18	-	67.56
	185.86	251.78	38.05	96.58	-	572.27

* In absolute terms i.e. undiscounted and including current maturity portion

IV. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company's manufacturing facilities are situated in different geographies. Similarly the distribution network is spread PAN India.

43. CAPITAL MANAGEMENT

"The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements. The Company monitors the long term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate

No changes were made in the objectives, policies or processes during the year ended 31 March 2017.

(₹ in crores)

	31 March 2017	31 March 2016	1 April 2015
Borrowings	213.16	293.65	251.71
Total Debts	213.16	293.64	251.71
Total equity	1,251.14	1,048.03	838.47
Gearing ratio (%)	17.0%	28.0%	30.0%

Notes on the consolidated financial statements for the year ended 31 March 2017

44. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

The Company 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 -

(₹ in crores)

	31 March 2017	31 March 2017	31 March 2016	31 March 2016	1 April 2015	1 April 2015
	Foreign Currency	Amount (₹ Crores)	Foreign Currency	Amount (₹ Crores)	Foreign Currency	Amount (₹ Crores)
Foreign trade payables						
USD in crores	0.13	8.22	0.21	14.07	0.83	52.71
EURO in crores	0.32	22.58	0.27	20.14	0.08	5.23
Foreign advances						
USD in crores	0.04	2.60	0.01	0.66	0.01	0.64
EURO in crores	0.04	2.42	0.04	2.31	0.02	1.60
Foreign trade receivables						
USD in crores	0.05	3.49	0.11	6.97	0.05	3.08
EURO in crores	-	-	-	-	0.00	0.21

45. Disclosure of Movement in Provisions during the year as per Ind AS- 37,

'Provisions, Contingent Liabilities and Contingent Assets' :

(₹ in crores)

Particulars	Balance as on 1 April 2016	Provided during the year	Paid/Adjusted During the year	Balance as on 31 March 2017
Non-current provisions				
Gratuity	9.57	3.84	3.10	10.31
Total	9.57	3.84	3.10	10.31
Current provisions				
Gratuity	0.67	0.67	0.67	0.67
Accumulated leaves	8.18	3.65	2.25	9.58
Income Tax	12.70	126.41	128.91	10.20
Total	21.55	130.73	131.83	20.45
Grand total	31.12	134.57	134.93	30.76

46. BALANCE CONFIRMATION

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

47. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014, the holding company was required to spend ₹ 5.19 crores (31 March 2016: ₹ 3.82 crores) for Corporate Social Responsibility activities. The company has incurred CSR expenditure of ₹ 3.37 crores during the current financial year (31 March 2016: ₹ 3.59 crores) on the projects/activities for the benefit of the public in general and in the neighborhood of the manufacturing facilities of the company.

Notes on the consolidated financial statements for the year ended 31 March 2017

48 RESEARCH AND DEVELOPMENT EXPENDITURE

Research and Development expenditure incurred from 2013-14 to 2016-17:

(₹ in crores)

Particulars	2013-14	2014-15	2015-16	2016-17
Capital expenditure	0.24	0.19	0.53	0.09
Revenue expenditure	4.66	6.28	8.13	10.92

49. During the year, the Board of Directors of Kajaria Ceramics Limited (the Company) has approved Scheme of Arrangement, which provides for, inter-alia, the amalgamation of a promoter company i.e. Kajaria Securities Private Limited with the Company with appointed date as closing hours of business on March 31, 2017 ("Scheme"). The Company has filed the Scheme for approval under sections 230-232 and 66 read with other applicable provisions of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 before the Chandigarh Bench of the National Company Law Tribunal ("NCLT") vide application dated March 16, 2017. Pending approval of the Scheme by NCLT, the management has not given effect to provisions of the proposed Scheme.

50 FIRST TIME ADOPTION OF IND AS

"These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied:

1. Mandatory exceptions;

a) Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Previous GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

b) De-recognition of financial assets:

The company has applied the de-recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c) Classification and measurement of financial assets:

i. Financial Instruments:

Financial assets like security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind As by applying amortised cost

Notes on the consolidated financial statements for the year ended 31 March 2017

50 FIRST TIME ADOPTION OF IND AS

method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

d Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind ASs, the Company has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Optional exemptions;

A. Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value

B. Lease:-

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The company has elected to apply this exemption for such contracts/arrangements.

C. Business combinations:

Ind AS 101 allows a first-time adopter not to apply Ind AS 21 Effects of changes in Foreign Exchange Rates retrospectively for business combinations that occurred before the date of transition to Ind AS. In such cases, where the entity does not apply Ind AS 21 retrospectively to fair value adjustments and goodwill, the entity treats them as assets and liabilities of the acquirer entity and not as the acquiree.

The company has elected to apply this exemption.

D. Investment in subsidiaries, jointly controlled entities and associates :

At transition date, entity may choose to account for its investment at:

- Cost as per Ind AS 27 determined at transition date.
- Fair value as per Ind AS 113 (only on transition date).
- Previous GAAP carrying amount.
- Fair value as per Ind AS 109 (recurring fair valuation without recycling).

The company has elected to apply previous GAAP carrying amount exemption

E. Share based payments :

A first-time adopter is encouraged, but not required, to apply Ind AS 102 to equity instruments that vested before the date of transition to Ind ASs. If a first-time adopter elects to apply Ind AS 102 to equity instruments that vested before the

Notes on the consolidated financial statements for the year ended 31 March 2017

50 FIRST TIME ADOPTION OF IND AS

date of transition to Ind ASs, it may do so only if the entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date as defined in Ind AS 102.

Under Previous GAAP, a company could have used the intrinsic value method or the fair value method. However, Ind AS 102 requires all types of share-based payments and transactions to be measured at fair value and recognised over the vesting period.

However Ind-AS 101 provides that requirements of Ind-AS 102 can be applied to the options that have been vested only if the company has publically disclosed the fair value. For options that have not yet vested as at the transition date the company will need to apply the requirements of Ind-AS 102 retrospectively.

51 DIVIDENDS PAID AND PROPOSED

(₹ in crores)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A. Declared and paid during the year:		
Final dividend for FY 2015-16: ₹ 5 per share (FY 2014-15: ₹ 4 per share)	47.83	38.14
(Including dividend distribution tax of ₹ 8.09 crores, FY 2015-16 ₹ 6.36 crores)		
	47.83	38.14
B. Proposed for approval at the annual general meeting (not recognised as a liability):		
Final dividend for FY 2016-17: ₹ 3 per share (2015-16: ₹ 5 per share)	47.68	39.74
Dividend distribution tax	9.71	8.09
	57.39	47.83

Note: Final dividend for FY 2016-17 is proposed on equity shares of face value of ₹1 per share after share split. All other per share figures are in respect of equity shares of face value of ₹ 2 per share.

Notes on the consolidated financial statements for the year ended 31 March 2017

52 RECONCILIATION OF EQUITY AS AT 01 APRIL 2015

(₹ in crores)

Particulars	Indian GAAP As at 1 April 2015	Ind AS adjustments	Ind AS As at 1 April 2015
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	852.75	-	852.75
(b) Capital work-in-progress	77.77	-	77.77
(c) Goodwill	5.47		5.47
(c) Other Intangible Assets	1.86	-	1.86
(d) Investments	0.08	-	0.08
(e) Financial Assets			
(i) Non-current investments	-	-	-
(ii) Long-term loans and advances	41.01	(11.61)	29.40
(f) Other non-current assets	-	14.88	14.88
(2) Current assets			
(a) Inventories	303.32	-	303.32
(b) Financial Assets			
(i) Trade and other receivables	207.10	8.10	215.20
(ii) Cash and cash equivalents	11.16	(1.36)	9.80
(iii) Bank balances other than (ii) above	-	1.36	1.36
(iii) Short-term loans and advances	56.95	(52.23)	4.72
(iv) Other financial assets	-	5.44	5.44
(c) Other current assets	1.79	43.36	45.15
TOTAL	1,559.26	7.94	1,567.20
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	15.89	-	15.89
(b) Other Equity	725.08	35.00	760.09
Non- controlling interests	62.49	-	62.49
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Long-term borrowings	96.40	-	96.40
(b) Long-term provisions	10.26	-	10.26
(c) Deferred tax liabilities(Net)	79.10	2.70	81.79
(4) Current liabilities			
(a) Financial Liabilities			
(i) Short Term Borrowings	125.63	8.29	133.91
(ii) Trade and other payables	241.84	11.16	253.00
(ii) Other financial liabilities	-	88.97	88.97
(b) Other current liabilities	152.17	(100.03)	52.15
(c) Short-term provisions	50.40	(42.98)	7.42
(d) Current tax liabilities (net)	-	4.83	4.83
TOTAL	1,559.26	7.94	1,567.20

Notes on the consolidated financial statements for the year ended 31 March 2017

52 RECONCILIATION OF EQUITY AS AT 31 MARCH 2016 (contd...)

(₹ in crores)

Particulars	Indian GAAP As at 31 March 2016	Ind AS adjustments	Ind AS As at 31 March 2016
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	1,106.58	-	1,106.58
(b) Capital work-in-progress	7.83	-	7.83
(c) Goodwill	10.54	-	10.54
(c) Intangible Assets	3.39	-	3.39
(d) Investments	0.08	-	0.08
(e) Financial Assets			
(i) Non-current investments	-	-	-
(ii) Long-term loans and advances	25.74	(3.60)	22.15
(e) Other non-current assets	-	7.39	7.39
(2) Current assets			
(a) Inventories	384.17	-	384.17
(b) Financial Assets			
(i) Trade and other receivables	274.23	(0.12)	274.11
(ii) Cash and cash equivalents	21.51	(1.77)	19.75
(iii) Bank balances other than (ii) above	-	1.77	1.77
(iii) Short-term loans and advances	83.37	(73.49)	9.88
(iv) Other financial assets	-	1.72	1.72
(c) Other current assets	1.04	67.74	68.77
TOTAL	1,918.48	(0.35)	1,918.13
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	15.89	-	15.89
(b) Other Equity	909.19	46.82	956.01
Non- controlling interests	76.13		76.13
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Long-term borrowings	144.87	(2.77)	142.11
(b) Long-term provisions	9.57	-	9.57
(d) Deferred tax liabilities(Net)	91.61	3.28	94.89
(e) Other non-current liabilities	4.26	(4.26)	-
(4) Current liabilities			
(a) Financial Liabilities			
(i) Short Term Borrowings	110.36	0.13	110.49
(ii) Trade and other payables	280.42	12.36	292.78
(ii) Other financial liabilities	-	136.51	136.51
(b) Other current liabilities	206.81	(144.61)	62.20
(c) Short-term provisions	56.67	(47.82)	8.85
(d) Current tax liabilities (net)	12.70	-	12.70
TOTAL	1,918.48	(0.35)	1,918.13

Notes on the consolidated financial statements for the year ended 31 March 2017

52 RECONCILIATION OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2016 (contd...) (₹ in crores)

Particulars	Indian GAAP Year ended 31-Mar-16	GAAP adjustments Year ended 31-Mar-16	Ind AS Year ended 31-Mar-16
Continuing Operations			
Revenue from operations	2,413.46	287.13	2,700.58
Other Income	7.24	3.19	10.43
Total Revenue	2,420.70	290.32	2,711.01
EXPENSES			
(a) Cost of materials consumed	668.35	-	668.35
(b) Purchases of finished, semi-finished and other products	243.72	-	243.72
(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	(65.72)	-	(65.72)
(d) Excise duty on sale of goods	-	287.13	287.13
(e) Employee benefit expense	252.66	(0.38)	252.28
(f) Finance costs	34.46	-	34.46
(g) Depreciation and amortisation expense	72.61	-	72.61
(h) Other expenses	856.90	0.46	857.36
Total Expenses (IV)	2,062.98	287.21	2,350.19
Share of profit / (loss) of joint ventures and associates			
Share of profit / (loss) of joint ventures and associated	-	-	-
Profit/(loss) before exceptional items and tax	357.72	3.11	360.82
Exceptional Items	-	-	-
Profit/(loss) before and tax from continuing operations	357.72	3.11	360.82
Tax Expense			
Current tax	111.35	-	111.35
Adjustment of tax relating to earlier periods	(0.13)	-	(0.13)
Deferred tax	12.51	0.98	13.49
Total tax expense	123.73	0.98	124.71
Profit/(loss) after tax from continuing operations	233.98	2.13	236.11
Profit/(loss) after tax from discontinued operations	-	-	-
Profit/(loss) after tax from discontinued operations	-	-	-
Profit/(loss) for the period	233.98	2.13	236.11
Profit/(Loss) from continuing operations for the period attributable to:			
Owners of the Company	229.20	2.13	231.33
Non controlling interests	4.78	-	4.78
Profit/(Loss) from discontinued operations for the period attributable to:			
Owners of the Company	-	-	-
Non controlling interests	-	-	-
Other comprehensive income	-	(0.68)	(0.68)
A. (i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit liabilities / (asset)	-	(1.04)	(1.04)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	0.36	0.36
Total comprehensive income for the period	229.20	1.45	230.65

Notes on the consolidated financial statements for the year ended 31 March 2017

52 RECONCILIATION OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2016 (contd...)

Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2016

1 Security deposits

Under Previous GAAP, the security deposits paid for lease rent are shown at the transaction value whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial reporting period. Accordingly, the difference between the transaction and discounted value of the security deposits paid towards lease rent is recognized as deferred lease expense and is amortized over the period of the lease term. Further, interest is accreted on the present value of the security deposits paid for lease rent.

2 Deferred tax assets

Previous GAAP requires deferred tax accounting using the profit and loss account approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences relating to various transition adjustments which are recognised in correlation to the underlying transaction either in retained earnings as a separate component in equity.

3 Government grant - interest free loan

Under the previous GAAP, interest free loan from the government has been presented in the Balance Sheet by showing it as a part of borrowings, Government grants related to assets, including non-monetary grants at fair value, are required to be presented in the balance sheet by setting up the grant as deferred income in the liability side of balance sheet. The grant set up as deferred income is recognised in profit & loss on a systematic basis over the useful life of the asset. Accordingly, unamortised government grants till transition date is recognized as deferred government grant and is amortized.

4 Expected credit loss model

Under the previous GAAP, provision for bad debt was recognised for the doubtful debtors on a case to case basis. However, under Ind AS, the Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables accounting for both nonpayment and delay of receivable. According to the past estimates, the Company has recognised 0.1% of good debtors as the additional provision under ECL model.

Footnotes to the reconciliation of profit or loss for the year ended 31 March 2016

1 Sale of goods

Under Previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense. There is, however, no impact on profit for the year on account of the same.

2 Other operating income :Sale of power from windmill

Under Previous GAAP, the windmill rental received from Maharashtra State Electricity Distribution Corporation was recognised as income in the respective period. However, as per the arrangement contains a lease within the scope of Ind AS 17. An asset (the facility) is explicitly identified in the arrangement and fulfilment of the arrangement is dependent on the facility. Therefore, the management has estimated an amount of 5% of WDV as the rental income from finance lease.

Notes on the consolidated financial statements for the year ended 31 March 2017

52 Reconciliation of profit or loss for the year ended 31 March 2016 (contd...)

3 Other income

Security Deposit Interest unwinding- Interest on present value of security deposit is recognised as income at the average borrowing rate for the corresponding period. Impact of the same is ₹ 0.42 Crore.

4 Finance expense

Interest expense on interest free government loan has been recognised at the average borrowing rate of the Company. Additional interest expense amounting to ₹ 0.0008 crore has been recognised for the year ended 31 March 2016

5 Rent expense

Rent expense: Deferred lease expense has been recognized on a straight line basis over the life of security deposits for the term of the deposit. Impact ₹ 0.40 Crore for FY ended 31 March 2016.

6 Defined benefit liabilities

Both under Previous GAAP and Ind AS, the company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit & loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

7 Share-based payments

Under Previous GAAP, the Company recognised only the intrinsic value for the long-term incentive plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of ₹ 0.66 crore has been recognised in profit & loss for the year ended 31 March 2016 .

8 ECL for trade receivables

Under the previous GAAP, provision for bad debt was recognised for the doubtful debtors on a case to case basis. However, under Ind AS, the Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables accounting for both nonpayment and delay of receivable. According to the past estimates, the Company has recognised 0.1% of good debtors as the additional provision under ECL model. Impact on trade receivables due to extra provision is ₹ 0.06 crore

9 Other comprehensive income

Under Previous GAAP, the company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Previous GAAP profit & loss to profit or profit & loss as per Ind AS. Further, Previous GAAP profit & loss is reconciled to total comprehensive income as per Ind AS.

10 Re-classification

The company has reclassified previous year figures to conform to Ind AS classification.

Notes on the consolidated financial statements for the year ended 31 March 2017

43. Disclosure as per Schedule III to the Companies Act, 2013

(₹ in crores)

Name of the entity	Net Assets i.e., total assets minus total liabilities as at 31.03.2017		Share in Profit or Loss for the year 2016-17	
	As % of consolidated net assets	Amount (₹ in Crores)	As % of consolidated profit or loss	Amount (₹ in Crores)
A. Parent	80.18%	1,003.12	105.73%	266.56
B. Subsidiaries				
Soriso Ceramic Pvt. Ltd	1.51%	18.88	1.27%	3.21
Jaxx Vitrified Pvt. Ltd	2.36%	29.54	0.37%	0.93
Vennar Ceramics Limited	2.41%	30.21	0.37%	0.94
Taurus Tiles Pvt. Ltd	0.62%	7.76	-4.04%	(10.19)
Floera Ceramics Pvt. Ltd	0.76%	9.52	0.01%	0.03
Cosa Ceramics Pvt. Ltd	4.98%	62.36	3.28%	8.28
Kajaria Bathware Pvt. Ltd	1.10%	13.73	-7.38%	(18.61)
Minority Interest in all Subsidiaries	6.08%	76.02	0.38%	0.97

In terms of our report of even date annexed

For O. P. Bagla & Co.

Chartered Accountants

FRN No. 000018N

Ashok Kajaria

Chairman & Managing Director

(DIN: 00273877)

For and on behalf of the Board

Chetan Kajaria

Jt. Managing Director

(DIN: 00273928)

Rishi Kajaria

Jt. Managing Director

(DIN: 00228455)

Atul Bagla

Partner

Membership No.: 91885

Place: New Delhi

Dated: 15th May, 2017

Ram Chandra Rawat

COO (A&T) and Co. Secretary

(FCS No. 5101)

Sanjeev Agarwal

CFO

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	(Director- Technical)
Mr. Basant Kumar Sinha	(Director- Technical)
Mr. Raj Kumar Bhargava	(Independent Director)
Mr. Ram Ratan Bagri	(Independent Director)
Mr. Debi Prasad Bagchi	(Independent Director)

Mr. H. Rathnakar Hegde	(Independent Director)
Mrs. Sushmita Shekhar	(Independent Director)

KEY MANAGERIAL PERSONNEL

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

COMMITTEE OF THE BOARD

AUDIT COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Ram Ratan Bagri	Chairman
Mr. Ashok Kajaria	Member
Mr. Chetan Kajaria	Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. Debi Prasad Bagchi	Chairman
Mr. Ashok Kajaria	Member
Mr. H. Rathnakar Hegde	Member
Mr. Ram Ratan Bagri	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Sushmita Shekhar	Chairperson
-----------------------	-------------

Mr. Chetan Kajaria	Member
Mr. Rishi Kajaria	Member

RISK MANAGEMENT COMMITTEE

Mr. Ashok Kajaria	Chairman
Mr. Chetan Kajaria	Member
Mr. H. Rathnakar Hegde	Member
Mr. Dev Datt Rishi	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. Bupendra Vyas	Member
Mr. Rajeev Gupta	Member

REGISTERED OFFICE

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WORKS

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

SUBSIDIARIES

1. Soriso Ceramic Private Limited
2. Jaxx Vittrified Private Limited
3. Vennar Ceramics Limited
4. Cosa Ceramics Private Limited

5. Taurus Tiles Private Limited
6. Kajaria Bathware Private Limited
7. Floera Ceramics Private Limited

AUDITORS

STATUTORY AUDITORS

O.P.BAGLA & CO., Chartered Accountants

INTERNAL AUDITORS

Ernst & Young LLP

SECRETARIAL AUDITORS

Chandrasekaran Associates, Company Secretaries

BANKERS

State Bank of India | HDFC Bank | IDBI Bank | Canara Bank

REGISTRAR & SHARE TRANSFER AGENT

MCS Share Transfer Agent Limited
F-65, Okhla Industrial Area, Phase-1, New Delhi-110020
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SHARES LISTED AT

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BSE Limited

Kajaria

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