Kajaria
TRANSFORM YOUR WORLD

FORM-A

1.	**NAME OF THE COMPANY**	M/S KAJARIA CERAMICS LIMITED
2.	**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**	31ST MARCH, 2013
3.	**TYPE OF AUDIT OBSERVATION**	UN-QUALIFIED.
4.	**FREQUENCY OF OBSERVATION**	NOT APPLICABLE

SIGNED BY: -
For M/s Kajaria Ceramics Limited

R. C Rawat
Sr. V.P (A & T) & Co- Secretary.

Encl: - Annual Report 2012-13.

Kajaria Ceramics Limited
J1/B1 (Extn.), Mohan Co - op Industrial Estate, Mathura Road, New Delhi - 110044
Ph.: +91-11-26946409 | **Fax**: +91-11- 26946407/26949544
E-mail: info@kajariaceramics.com | **Web.**: www.kajariaceramics.com

Attitude.

Cautionary statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions.

We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and estimates taken as assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

Contents

Altitude.

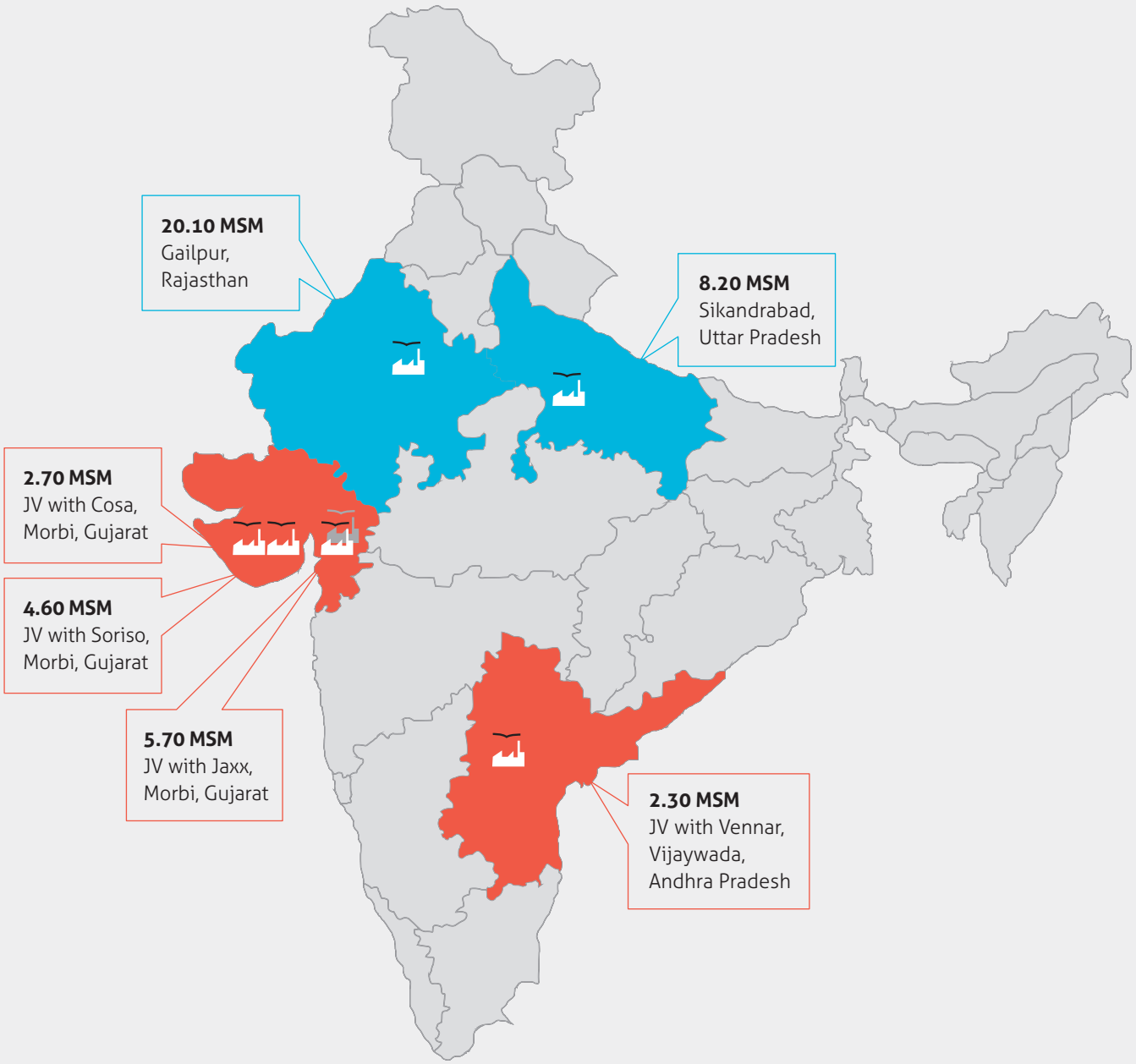
- India's best-known tile brand.
- The most certified tile company in the world.
- The widest reach in India.
- The fastest growing tile company in the country.
- The only Indian 'Superbrand' tile company ... for the sixth successive time.
- **All in just 25 years.**

Kajaria.
A company with an attitude.
Nice thing to have.
Gets us to places.

Seven manufacturing plants at Gailpur (Rajasthan), Sikandarabad (Uttar Pradesh), Morbi (Gujarat) and Vijaywada (Andhra Pradesh).

Plus a leadership presence in the second most populous country in the world.

CELEBRATING 25 YEARS OF WORKING WITH AN ATTITUDE


20.10 MSM
Gailpur,
Rajasthan
8.20 MSM
Sikandrabad,
Uttar Pradesh
2.70 MSM
JV with Cosa,
Morbi, Gujarat
4.60 MSM
JV with Soriso,
Morbi, Gujarat
5.70 MSM
JV with Jaxx,
Morbi, Gujarat
2.30 MSM
JV with Vennar,
Vijaywada,
Andhra Pradesh

Most companies would like to claim that they changed their sector, their markets and the world.

At Kajaria, we would rather be modest about what we achieved in the last 25 years.

We changed ourselves.

Proved effective.

We started as a North Indian manufacturer but became progressively pan-Indian.

We started with the vision to match our sectoral growth but ended up outperforming.

We started late but grew into India's most respected tile brand.

We didn't just intend to enter the wall tile segment. We resolved to transform it.

Small was beautiful in India's wall tile industry in the early 90's.

However, Kajaria entered this space with the objective to not merely go with the flow, but challenge the way things were. The result: Kajaria determined to make a radical shift and introduce large tiles.

This decision was extensively debated. For one, the trade was least enthused. The market is not right for large tiles, some said. What works abroad may not work in India, others inferred.

Kajaria differed. The product looks grander, it said. Supply would catalyse demand, it indicated.

However, rather than push the product in the face of evident trade resistance, Kajaria did something lateral: it flew 30 of its best performing dealers to the largest tile exhibition in the world – the Bologna Fair, Italy – in 1992.

When Kajaria introduced larger wall tiles in multiple shades and designs from July 1994 compared with the conventional smaller sizes available in only four colours, something interesting happened. The trade pushed the product. Convinced consumers that these tiles represented superior aesthetics and value.

The result: wall tile sales multiplied manifold and Kajaria emerged as the clear segment leader.

Not just creating capacity.

CELEBRATING 25 YEARS OF WORKING WITH AN ATTITUDE

But determined to create a manufacturing showpiece.

In the tile industry, incremental capacity creation to service the demand of the day is a usual response.

At Kajaria, we walked the road less traveled. We were convinced that additional supply would not merely service existing demand, but would create it.

The Company invested for tomorrow. In 1998, it set up a 6 MSM greenfield unit on a 108-acre plot in Bhiwadi whereas its Sikandrabad unit occupies 28 acres.

Besides, the game extended beyond mere capacity; the Company invested in state-of-the-art Monoporosa (single-firing) technology and equipment from Sacmi Imola (Italy).

Kajaria invested ₹1100 million, when its turnover was ₹1300 million, in India's best tile plant.

For a company whose strategic vision commenced with scale and quantity, the achievements soon manifested in terms of variety and quality. Now, Kajaria manufactures ceramic wall and floor tiles as well as polished and glazed vitrified tiles; the Company delivers a significantly higher proportion of first-quality tiles than the industry standard, translating into greater customer preference and value-addition.

Subsequent brownfield expansions enhanced Bhiwadi's capacity to 20 MSM, positioning it as the largest tile unit in a single location.

The result: Kajaria has cemented its reputation as India's most respected tile brand. Bhiwadi contributed more than 40% to the Company's topline in 2012-13.

Slow off the blocks. But clearly focused on leadership.

CELEBRATING 25 YEARS OF WORKING WITH AN ATTITUDE

Vitrified tiles were fast emerging as the preferred flooring tile.

Kajaria strategically selected to watch the trend being played out - with patience, with caution, with prudence. And as vitrified tile demand grew significantly y-o-y since 2001, Kajaria decided to import only in 2005.

And when Kajaria was convinced of the future of the vitrified tiles in India, the Company embarked on direct manufacture, starting 2010.

With a difference.

Most companies would have augmented their capacity in a phased manner, Kajaria, was driven by the urgent need to seize the day – it commissioned 11 MSM vitrified tile capacity in only 24 months.

Most companies would have chosen to consolidate its business thereafter; Kajaria acquired three vitrified tile units adding 8.4 MSM in the following 12 months.

And yet again, Kajaria proved its conviction that supply would not merely address prevailing demand; it would create it.

The result: Kajaria's vitrified tile volumes scaled from about 3 MSM in 2006-07 to 20 MSM in 2012-13. The laggard emerged as the leader ... in only nine years.

CELEBRATING
25
YEARS OF
WORKING WITH
AN ATTITUDE

Growing pan-India demand; North India focused capacity. We implemented an immediate correction.

For decades, the focus in the Indian tile industry was to grow capacities in a single location to capitalise on production economies.

Then something happened. More tiles began to be purchased in non-metro locations. The growing distance between the plant and consuming locations increased logistic costs.

Catering to the multiplying pan-India demand, Kajaria's north-India centric capacities soon became restrictive. This needed an immediate correction.

Kajaria thought differently. It was one of the few tile companies...

- To perceive that a strategic locational shift was imminent for proximity to consuming hubs
- To distinguish that rather than commission capacities from scratch, a lighter-asset approach would be to acquire management control in efficient regional companies instead.

The result is that Kajaria acquired five units with an aggregate manufacturing capacity of 15.30 MSM at a low capital cost, generated revenue from day one and serviced markets faster.

The result is that as the proportion of revenues from the regional units increased – from scratch in 2009-10 to 18% of revenue in 2012-13.

The Management's Statement

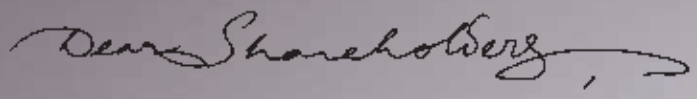
Attitude is seeing things that others don't.

Attitude is fighting conventional wisdom.

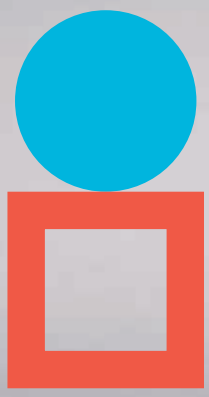
Attitude is seeing adversity and saying 'Wow'.

At Kajaria, attitude is everything.

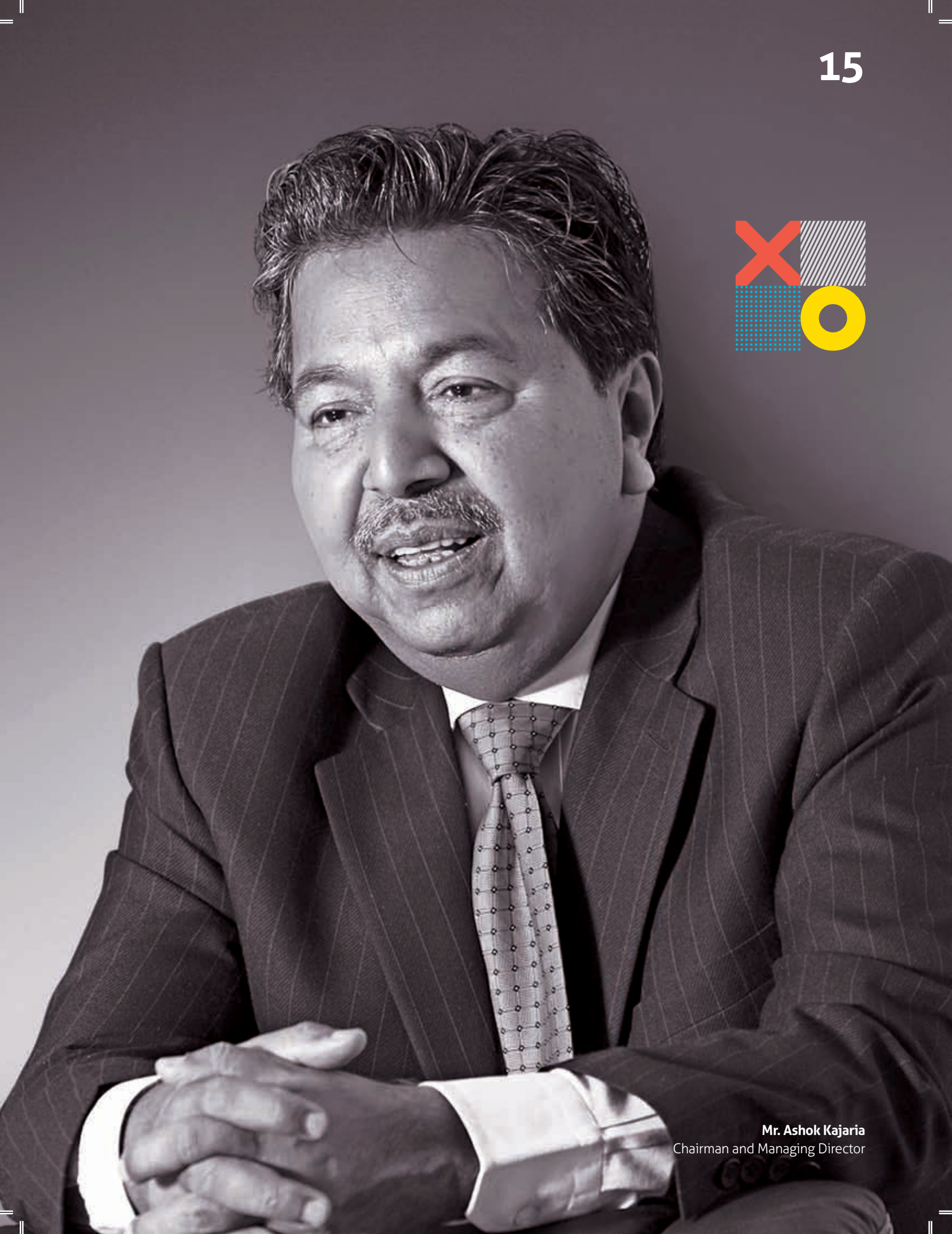
The result is that we have been India's most respected tile brand for years and the fastest growing tile company in India.



We are proud to present this overview coinciding with a quarter of a century of our successful operations.



CELEBRATING 25 YEARS OF WORKING WITH AN ATTITUDE



Mr. Ashok Kajaria
Chairman and Managing Director

Kajaria increased the proportion of value-added tiles in its sales mix and strengthened its average realisation.

Mr. Chetan Kajaria Joint Managing Director

Our sense of pride is derived from the fact that Kajaria did not just capitalise on prevailing economic growth; the Company helped transform the Indian tile industry from flooring and wall cladding options to the creation of something that consumers would be proud of. Kajaria did not just push products into a competitive marketplace; it created a brand that would trigger a consumer pull. Kajaria did not just grow profits year-on-year; it created India's most valuable listed tile company (market capitalisation of ₹14,146 million at the close of 2012-13).

Across the value pyramid

Over the last 25 years, the biggest transformation at Kajaria is that what started out as a tile manufacturing company is now an aesthetics-led organisation.

Over the period, incomes rose, aspirations increased but incremental production costs could not entirely be passed on to end-users. The most effective counter to these realities is encapsulated in a single term: value-addition.

At Kajaria, we adopted a two pronged approach – we introduced a value-added vertical in our existing business and strengthened our value-mix by introducing larger sizes in all segments.

So, while we continued to increase the proportion of large-sized and digitally printed tiles in our ceramic tiles business, we established a dominant position in the vitrified tiles space, which contributes more than 50% to the Company's topline.

As a result, Kajaria increased the proportion of value-added tiles in its sales mix and strengthened its average realisation.

This reality has translated into growing returns: ROE increased from 5.62% in 2008-09 to 32.51% in 2012-13 ROCE strengthened from 13.08% to 28.89% during the same period, ensuring shareholder faith in our capability to deliver superior value.

Optimism

At Kajaria, we've only just begun for some pertinent reasons.

Demand: The spread of public infrastructure (roads, telephones and electricity) is extending to Indian cities and towns which are away from their centres of gravity; the number of 'census towns' in 2011 tripled compared to 2001, translating into a growing appetite for homes - and tiles. At Kajaria, we strengthened our presence in India's Tier-II and Tier-III locations where much of India's growth is happening; a majority of our dealer additions in 2012-13 were in non-metro locations, widening our distribution wingspan.

Cost: Since gas prices in India are regulated, related investments have declined, supplies have dwindled and tile manufacturers need to purchase energy at market-determined rates that are significantly higher than the global average. To minimise the impact of ballooning gas prices, we are suitably developing novel input mixes that

This reality has translated into growing returns: ROE increased from 5.62% in 2008-09 to 32.51% in 2012-13 and ROCE strengthened from 13.08% to 28.89% during the same period, ensuring shareholder faith in our capability to deliver superior value.

Mr. Rishi Kajaria Joint Managing Director

reduce tile baking cycle, optimising the gas requirement per SQM of tile manufactured. We are installing waste heat recovery systems in our various units, which should be operational in 2013-14. We are also exploring alternative ways to optimise fuel cost.

Regulation: The introduction of GST promises to converge diverse taxation rates and anomalies into a single-rate and standard taxation platform. We expect that this will reduce the product cost payable by the end-user, widening the market for tiles in India. Since GST unifies the states into a single landmass, inter-state movement will be seamless, reducing the logistics cost for tile manufacturers. Kajaria, enjoying a pan-India manufacturing and distribution presence, stands to gain significantly.

Growth engines

Kajaria's profitable growth will be driven by a prudent volume-value play that will strengthen business profitability.

Volume-led growth: In 2013-14, the additional volume will come from the following:

- Full year operations of Vennar (operated for nine months in 2012-13)
- Full year operations of Cosa (operated for five months in 2012-13)
- Capacity utilisation of Soriso to improve by about 25-30% over 2012-13

Our subsidiary Jaxx Vitrified acquired another plant with a 2.60 MSM capacity of polished vitrified tile in April 2013.

Value-driven growth: Our continuous endeavour to graduate up the value pyramid will help us enhance profitability. In 2013-14, we expect the following measures to sustain our operating margins:

- Sale of double-charged polished vitrified tiles (high-value product) from Cosa Ceramics
- Substitute imports with in-house manufactured products
- Replacement of 3.00 MSM soluble salt polished vitrified capacity with glazed vitrified tile capacity at our Sikandrabad unit, a margin-accretive initiative
- Increase the proportion of digitally printed tiles by investing in additional digital printing machines

Message for shareholders

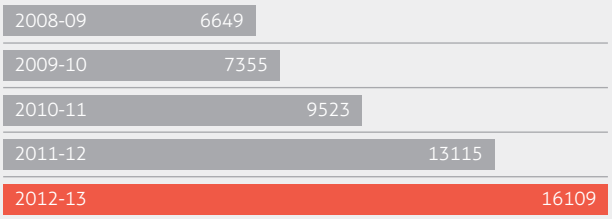
At Kajaria, we are not as much focused on topline growth as we are about profitable growth. As this continues to transpire, we are optimistic that this will extend into a stronger market capitalisation and superior value in the hands of all those who own shares in our company.

Warm regards,
The management team

Good attitude = Great progress.

Business accelerated

Revenue (₹ million)

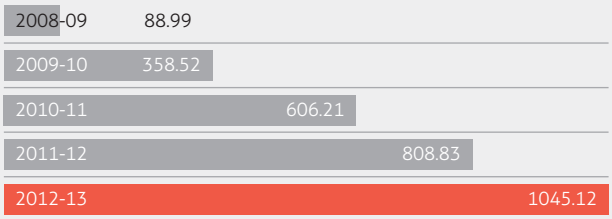


Revenue growth

23% Over 2011-12

26.23% CAGR over 5 years

Net profit (₹ million)

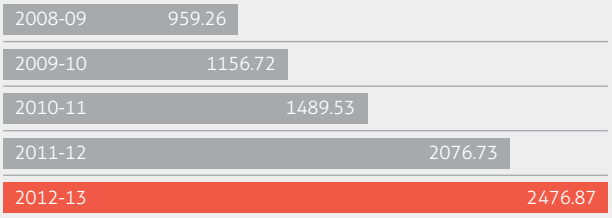


Net profit growth

29% Over 2011-12

47.40% CAGR over 5 years

EBIDTA (₹ million)

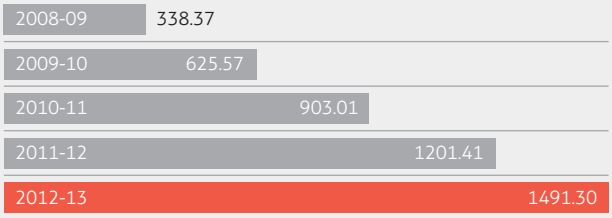


EBIDTA growth

19% Over 2011-12

24.31% CAGR over 5 years

Cash profit (₹ million)



Cash profit growth

24% Over 2011-12

31.01% CAGR over 5 years

CELEBRATING 25 YEARS OF WORKING WITH AN ATTITUDE

Profitability expansion

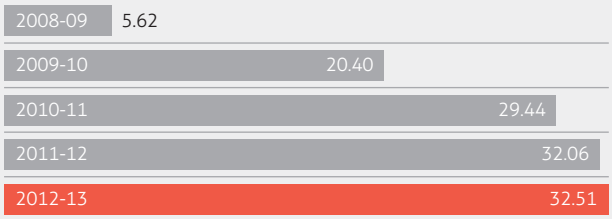
EBIDTA margin (%)

EBIDTA margin growth

(45) bps Over 2011-12

95 bps Over 2008-09

ROE (%)

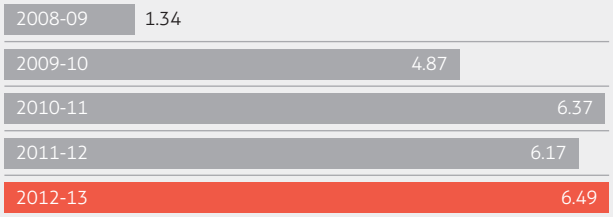


ROE growth

45 bps Over 2011-12

2689 bps Over 2008-09

Net margin (%)

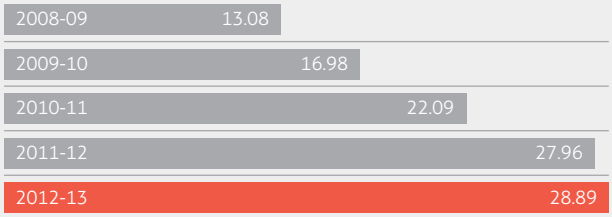


Net margin growth

32 bps Over 2011-12

515 bps Over 2008-09

ROCE (%)



ROCE growth

93 bps Over 2011-12

1581 bps Over 2008-09

Attitude @ Kajaria

No attitude, no strengths. It all starts here.

Brand: The word 'Kajaria' stands for more things than most people would imagine. Unquestionable product quality. An ethical way of doing things. The uninterrupted ability to launch attractive designs. The ability to grow its dealer family. Over the last 25 years, the Company invested significantly in brand building, one of the highest in its sector.

Manufacturing presence: In a business where proximity to markets translates into lower logistical costs and an ability to service demand upturns with speed, Kajaria is a pan-India multi-location manufacturer. The Company has captive capacities in North India and majority stakes in manufacturing units in West and South India.

Product diversity: Kajaria prides on its ability to permute and combine - sizes, designs and finishes across ceramic and vitrified segments and price points - with the objective to present just what customers need. It addresses a range of customers across the entire value pyramid – ceramic (wall and floor) and vitrified (polished and glazed) – that makes it possible to address every demand type. It has more than 700 SKUs in the ceramic tile segment and more than 300 SKUs in the vitrified tile segment.

Certification: When it comes to quality, customers just do not need to look beyond. Kajaria is the most certified tile company in the world. This translates into a confidence to market products under its own brand. Kajaria is India's best known brand in the tile space.

Reach: Kajaria is always round the corner, wherever the consumer might be. Its distribution network of 825 dealers and around 5,000 sales points across India is the largest in the Indian tile industry. The result: an ability to move products quickest off shelves (an average 1.25 lakh sq mtr a day equivalent to 17 international football fields) in the country.

Financials: Kajaria's muscle comes down to its balance sheet. A gearing that has evolved from a peak of 2.01 in 2008-09 to 0.82 in 2012-13, even as Gross Block grew from ₹5,015 million to ₹9,195 million during the same period.

Attitude @ Kajaria

Just when sceptics questioned Kajaria's volume sustainability, we acquired complete plants.

Either you make everything you want to sell. Or you partner with people who can do it for you so that you may focus on branding, marketing, profitability and creating a better company.

Kajaria opted for the latter. So instead of setting up captive production capacities and straining its balance sheet in the process, Kajaria selected to explore the lateral asset-light alternative.

Of acquiring unbranded capacity, working with trustable partners, allocating select product lines to these plants, controlling quality, marketing them under its brand and delivering products wider and faster.

Kajaria's arrangement has emerged as win-win for some valid reasons:

- Enhanced availability of products that are complementary
- Enhanced competitiveness on account of the partners' established culture of austerity
- Derived volumes and revenue from enhanced capacity from day one
- Entered new geographies, an ability to reach products faster to customers and lower distribution costs
- Stronger competitiveness (capacity cost per MSM) as the capacity acquisition cost is lower

than greenfield/brownfield capacity addition leading to a relatively higher return on acquisition related investment

The result: Revenues from JV units increased from 5% in 2011-12 to 18% in 2012-13.

From a time when people scoffed at this outsourcing arrangement to a point when it is integral to Kajaria's existence.

Attitude makes the difference.

Jaxx Vitrified acquired the assets of a 2.60 MSM polished vitrified tile unit in April 2013

Business partners				
	Soriso Ceramic	**Jaxx Vitrified**	**Vennar Ceramics**	**Cosa Ceramics**
Period	February, 2011	January, 2012	April, 2012	October, 2012
Location	Morbi, Gujarat	Morbi, Gujarat	Vijaywada, Andhra Pradesh	Morbi, Gujarat
Capacity	2.30 MSM further expanded to 4.60 MSM	3.10 MSM (brand new plant)	2.30 MSM (brand new plant with digital printing machine)	2.70 MSM (brand new plant)
Product	Floor tiles (60x60 cms)	Polished vitrified tiles (60x60 cms)	Value added wall tiles (30x45 cms and 30x60 cms)	Double-charge polished vitrified tiles (60x60 cms)
Going ahead	To install a digital printing machine in April 2013	Acquired the assets of a 2.60 MSM polished vitrified tile unit in April 2013	To increase 15% capacity by May 2013	Operate to maximise capacity utilisation

Attitude @ Kajaria

For all those people who scrutinised our Balance Sheet to put their finger on our competitive advantage, here's a clue. You won't find it there.

When you grow your revenues consistently over the years, when you grow operating and net profits faster than others in the space and when you emerge more liquid in a cash-parched business environment, the external community (analysts, shareholders, competitors among others) starts getting curious.

They start asking for your Balance Sheet, wondering what that one reason is that makes us what we are - the fastest growing tile company in India.

Interestingly, the financial entry that most seek is not there at all.

Because the heart of Kajaria's competitiveness is its brand, which is not factored into conventional accounting at all.

Over the last 25 years, Kajaria invested significantly in its brand. It adopted a novel strategy of target-based branding, investing at the place where it mattered, induced footfalls and converted its conventional sales outlets into attractive showrooms that strengthened the conversion factor.

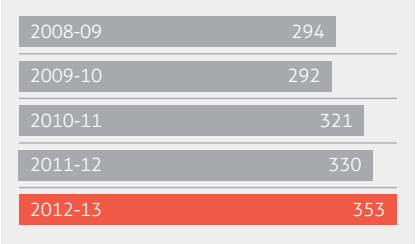
This consistent investment in grassroots branding resulted in a 26%-plus CAGR in revenue and 24%-plus CAGR in EBIDTA over the last five years leading to 2012-13.

Better still, we sold more than 70% of our output to the retail purchasers against the industry average of 50%, significantly insulating us from economic and sectoral volatility.

From a time when people said any company investing as much in branding tiles was wasteful to a point where Kajaria is the only tile company in the world to be conferred the 'Superbrand' status for the sixth time in succession.

Attitude prevails.

Realisation per sqm (₹)



CELEBRATING 25 YEARS OF WORKING WITH AN ATTITUDE

For all those who think that cash disappears fastest in a slowing economy, here's a different take. Nothing to beat the speed of a great product.

In a business marked by growing competition from organised brands on the one hand and under-cutting from unorganised manufacturers on the other, competitive difference boils down to a few established truths.

One, when a consumer wants to buy, will the dealer be just round the corner?

Two, when the consumer wants to buy 'Kajaria', will she be pampered for choice?

Three, when the consumer wants to buy 'Kajaria', will it available off-the-shelf?

Four, when the consumer wants to visualise the tiles with the other complements, will the dealer be able to simulate the appeal?

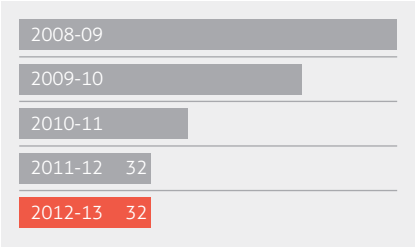
Over the years, Kajaria has helped translate intent into purchase through a number of initiatives. Just when people said that the best thing would be to consolidate, Kajaria strengthened its distribution network.

Instead of merely increasing the number of dealers for wider reach and deeper penetration, the Company adopted the inclusive growth philosophy which enabled existing dealers to widen and strengthen their business - strengthening loyalty to the Kajaria brand. A case in point -- it provided an opportunity to its existing dealers to become owners of the Company created and nurtured Kajaria World showrooms.

The result: While the Kajaria distribution network increased from only 350 dealers to about 825 dealers between 2001 and 2013, its revenue increased from ₹206 crore to ₹1734 crore over the same period.

Attitude is everything.

Working capital cycle (days)



Management discussion and analysis

Indian economy

India's economic growth decelerated for the second year in succession.

It declined from 6.2% in 2011-12 to 5% in 2012-13, the slowest economic growth in a decade, primarily due to a decline in the services and industrial sectors.

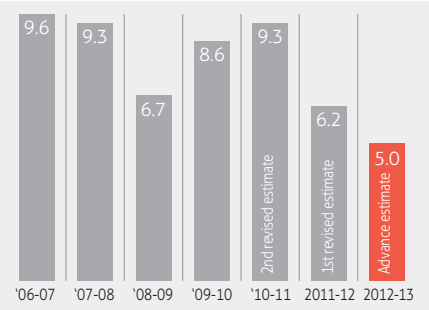
In turn, the subdued performance of the services sector was largely due to a slowdown in the global economy (especially in Europe and the US which translates into slower growth of the IT sector). India's industrial output declined, led mainly by a contraction in the manufacturing, mining and capital goods sectors (proxy for investment activity). The issues constraining industrial production growth were low investment on account of high interest rates, depreciating rupee, high inflation and policy logjam.

Estimates for 2013-14

Economic Survey: The Indian economy is slated to grow between 6.1-6.7% in 2013-14

CRISIL estimate: The agency indicates that the Indian economy is expected to grow at 6.7% in 2013-14 due to a consumption revival catalysed by an acceleration in the agricultural sector (predicated on a normal monsoon), lower interest rates and higher governmental spending.

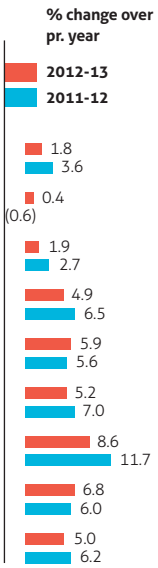
GDP growth (%)
at factor cost, at constant (2004-05) prices



Source: Central Statistics Office, Ministry of Statistics & Programme Implementation

Gross domestic product (at 2004-05 prices (in ₹ crore))

Industry	2011-12 (1st revised estimate)	2012-13 (Advance estimates)
Agriculture, forestry, fishing	739,495	752,746
Mining & quarrying	108,249	108,713
Manufacturing	823,023	838,541
Electricity, gas & water supply	98,814	103,642
Construction	412,412	436,637
Trade, hotels, transport & communication	1,440,312	1,514,593
Financing, insurance, real estate & bus. Services	948,808	1,030,633
Community, social & personal services	672,469	717,971
GDP at factor cost	**4,243,582**	**5,503476**



Source: Central Statistics Office, Ministry of Statistics & Programme Implementation

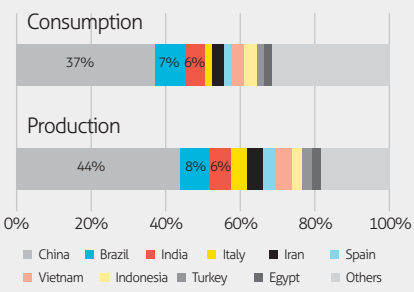
Global tile industry

The global ceramic tile industry is localised; the top countries are prominent consumers too.

Italy and Spain are exceptions as exporters, given their reputation for quality and design. China dominates the export trade as the number one exporter. Over the last few years, India's global competitiveness has strengthened on account of lower incremental capex, growing scale and increasing labour costs in China and the softening of the Indian rupee.

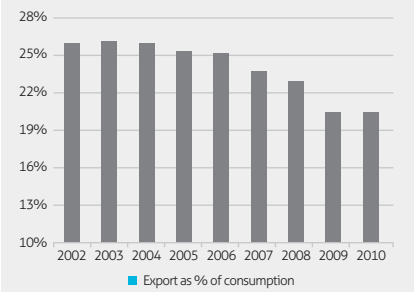
Global production and consumption reported double-digit growth in CY 2011. World tile production broke the 10 billion sqm in CY 2011. Asia retained its dominance in the global tile sector, accounting for 68% of the total production. Its output of 7,179 MSM in 2011 was 12.9% higher than over 2010. World tile consumption reached to 10,370 MSM (10.2% up from 2010). Asia registered the largest demand growth of 13.3% in 2011.

Global production and consumption by country by 2010



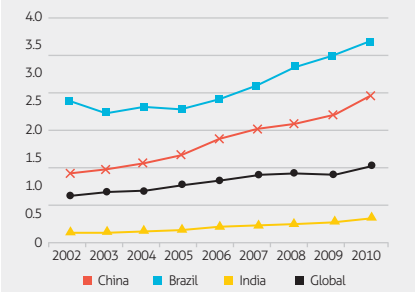
Source: Ceramics World Review

Export as a % of consumption is declining



Source: Ceramics World Review, Credit Suisse

Per capita consumption (in sq. mtr.)



Source: Ceramics World Review, Credit Suisse

Global manufacturing locations

Regions	2011 (MSM)	% age of world production	2010 (MSM)	% age variance (2011/2010)
China	4,800	46	4,200	14
Brazil	844	8	753	12
India	617	6	550	12
Iran	475	5	400	19
Italy	400	4	387	3
Spain	392	4	366	7
Vietnam	380	4	375	1
Indonesia	317	3	287	10
Turkey	260	2	245	6
Mexico	219	2	210	4
World Total	**10,512**	**100**	**9,546**	**10**

Source: Ceramic World Review

Global consuming centers

Regions	2011 (MSM)	% age of world production	2010 (MSM)	% age variance (2011/2010)
China	4000	39	3500	14
Brazil	775	7	700	11
India	625	6	557	12
Iran	395	4	335	18
Vietnam	360	3	330	9
Indonesia	312	3	277	13
Saudi Arabia	203	2	182	12
USA	189	2	186	2
Russia	181	2	158	15
Mexico	177	2	168	5
World Total	**10,370**	**100**	**9,410**	**10**

Source: Ceramic World Review

Management discussion and analysis

Indian tile industry

The Indian tile industry ranks third in global production and consumption (estimated at ₹170 bn as of March 2012. The industry largely comprises ceramic wall and floor tiles as well as polished and glazed vitrified tiles consumed by residential, commercial, retail, healthcare, hospitality and the aviation segments.

India's consumption grew 12.2% CAGR between 2006-2007 and 2011-12 to 625 MSM, about 2x the global average. Production grew at a 12.2% CAGR over the period to 617 MSM.

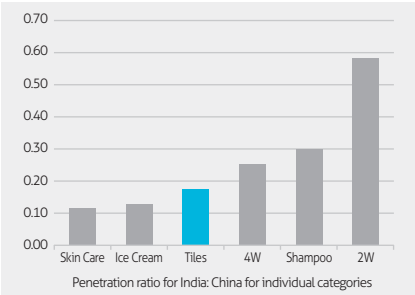
India's organised segment accounts for 50% of the country's tile industry; the units in Morbi (Gujarat) account for the balance.

Over the last decade, aspirations, affordability and availability have shifted the average Indian consumer's preference to larger-sized and better looking tiles. As a result, value-addition is the order of the day, which has led to the absorption of new technologies, namely the digital-printing technology.

JV route: It is increasingly difficult to address growing tile demand on a sustainable basis for three reasons: frequent increases in fuel costs affects pan-India distribution; progressive increase in land and power costs affect greenfield capacity creation; gas shortage is a growing problem. To circumvent these realities, organised players are partnering unorganised players (constituting around 50% of the industry) with plants predominantly based out of Morbi, acquiring a stake in the local unit for the entire production.

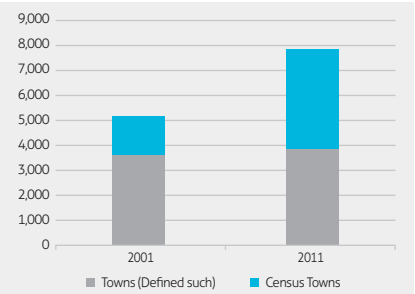
These strategic joint ventures are emerging as a win-win approach for both partners. For the unorganised player, the equipment which would otherwise operate at sub-optimal levels, is now sweated at full capacity. In addition, the partner only needs to focus on manufacturing as product offtake is secured by the other partner.

India-to-China penetration ratio in some discretionary categories



Source: Euromonitor, World Bank, Credit Suisse estimates

The number of 'census towns' in 2011 was thrice of that in 2001.
Towns forming naturally



Source: India Population Census, 2011

Most important, the partnership assumes revenue visibility over the long-term.

The organised player, adds capacity at a lower investment of a greenfield/ brownfield expansion, gets additional volume, increased revenue from day one and moves closer to the consuming markets which mitigates increasing logistics costs – strengthening business growth and profitability.

Demand: The Indian housing stock accelerated in the last decade, with urban stock growing at a healthy 4.1% and catalysing tile industry growth. The factors that catalysed tile industry growth comprised the following:

- Easier credit accessibility; tax benefits in housing loans
- Decline in the cost of tiles as a proportion of housing costs
- Increasing wealth and consumer aspirations dovetailed with a widening product range (superior to natural stone)

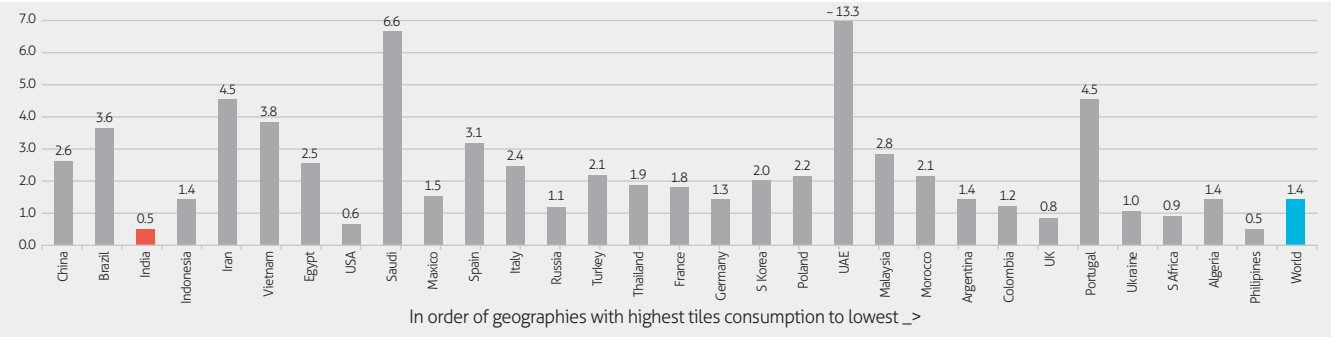
The industry enjoyed an increasing ROE despite inflation, marked by the following:

- Better assets-turnover ratio for incrementally lower capex and the industry moving towards bigger and value-added tiles
- Higher capacity utilisation to meet growing demand
- Growing preference for the JV model (branded players partnering with the smaller Morbi players)

Outlook: The spread of roads, telephones and electricity is helping urban centres expand. As wage growth remains strong, 'new urban' consumption goods (like tiles) are expected to report robust demand. Despite a robust growth by the organised tiles sector over the past years, per capita consumption of ceramic tiles in India is only a seventh of Brazil's, a sixth of China's and a third of Indonesia's.

About 80%-85% of tile demand is driven by new housing or first-time users, while the balance is derived from replacement. Interestingly, new housing demand is expected to emerge from non-metro locations (smaller urban centres, Tier-II and III towns) while replacement demand is expected to be largely a metro phenomenon.

India has the lowest per capita consumption in the category dominated by emerging nations
Per capita consumption (sq. m) of tiles among the top 30 consumers globally



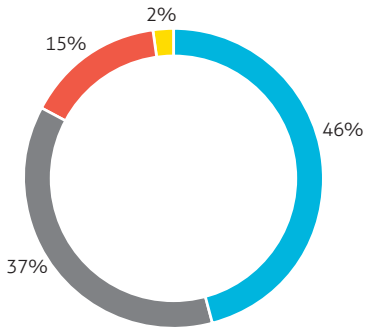
Note: for CY10. Source: Ceramics World Review, World Bank and Credit Suisse

Management discussion and analysis

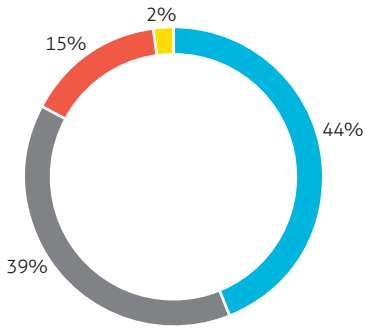
Kajaria's manufacturing operations

Revenue-split

2011-12



2012-13



Ceramic tiles · Polished vitrified tiles · Glazed vitrified tiles · Others

Kajaria is India's best known tile brand. The Company possesses a manufacturing capacity of 43.60 MSM across seven manufacturing plants - Gailpur (Rajasthan), Sikandarabad (Uttar Pradesh) and a presence in Gujarat and Andhra Pradesh through joint ventures. This includes a 2.60 MSM vitrified tile capacity added in April 2013, by way of purchasing another plant at Morbi, Gujarat, by Jaxx Vitrified, a subsidiary of Kajaria.

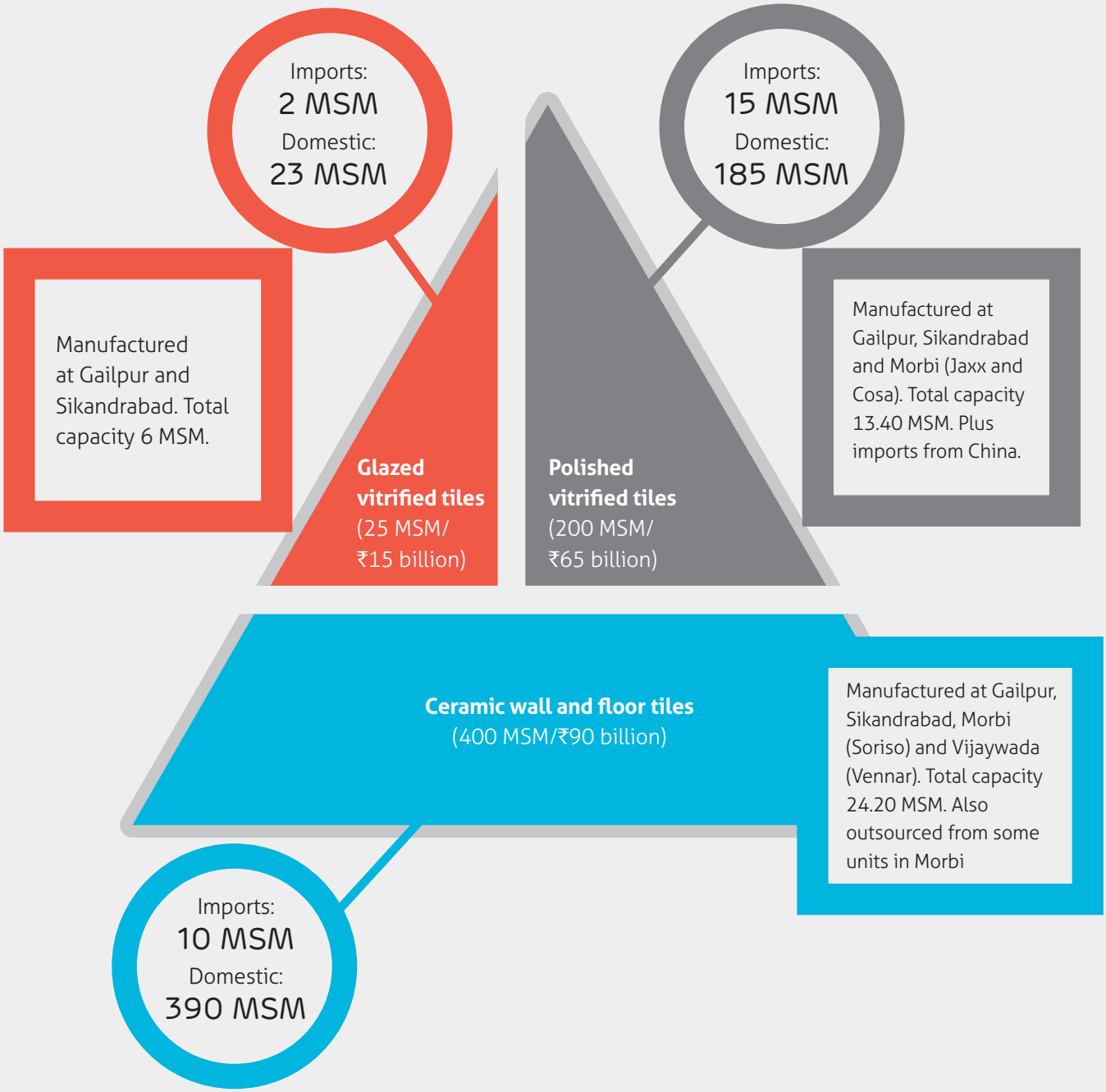
Manufacturing capacity snapshot (MSM)

	Ceramic tiles	Polished vitrified tiles	Glazed vitrified tiles	Total
Sikandrabad (Uttar Pradesh)	3.20	2.00	3.00	8.20
Gailpur (Rajasthan)	14.10	3.00	3.00	20.10
Morbi (Gujarat)	4.60	8.40	-	13.00
Vijayawada (Andhra Pradesh)	2.30	-	-	2.30
	24.20	**13.40**	**6.00**	**43.60**

Kajaria enjoys a presence across ceramic tiles, polished vitrified tiles and glazed vitrified tiles. The Company offers over 1,100 designs in different sizes and operates through a network of 825 pan-India dealers, translating into a dominant market share in Northern India.

Tile value pyramid

Kajaria caters to all the segments of the 625 MSM Indian tile industry (₹170 billion), which is depicted below:



Product segment

Ceramic wall and floor tiles

Manufacturing locations	Capacity (MSM)	Sizes	Designs	Price range (₹ / sq mt)
4	24.20	11	790	225 – 1,000

Product

Ceramic tiles, because of their high porosity, result in a stronger bonding with walls and also provide consumers with a choice of colours and finishes suiting tastes and requirements. Further, digital printing technology and a prevalence of large-format tiles, have gained ceramic tiles a significant market share from natural marble and granite, sidelining them to wall cladding in the lift and lobby areas of residential apartments and high-rise buildings. Ceramic tiles are also being increasingly used in exterior walls, replacing stone tiles, terracotta tiles and natural stones among others

Kajaria's presence

Kajaria's ceramic division has been its key product segment for more than two decades. The Company manufactures wall and floor tiles in diverse sizes, designs and finishes, which addresses all customer segments.

The Company possesses a cumulative 24.20 MSM ceramic tile manufacturing capacity across four facilities, offering customers one of the largest ceramic wall and floor tile range (11 sizes and 790 designs). Its contemporary digital-printing machines have widened the product range with novel finishes (stone, wood and natural stone).

Kajaria's wall tiles are manufactured in Gailpur and Vijaywada (Vennar); floor tiles are produced in Sikandrabad and Morbi (Soriso). The Company also outsources ceramic tiles from quality-conscious manufacturers in Morbi, Gujarat.

Key events, 2012-13

- Expanded capacity at Soriso unit, commenced production adding to business volumes
- Operated Gailpur unit at higher-than-label capacity by reducing the kiln firing cycle time, following an alteration in the raw material mix
- Installed two digital printing machines at Gailpur to increase the production of value-added tiles
- Installed a heat recovery system in the spray drying section at Sikandrabad, resulting in energy savings
- Launched value-added digital product in 30x60 cm^2 and 30x90 cm^2 sizes
- Strengthened product display management; added new showrooms and renovated existing showrooms

"Our blueprint for 2013-14 focuses on growing business profitability by increasing our topline with a larger volume of value-added tiles and reducing expenditure through various shop-floor initiatives."

- Chetan Kajaria, Joint Managing Director

Kajaria's digitally printed tiles accounted for 30% of the ceramic tile production in Gailpur.

Polished vitrified tiles

Manufacturing locations	Capacity (MSM)	Sizes	Designs	Price range (₹ / sq mt)
5	13.40	3	58	425-1,200

Product

Polished vitrified tiles are considered 'next generation flooring', marked by a polished surface, high gloss, enhanced quality and durability (ability to withstand abrasion, chemical resistance, fire and stains).

Kajaria's presence

Kajaria enjoys a eight-year presence in this segment, initiated with imports from China. Today, polished vitrified tiles are manufactured at Kajaria's Gailpur, Sikandrabad, Jaxx and Cosa facilities.

Key events, 2012-13

- Added new dealers to its distribution network catering to small city and town demand
- Introduced the 80x80 cm^2 double-charged floor tiles in multiple designs and finishes
- Streamlined the supply chain between manufacturing locations and dealers
- Automated processes at the Jaxx facility, which increased production capacity by about 10%

"In 2013-14, we will enrich our product mix towards value-added products for which we will launch an increased number of large format tiles with contemporary designs and finishes."

- Rishi Kajaria, Joint Managing Director

Kajaria introduced the 80x80 cm^2 double-charged floor tiles in multiple designs and finishes.

Product segment

Glazed vitrified tiles

Manufacturing locations	Capacity (MSM)	Sizes	Designs	Price range (₹ / sq mt)
2	6	6	175	600-1,800

Product

One would be excused if one mistook these flooring pieces to be natural stone or wooden flooring solutions. Glazed vitrified tiles belong to the premium segment of the tile value chain, with extraordinary quality and durability providing manufacturers with the flexibility to impart unique tile designs.

Kajaria's presence

Kajaria was the first company to import and introduce Glazed Vitrified Tiles (GVT) in India in 2007-08 under the Kajaria Eternity brand. Over the years, the Company replaced imports with its captive manufacturing sources at Gailpur and Sikandrabad – an aggregate capacity of 6 MSM. The Company offers the widest range in Digital Wood, Polished and Stone finish tiles in the large format. These GVT products are marketed through high-end Kajaria World, Kajaria Eternity Studios and Kajaria Galaxy showrooms, primarily in metro and urban locations.

Key events, 2012-13

- Converted the 3 MSM soluble salt (low-end PVT segment) manufacturing line to a glazed vitrified line, which will produce GVT, Digital GVT and Polished GVT with nano finish (high-value product)
- Opened nine new Kajaria World showrooms and converted the entire Kajaria World network into franchisee showrooms
- Increased retail presence
- Launched Digital Wood, Digital Stone and Polished GVT in 60x60 cm^2

Kajaria was the first company to import and introduce Glazed Vitrified Tiles in India in 2007-08.

CELEBRATING 25 YEARS OF WORKING WITH AN ATTITUDE

Analysis of financial statements

Despite the challenges of a slow-paced industrial sector and reduced investment in housing due to a high interest rate regime prevalent during the majority of fiscal 2012-13, the Company recorded a higher topline, vindicating the effectiveness of its business development strategies.

A) Profit and Loss Account

Revenue

Revenue grew 23% over the previous year primarily due to the unfolding of a volume-value strategy.

Volume growth: Sales volumes increased 15% from 39.75 MSM in 2011-12 to 45.62 MSM in 2012-13. This increase was largely contributed by the additional capacities of Cosa and Vennar which commenced operation during the year under review. The Company's plants at Sikandrabad and Gailpur operated at optimum capacity.

Value addition: The team's continuous efforts in moving up the tile value-pyramid strengthened realisation and made an important contribution to the Company's growth. The contribution from large-sized and digitally printed tiles in ceramic and vitrified tile segments increased this year. Besides, the sale of double-charge polished vitrified tiles from the Cosa unit added to the Company's value-addition matrix.

Snapshot

23%		19%		29%		24%		29%	
Net sales growth (₹ million)		EBIDTA growth (₹ million)		Profit after tax growth (₹ million)		Cash profit growth (₹ million)		Earning per share growth (₹)	
13115	16109	2077	2477	809	1045	1201	1491	10.99	14.20
2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13

0.82	4.48x	32days	32.51%	28.89%
Debt equity ratio (March 31, 2013)	Interest cover (2012-13)	Working capital cycle (March 31, 2013)	Return on networth (avg.) (March 31, 2013)	Return on capital employed (avg.) (March 31, 2013)

Operational cost

Persistently high inflation sustained a high cost environment – primarily fuel and energy costs – and adversely impacted business profitability.

Operational expenses grew 23% from ₹11,286.30 million in 2011-12 to ₹13,879.33 million in 2012-13. This increase was primarily due to the power and fuel cost which grew 46% from ₹2,106.80 million in 2011-12 to ₹3,065.98 million in 2012-13. The Company's Sikandrabad unit was hit by a significant increase in power tariff by the Uttar Pradesh Government.

Employee costs increased from ₹1,071.85 million in 2011-12 to ₹1,364.02 million in 2012-13 due to an increase in the team size to meet the needs of an expanding operational scale and annual increments and performance incentives.

Margins

Despite external adversities, EBIDTA grew 19% from ₹2,076.73 million in 2011-12 to ₹2,476.87 million in 2012-13. The EBIDTA margin declined marginally by 45 bps from 15.83% in 2011-12 to 15.38% in 2012-13 - the downward slide arrested by the Company's focus on value-added tiles and cost optimisation initiatives. However, the net margin increased 32 bps from 6.17% to 6.49% over the same period primarily due to interest cost reduction consequent to astute funds management by the Company.

Interest

Despite a high interest rate regime prevailing during most part of 2012-13 and an increase in the consolidated debt portfolio as on March 31, 2013, the Company's interest liability decreased from ₹485.11 million in 2011-12 to ₹453.53 million in 2012-13.

The achievement was primarily due to the Company's ability to arrest losses due to foreign currency fluctuation on account of tile imports. Superior negotiations based on the strength of the financial statements and business strategy facilitated in a more than 100 bps decrease in the average interest rate for the Company. The interest cover (depicts the Company's interest servicing ability) strengthened from 3.47x in 2011-12 to 4.48x in 2012-13.

Taxation

Provision for current tax stood at ₹498.78 million in 2012-13 against ₹380.56 million in 2011-12 – a 31% increase – in line with a similar increase in the Profit before tax. The average tax was 31.63% in 2012-13.

Ploughback

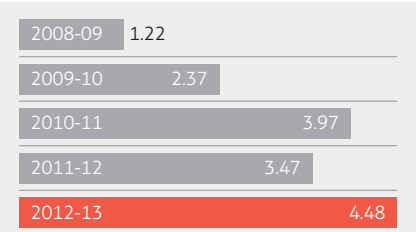
The Company maintained a prudent balance between rewarding shareholders and retaining funds to be progressively utilised for growth-intensive initiatives. While the dividend payout increased 20% over the previous, the Company ploughed ₹788.56 million into the business in 2012-13. The Company plans to utilise these funds for organic and inorganic plans and to de-leverage the balance sheet.

B) Balance Sheet

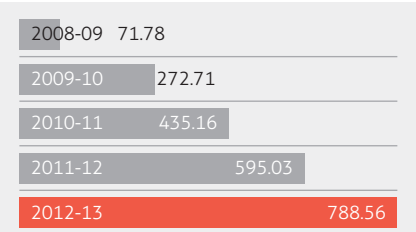
Capital employed

Capital employed in the business increased 23% from ₹6,318.51 million in 2011-12 to ₹7,741.90 million in 2012-13 as the Company acquired facilities to establish a pan-India manufacturing presence. Superior business management,

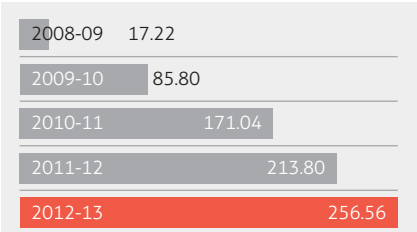
Interest cover
(x)



Ploughback
(₹ million)



Dividend payout incl dividend tax
(₹ million)



efficient operations management and an entrenched marketing presence enabled the Company to derive the maximum returns from these inorganic initiatives. The capital employed has been calculated as per Table A below. As a result, the Company's ROCE grew 93 bps from 27.96% as on March 31, 2012 to 28.89% as on March 31, 2013.

Shareholders' funds

Shareholders' funds increased 28% from ₹2,820.71 million as on March 31, 2012 to ₹3,608.78 million as on March 31, 2013 owing to an increase in ploughback of business profits. As a result, the reserves and surplus balance grew 29% from ₹2,673.54 million as on March 31, 2012 to ₹3,461.61 million as on March 31, 2013. The equity capital remained unchanged at ₹147.17 million – the promoters holding 53.51% of the Company's equity (March 31, 2013). Shareholders' fund as a proportion of capital employed, stood at 46.61% as on March 31, 2013 against 44.64% as on March 31, 2012. The book value per share climbed from ₹38.33 as on March 31, 2012 to ₹49.04 as on March 31, 2013.

External debt

The Company's debt portfolio expanded from ₹2,781.92 million as on March 31, 2012 to ₹3,201.66 million as on March 31, 2013. This increase was largely due to the new joint-ventures of the Company with other tile manufacturers. On a standalone basis, the Company's debt declined by ₹253.41 million due to reduction in long term debts. There is no foreign currency loan outstanding as on March 31, 2013.

Despite the increase in absolute debt, the debt-equity ratio declined to 0.82 as on March 31, 2013 from 0.96 as on March 31, 2012.

As per the new regulatory guidelines, Schedule VI ('Balance Sheet') grouping has been altered. Total debt is reflected in the Balance Sheet under the various heads as per Table B below.

Fixed Assets

The continuous acquisitions spree has been primarily responsible for the addition to the gross block in the last 12-18 months. In 2012-13, the gross block increased by 17% from ₹7,826.60 million as on March 31, 2012 to ₹9,194.50 million as on March 31, 2013 due to routine capital expenses and acquisitions of Vennar which commenced operations in July 2012 and Cosa Ceramics in October 2012.

Depreciation: The Company consistently charged depreciation under the 'Straight Line Method' as specified in the Companies Act, 1956. The provision for depreciation increased 14% from ₹392.58 million in 2011-12 to ₹446.18 million in 2012-13. This was due to the addition in gross block during the year under review. Accumulated depreciation, as a proportion of the Gross Block, stood at 32.57% as on March 31, 2013 representing the contemporariness of the Gross block – an important competitive edge in a cluttered industry space.

Investments

The Company's investment stood at the level of last year i.e ₹0.81 million as on March 31, 2013.

Net current assets

Net current assets (working capital) increased from ₹1,084.91 million

Table A: Capital employed in business
(₹ million)

	As at March 31, 2013	As at March 31, 2012
Shareholder's funds	3,608.78	2,820.71
External debt	3,201.66	2,781.92
Deferred tax liabilities	656.27	643.68
Minority interest	275.19	72.20
Capital employed	7,741.90	6,318.51
Average capital employed	7,030.21	6,022.52

Table B: Reconciliation of external debt
(₹ in million)

	Note	As at March 31, 2013	As at March 31, 2012
Long-term borrowings	4	892.69	916.75
Short-term borrowings	7	1,735.06	1,143.28
Current liabilities - current maturities of long-term debts	9	573.91	721.89
Total		**3,201.66**	**2,781.92**

Despite an increase in operational scale, the Company maintained a stringent control on working capital management sustaining its working capital cycle at 32 days in 2012-13.

as on March 31, 2012 to ₹1,463.26 million as on March 31, 2013. Despite an increase in operational scale, the Company maintained a stringent control on working capital management, sustaining its working capital cycle at 32 days in 2012-13. For the working capital cycle computation, project creditors of ₹86.50 million have not been considered.

Current assets

Current assets stood at ₹4,196.87 million as on March 31, 2013 against ₹3,675.87 million as on March 31, 2012. This is in line with the growing operations of the Company. As per the new Balance Sheet format prescribed, the balance under current assets is reflected under the various heads (refer Table C below). The average current assets cycle declined from 94 days in 2011-12 to 87 days in 2012-13.

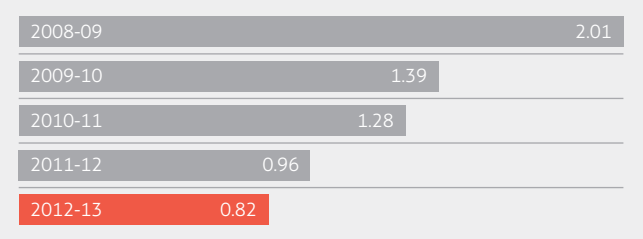
In the new format loans and advances which are long-term in nature were clubbed with other current assets, in the new format it is part of non-current assets. As per the revised format, current assets increased 14% over the previous year despite a 23% increase in net sales – reflecting strong inventory and debtor management.

Inventory: Increased 18% from ₹1,864.84 million as on March 31, 2012 to ₹2,197.08 million as on March 31, 2013. This increase was a result of significantly expanded plant operations. Notwithstanding

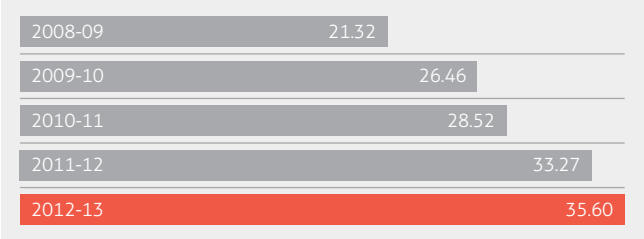
Table C: Reconciliation of current assets
(₹ in million)

	Note	As at March 31, 2013	As at March 31, 2012
Current assets - As per Balance Sheet (new format)	15-19	4,021.99	3,540.02
Add: Long-term loans and advances	14	174.88	135.85
Total		**4,196.87**	**3,675.87**

Debt-equity ratio (x)



Return on avg. net block (%)



the increase in absolute numbers, the inventory cycle stood at 46 days in 2012-13 against 48 days in 2011-12.

Sundry Debtors: Despite a 23%-plus increase in turnover, the balance in outstanding receivables increased only about 21% from ₹1189.48 million as on March 31, 2012 to ₹1436.28 million as on March 31, 2013 The debtors' cycle reduced from 31 days in 2011-12 to 30 days in 2012-13 – highlighting the demand pull for the product and brand. More than 97% of the receivables were outstanding for less than 180 days – reflecting the strength in the debtors balance.

Loans and Advances: The balance under this head decreased from ₹549.98 million on March 31, 2012 to ₹508.45 million as on March 31, 2013. As per the new Balance Sheet format, the balance under Loans and advances is reflected under the various heads (refer Table D below).

Long term loans and advances represent balances recoverable over a period exceeding 12 months. Other current assets represent advances to suppliers and balances with Government authorities.

Current liability and provisions: The balance under this sub-head stood at ₹2,733.61 million as on March 31, 2013 against ₹2,590.96 million as on March 31, 2012. The growth in current liabilities was not in line with the increased operations due to a reduction in import creditors. As per the new balance sheet format, the balance under current liabilities and provisions is reflected under the various heads (refer Table E below).

Internal audit and control

Kajaria has strong, proper and adequate internal audit and control systems to ensure that all transactions are authorised, recorded and reported correctly. The internal control systems consist of comprehensive internal and statutory audits. Internal auditors independently evaluate adequacy of internal controls and concurrently audit the majority of transactions in value terms. Independence of the audit and compliance function is ensured by the direct reporting of the internal audits to the Audit Committee of the Board.

Table D: Reconciliation loans and advances
(₹ in million)

	Note	As at March 31, 2013	As at March 31, 2012
Long term loans and advances	14	174.88	135.85
Short-term loans and advances	18	328.61	412.48
Other current assets	19	4.96	1.65
Total		**508.45**	**549.98**

More than 97% of the receivables were outstanding for less than 180 days – reflecting the strength in the debtors balance.

Table E: Reconciliation current liabilities
(₹ in million)

	Note	As at March 31, 2013	As at March 31, 2012
Current liabilities - As per Balance Sheet (new format)	7-10	4,955.26	4,393.89
Add: Long-term provisions (for gratuity)	6	87.32	62.24
		5,042.58	**4,456.13**
Less: Short term borrowings	7	1735.06	1143.28
Less: Current maturities of long term debts	9	573.91	721.89
Balance		**2,733.61**	**2,590.96**

Managing business uncertainties

"Fear of failure must never be a reason not to try something."

- Frederick Smith

Risk is the manifestation of business uncertainty, affecting corporate performance and prospects.

As a diversified enterprise, Kajaria has had a systems-based approach to risk management. A combination of centrally-issued policies and divisionally-evolved procedures brings robustness to the process of ensuring business risks being effectively addressed.

The senior management periodically reviews the risk management framework to maintain contemporariness and address emerging challenges in a dynamic environment. This prudently balances risk and reward leading to shareholder value growth.

1

Perception risk:

Inability to sustain historical growth rates could adversely impact perception.

Mitigation argument

The Company may not be able to sustain the growth rate of the earlier years as the base has expanded over a short time. While the growth percentage could be lower than the historic average, the absolute growth numbers will continue to be larger than the previous year due to a dynamic business plan that encompasses sustained volume increase, continuous innovation towards a sales-mix skewed in favour of value-added products and improving operational efficiencies. As a result, the Company will continue to outperform the average industry growth.

2

Business slowdown risk:

A slowdown in India's economic progress could create a gap between the estimated budget and ground reality.

Mitigation argument

An economic deceleration primarily impacts metros and urban cities. Besides, a majority of the demand for consumer products is emerging from Tier-II and III towns, which usually remains largely unaffected by economic slowdowns. The Company strengthened its distribution network in new demand pockets leading to a significant out-performance.

3

Fuel cost risk:

Rising gas prices could affect profitability.

Mitigation argument

The sustained increase in gas prices is completely beyond the control of the Company; it impacts sectoral profitability. To minimise the impact, the Company is raising the share of value-added products (large format tiles and digitally printed tiles).

4

Competition risk:

Competition from branded and unbranded players hamper margins.

Mitigation argument

The Indian tile industry is undergoing a consolidation phase where organised/branded players (with marketing skills and a vast distribution network) are partnering with unbranded players (with low-cost manufacturing expertise). As a result, competition from the unbranded sector is expected to decline. Besides, Kajaria has retained its market dominance through significant capacity increases and by introducing innovative products, which are expected to continue.

5 Year Financials

(Based on Consolidated Financial Statements)

(₹ in million)

	2008-09	2009-10	2010-11	2011-12	2012-13
Share Capital	147.17	147.17	147.17	147.17	147.17
Reserves	1473.51	1746.23	2078.02	2673.54	3461.61
Loan funds	3251.67	2628.28	2879.68	2781.92	3201.66
Gross Block	5014.92	5435.47	7178.08	7826.60	9194.50
Net Block (Fixed Assets)	3276.53	3447.90	4914.92	5209.21	6199.68
Capital work-in-progress	–	25.43	0.64	23.58	78.14
Investments	33.94	33.94	33.94	0.81	0.81
Current assets	2968.30	2976.43	3152.48	3675.87	4196.87
Current Liabilities	871.87	1413.49	2375.46	2590.96	2733.61
Net Current Assets	2096.43	1562.94	777.02	1084.91	1463.26
Deferred tax liabilities	534.55	548.52	603.20	643.68	656.27
Revenue (Net sales)	**6648.83**	**7355.36**	**9523.13**	**13115.31**	**16108.76**
Other and operating income	9.96	7.45	12.56	29.71	41.45
Material costs	3601.85	3643.53	5375.78	6508.32	7484.84
Power costs	906.21	1048.76	936.77	2106.80	3065.98
Employee cost	504.87	612.84	760.83	1071.85	1364.02
Other manufacturing expenses	133.69	167.77	203.25	480.26	682.52
Admn & selling expenses	552.92	733.20	769.53	901.06	1075.98
EBIDTA	**959.26**	**1156.72**	**1489.53**	**2076.73**	**2476.87**
Interest	582.42	375.24	300.52	485.11	453.53
Depreciation	249.37	267.06	296.80	392.58	446.18
PBT	**127.47**	**514.42**	**892.21**	**1199.04**	**1577.15**
Tax	38.48	155.90	285.28	380.56	498.78
PAT (before Minority Interest)	88.99	358.52	606.93	818.48	1078.37
PAT (after Minority Interest)	**88.99**	**358.52**	**606.21**	**808.83**	**1045.12**
Networth	1620.68	1893.40	2225.19	2820.71	3608.78
Capital Employed	5406.92	5070.20	5726.52	6318.51	7741.90
EPS (₹)*	1.21	4.87	8.24	10.99	14.20
Book value (₹)*	22.02	25.73	30.24	38.33	49.04
Dividend (₹)*	0.20	1.00	2.00	2.50	3.00
Debt-equity (x)	2.01	1.39	1.28	0.96	0.82
RONW / ROE (%)	**5.62**	**20.40**	**29.44**	**32.06**	**32.51**
ROCE (%)	**13.08**	**16.98**	**22.09**	**27.96**	**28.89**

*Face Value of ₹ 2/- per share.

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

Value added statement

(₹ in million)

	2008-09	2009-10	2010-11	2011-12	2012-13
Turnover (Gross Sales)	6911.98	7667.54	10051.31	14072.12	17335.80
Other income	9.96	7.45	12.56	29.71	41.45
Stock Adjustments	(67.38)	(40.60)	(42.60)	218.01	205.99
	6854.56	**7634.39**	**10021.28**	**14319.84**	**17583.24**
Less					
Raw Material consumed	1251.84	1437.91	1573.84	3105.80	3717.38
Trading goods	2282.63	2165.03	3759.34	3620.53	3973.45
Manufacturing expenses	1039.89	1216.53	1140.02	2587.06	3610.35
Other expenses	552.92	733.20	769.53	901.06	1214.13
	5127.28	**5552.67**	**7242.73**	**10214.45**	**12515.31**
TOTAL VALUE ADDITION	**1727.28**	**2081.73**	**2778.55**	**4105.39**	**5067.93**

Distribution of value-addition

(₹ in million)

	2008-09	2009-10	2010-11	2011-12	2012-13
To the Government					
Excise duty	263.16	312.18	528.20	956.81	1227.04
Dividend tax	2.50	12.22	23.87	29.84	35.81
Current tax	25.93	141.93	232.04	340.08	486.19
	291.59	**466.33**	**784.11**	**1326.73**	**1749.04**
To the employees	504.86	612.84	760.83	1071.85	1364.02
To providers of finance	582.42	375.24	300.52	485.11	453.53
To shareholders	14.72	73.58	147.17	183.96	220.75
Depreciation	249.37	267.06	296.80	392.58	446.18
Deferred tax	12.55	13.97	53.24	40.48	12.59
Minority Interest	–	–	0.72	9.65	33.25
Profit ploughed back	71.78	272.71	435.16	595.03	788.56
Retained in business	**333.70**	**553.74**	**785.92**	**1037.74**	**1280.58**
TOTAL VALUE ADDITION DISTRIBUTED	**1727.28**	**2081.73**	**2778.55**	**4105.39**	**5067.93**

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 27th Annual Report together with the audited accounts of your Company for the financial year ended 31st March 2013.

(₹ million)

Particulars	Standalone		Consolidated	
	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2013	Year ended 31st March 2012
Revenue (Net Sales)	15871	13114	16109	13115
Profit Before Depreciation, Interest and taxes	2249	2016	2477	2077
Profit before Tax	1480	1175	1577	1199
Tax Expense	475	368	499	381
Profit After Tax	1005	807	1078	819
Minority Interest	0	0	33	10
Profit after Tax & Minority Interest	1005	807	1045	809
Balance of Profit & Loss brought forward from previous year	1619	1276	1620	1275
Profit available for appropriation	2625	2083	2666	2084
APPROPRIATIONS				
Proposed Dividend	221	184	221	184
Dividend Distribution Tax	36	30	36	30
Transferred to General Reserve	300	250	300	250
Surplus Credited to Balance Sheet	2068	1619	2109	1620

Financial review

(The financial discussion in this section is based on Standalone Financial Statements)

Your Company's continuous endeavour towards meeting soaring customer aspirations with unique and value-added products enabled it to tide over a difficult year. Net sales grew 21% from ₹13114 million to ₹15871 million, a combination of volume growth and value addition. The EBIDTA increased from ₹2016 million in 2011-12 to ₹2249 in 2012-13.

The net profit after tax increased from ₹807 million to ₹1005 million, registering a 25% growth over the previous year. The earnings per share increased from ₹10.97 to ₹13.66 per share during the same period. The book value per share strengthened from ₹38.31 as on 31st March 2012 to ₹48.49 as on 31st March 2013. More importantly, every rupee invested in business delivered superior returns – reflected by the improved return on employed capital.

Dividend

Considering business growth and improved profitability, the Board of Directors recommended 150% dividend on equity shares (₹3 per equity share, face value of ₹2). The Total Payout will be ₹256.56 Million (including dividend distribution tax of ₹35.81 million).

Corporate highlights

Inorganic growth: Your Company acquired a 51% stake in Vennar Ceramics Ltd., Andhra Pradesh having a 2.30 MSM ceramic wall tiles manufacturing facility. The unit commenced production on July 1, 2012 which facilitated your Company strengthen its foothold in the South Indian markets.

Further, your Company acquired a 51% stake in Cosa Ceramics, Gujarat, with an annual capacity of 2.70 MSM double charge vitrified tile – a premium segment. This allows your Company to cater to the well-heeled Western Indian markets with speed and increased product diversity. In addition, our subsidiary Jaxx Vitrified acquired a 2.60 MSM polished vitrified tile plant proximate to its existing facility in April 2013.

Your Company also converted the 3.00 MSM soluble salt (low-end PVT segment) manufacturing line to a glazed vitrified line which will produce polished GVT with nano-finish – a better value added product.

We expect these initiatives will strengthen our capability to provide better shareholder value, going ahead.

Consolidated Financial Statements

In accordance with the Accounting Standards (AS-21) Consolidated Financial Statement are attached and form part of the Annual Report and Accounts.

Accounts of subsidiaries

Pursuant to the general circular no. 1/2011 issued by Ministry of Corporate Affairs, Government of India the Individual accounts of the five subsidiaries of the Company (M/s Soriso Ceramic Private Limited, M/s Jaxx Vitrified Private Limited, M/s Vennar Ceramics Limited, M/s Cosa Ceramics Private Limited and M/s Kajaria Ceramics Addis plc, Ethiopia) for the year ended on 31st March 2013 have not been attached to the Annual Report. However a statement giving information as required by the aforesaid circular is attached to the Annual Report. The Annual Accounts of the subsidiary companies will be available at the registered office of the Company and also at the venue during the Annual General Meeting. The Company shall provide free of cost the copy of Annual Accounts of its subsidiary companies to the shareholders upon their request.

Fixed deposits

The Company did not invite/accept any fixed deposit within the meaning of Section 58A of the Companies Act, 1956, and the rules made there under.

Outlook

The spread of roads, telephones and electricity is driving productivity growth away from the big urban centres to Tier II and Tier III locations – India's 'new urban areas'. Further, as wage growth at the lower end remains robust, goods in the "new urban" consumption basket (which includes tiles) should see robust demand.

About 80%-85% of tile demand is driven by new housing or first-time users, while the balance is derived from replacement. Interestingly, new housing demand is expected to emerge from non-metro locations (smaller urban centres, Tier-II and III towns) while replacement demand is expected to be largely a metro phenomenon.

This new phenomena will significantly expand the opportunity pie for the Indian tiles sector over the coming years.

Growth drivers for the current year

Your Company's growth will be driven by a prudent volume-value play that will strengthen business profitability and facilitate in providing superior shareholder value.

Volume-led: Business volumes will expand with the acquisition of the new plant at Morbi, Gujarat by our subsidiary Jaxx Vitrified. Other volume addition would come from the full year operations of Vennar and Cosa units which operated for only a part of the year in 2012-13.

Value driven: We will continue to move up the tile value pyramid through the following initiatives which we expect will sustain our profitability in 2013-14.

- Sale of double-charge polished vitrified tiles (high value product) from Cosa Ceramics
- Replacement of 3.00 MSM soluble salt PVT capacity by GVT at our Sikandrabad unit – a margin-accretive initiative
- Increasing the proportion of digitally printed tiles by investing in additional digital printing machines

Directors

Mr. R. R. Bagri and Mr. B. K. Sinha, Directors of the Company, will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

In accordance with Article 122 to 124 of the Articles of Association of the Company, Mr. B. K. Sinha, Director –

Technical was appointed for a period of 3 years and his tenure will expire on 30th April 2013. In view of the contribution made by, Mr. B. K. Sinha, Director - Technical, it is proposed to re-appoint for another period of three years w.e.f. 1st April 2013 on revised terms and conditions. His re-appointment is subject to the approval of the members.

The Board recommends their re-appointment.

Brief resumes of the directors being appointed/re-appointed together with other relevant details form part of the Notice of the ensuing Annual General Meeting.

Auditors and their observations

M/s O P Bagla & Co., Chartered Accountants, the auditors of the Company would retire at the ensuing Annual General Meeting. They have confirmed their eligibility under section 224 of the Companies Act 1956 and willingness for re-appointment as statutory auditors of the Company.

The Board of Directors recommends the re-appointment of M/s O P Bagla & Co. as Statutory Auditors from the Conclusion of ensuing Annual General Meeting till the Conclusion of next Annual General Meeting.

The observations of the auditors are suitably explained in the notes on accounts.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and other entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Directors' responsibility statement

Pursuant to Section 217 (2AA) of the Companies Act 1956 as amended, Directors confirm that:

i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures

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 2013 and the profit and cash flow of the Company for the period 31st March 2013.

iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 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.

Corporate Governance Report

The Company has complied with the Corporate Governance requirements as stipulated under the listing agreement with the stock exchanges. A separate section on corporate governance, along with a certificate from the auditors 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 Clause 49 of the Listing Agreement with stock exchanges, is given as a separate section in the Annual Report.

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

Information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (disclosure on particulars in the Report on the Board of Directors) Rules, 1988 is given in Annexure 'I' and forms part of this Report.

Acknowledgement

Your Directors would like to express their appreciation for the assistance and co-operation received from the banks, Government authorities, dealers, end consumers, suppliers and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

For and on behalf of the Board

Place: New Delhi **Ashok Kajaria**

Date: 30th April 2013 Chairman and Managing Director

Annexure 'I' to the Directors' Report

I. Conservation of Energy:

The Energy Conservation efforts in the Company are being pursued on a continuous basis. Close monitoring of power consumption is maintained to minimise wastage and facilitate optimum utilisation of energy. Regular maintenance and repairs of all the equipment and machineries are carried out to ensure optimum efficiency. The Energy Conservation measures taken are -

1) Maintain Power Factor near to Unity for effective utilisation of Grid power and reduction of apparent energy consumption and in conjunction with mitigation/reduction of harmonics by broad band reactors resulting in reduction of apparent as well as active energy consumption.

2) Synchronisation of Gas Gen sets to ensure equal and optimum load sharing for effective utilisation of Gen set capacity and reduction in specific fuel consumption of Gen sets.

3) Installation of latest generation Energy Efficient lighting & equipment and variable frequency drives for lesser energy consumption in motors by exploring their speed, installation of BEE (Bureau of Energy Efficiency) certified electrical items / equipment resulting in savings of Power consumptions.

4) Considerable savings through Open access of Grid in both the Plant.

5) Considerable RLNG (Re-gasified Natural Gas) fuel savings were achieved through increasing the temperature of combustion air by SPR, optimise combustion air/fuel ratio of each burner, optimum utilisation of process control parameters of the products and optimise tile thickness / specific weight of tiles thus reduce the cycle of Kiln and increase the availability of machines and reduction of heat loss.

TECHNOLOGY ABSORPTION

A) Research and Development (R&D)

(i) Specified Areas in which (R&D) carried out by the Company:

Large size Digital wall tiles has been developed in 30x90cm with matching floor tiles , available in gloss , wooden , and satin finish , ideal for any kind of interior. A new product has been developed i.e. in Polished Vitrified category (80X80cm), Solitaire, a series that replicate Italian marble, available in high gloss finish with Nano technology. Also new digital tiles were developed in dimensions of 80x80cm, 60x120cm in Glazed Vitrified category based on different themes and concepts. These products are designed by European designers. The designs were created keeping in mind the ultra modern luxury lifestyles and other concepts. These products are available in different finish i.e Lappato ,Rustic ,Sugar Hone, Stone, Nanotech High gloss.

(ii) Benefits derived as a result of the above R & D

Continuous innovations and coming out with a new products of international standards has helped the Company to be in the forefront among its competitors..

(iii) Future plan of action

1) To Introduce new sizes of Ceramic (Wall & Floor) & Polished/Glazed Vitrified tiles.

2) To update technology as per advancement and competitiveness observed from the Global market.

(iv) Expenditure on (R&D)

(₹ million)

Particulars	2012-13	2011-12
a) Capital	4.55	2.37
b) Recurring	21.15	29.75
Total	25.70	32.12
c) Total R&D expenditure as a percentage of total revenue	0.16	0.24

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1) The company has fully adopted and further updating the latest technology available for producing Vitrified & Ceramic tiles in tune with European / Chinese market of Tiles

2) Our R & D / Technical experts visits Global markets to adopt and update the latest technology available.

3) During the year, the R&D unit at Gailpur Plant has received the recognition certificate from Department of Scientific & Industrial Research (DSIR).

Benefits derived as a result of the above

The company is continuously updating itself to standardise and install required machineries when manufacturing Vitrified and Ceramic tiles. A considerable amount of Energy is being conserved by total use of RLNG in both the Plants (at Sikandrabad / Gailpur), and innovation in controlling the Natural Mineral Resources by using recycled waste.

TECHNOLOGY IMPORTED

Process of technology	Monocuttura	Monoporosa	Vitrified
Year of import	1988	1994	2010
Has technology been Fully absorbed	YES	YES	YES

SOCIAL & COMMUNITY WELFARE

Business growth and societal progress go hand in hand. As a successful company, we believe in sharing what we create. Towards that end, we continued to implement initiatives and demonstrate our corporate social responsibility. We focused on higher education, granting scholarships, improving infrastructure and maintaining higher standards of living, among others.

We also value the scare natural resources i.e Water & Raw materials and thus using efficiently by recycling & reusing them regularly.

Company has a long and strong tradition of supporting its surrounding communities like Govt. Schools, NGO's, Ashram, Dharamshala, Medical camps, Contribution to Help age India, Child and woman care centre, Sai Help Age Foundation and help care societies by providing Funds, Facilities, Education fees to economically weaker sections.

FOREIGN EXCHANGE EARNING AND OUTGO

(₹ million)

	2012-13	2011-12
Earned:		
Exports (FOB)	132	129
Spent:		
Imports (CIF)		
Capital goods	130	93
Raw Material	64	178
Stores & Spares	168	175
Traded Goods	1753	2120
Others (on accrual basis)	40	26

For and on behalf of the Board of Directors

Place: New Delhi
Date: 30th April 2013

Ashok Kajaria
Chairman and Managing Director

Corporate Governance Report

I. The Company's philosophy on Corporate Governance

INVESTORS STAYED INVESTED IN THE COMPANIES THAT DEMONSTRATE PERFORMANCE ON A SUSTAINED BASIS. SUSTAINED PERFORMANCE CAN NOT BE ACCIDENTAL – CORPORATE GOVERNANCE PRACTICE OF AN ORGANISATION IS ONE OF ESSENTIAL REQUIREMENTS FOR ASSURED PERFORMANCE ON A CONTINUOUS BASIS.

At Kajaria, Corporate Governance is a way of life rather than a mere legal compulsion. We have a set of systems and practices to ensure that affairs of the Company are being managed in a way to have accountability, transparency, and fairness in all its transactions in the widest sense and meet its shareholders aspirations and societal expectations. We keep our Corporate Governance practices under continuous review and benchmark ourselves to the best practices.

In Accordance with Clause 49 of the Listing Agreement, the report containing the Corporate Governance Policies and Practices adopted by the Company for the financial year 2012-13 is as under:

II. Board of Directors

Composition

The Company is managed by the Board consisting of optimum Combination of Executive and Non- Executive Directors, which primarily takes care of the business needs and shareholders' interest. As on 31st March 2013 the Company has 8 Directors on its Board, of which 4 Directors are Independent. The Composition of the Board is in conformity with the Clause 49 of the Listing Agreement.

The Independent directors are eminent and experienced professionals drawn from the fields of business, finance, and public entrepreneurs. None of the Directors on the Board is a director of more than 15 public companies and member of more than 10 Committees and Chairman of more than 5 Committees

MEETINGS, AGENDA, ATTENDANCE AND PROCEEDINGS OF THE BOARD MEETING

The Board meets at least once in every quarter to review the quarterly financial results and other items on Agenda. Additional meetings are held when necessary. During the financial year ended 31st March 2013, Five Board Meetings were held and the gap between two Board Meetings did not exceed four months. The Date on which the Board Meetings were held are as follows:

27.04.2012, 13.07.2012, 16.10.2012, 21.01.2013 & 21.02.2013

The details of composition of the Board, nature of directorship, Number of directorships in other companies, Chairmanship/ Membership of the Committee of each director in other Companies, attendance of the Directors at Board Meeting and Last Annual General Meeting are given below:

Name	Nature of Directorship	Board Meeting attended	Annual General Meeting attended	Directorship* in other companies	Committee Chairman Ship	Committee Membership**
Mr. Ashok Kajaria	Chairman & Managing Director (Executive)	5	Yes	3	—	2
Mr. Chetan Kajaria	Joint Managing Director (Executive)	5	Yes	2	—	1
Mr. Rishi Kajaria	Joint Managing Director (Executive)	5	Yes	3	—	—
Mr. R. K. Bhargava	Director (Independent Non Executive)	5	Yes	4	5	4
Mr. R. R. Bagri	Director (Independent Non Executive)	4	Yes	3	3	3
Mr. D. P. Bagchi	Director (Independent Non Executive)	5	Yes	9	1	5
Mr. H. Rathnakara Hegde	Director (Independent Non Executive)	3	Yes	4	—	3
Mr. B. K. Sinha	Director- Technical (Executive)	1	No	—	—	—

* Excluding the directorship held in private limited companies, foreign companies and companies incorporated under section 25 of the Companies Act 1956.

** for this purpose only the membership / chairmanship in Audit Committee, Share Transfer cum Investor Grievances Committee in all Public Limited Companies has been considered.

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

There is no relationship between any of the Independent Directors.

Mr. R. R. Bagri and Mr. B. K. Sinha, Directors of the Company, will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

In accordance with Article 122 to 124 of the Articles of Association of the Company, Mr. B. K. Sinha, Director – Technical was appointed for a period of 3 years and his tenure will expire on 30th April 2013. In view of the contribution made by, Mr. B. K. Sinha, Director - Technical, it is proposed to re-appoint him for another period of three years w.e.f. 1st April 2013 on the revised terms and conditions. His re-appointment is subject to the approval of the members.

The Board recommends their re-appointment.

Brief resumes of the directors being appointed/re-appointed together with other relevant details form part of the Notice of the ensuing Annual General Meeting.

AGENDA

All the meetings are conducted as per well designed and structured Agenda. Dates of Board Meetings are informed

well in advance and communicated to the Directors. All the agenda Items are backed by necessary supporting documents and information to enable the Board to take the informed decision. The Board has complete access to all information within the Company including the information as per clause 49 of the Listing Agreement.

The Board Periodically reviews compliance reports of all laws applicable to the Company. The Steps are taken by the Company to rectify the instances of non-compliance, if any.

POST MEETING ACTION

Post Meetings, all the important decisions taken at the meeting are communicated to the concerned officials and departments. Action Taken Report is prepared and reviewed by the Company Secretary and reported to the Board.

III. Audit Committee

As on March 31 2013, the Audit Committee comprises of following members:

Name	Status	No. of Meetings Attended
Mr. R. K. Bhargava	Chairman	4
Mr. R. R. Bagri	Member	4
Mr. Ashok Kajaria	Member	4
Mr. H. Rathnakara Hegde	Member	3

During the year under review, the Audit Committee met four times i.e. 27.04.2012, 13.07.2012, 16.10.2012 and 21.01.2013.

All members of the committee possess the sound knowledge of accounts, audit, banking, finance, internal controls.

Mr. R. C. Rawat, Sr. Vice President (A&T) & Company Secretary is the Secretary of the Audit Committee. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

Terms of Reference

Audit Committee of the Board is entrusted with the powers and role that are in accordance with Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act 1956. The Role of Audit Committee inter alia includes the following:

a) Overview of the Company's financial reporting process and disclosure of its financial information;

b) Recommending the appointment/removal of statutory auditors, fixation of audit fee, discussion about the nature and scope of audit, and approval of payment of fees for any other service rendered by statutory auditors;

c) Reviewing with the management, the quarterly, half yearly and annual financial statements before submission to the Board;

d) Reviewing the internal audit reports and report of the Statutory Auditors with the management.

e) Reviewing the adequacy of the internal control system of the company, compliance with the Company's policies and applicable laws and regulations;

f) Reviewing the Company's financial and risk management policies.

g) 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.

h) Reviewing the Management Discussion and Analysis of Financial Condition and results of Operations.

i) Reviewing the statements of significant related party transactions.

IV. Remuneration Committee

Remuneration committee comprises of the four directors. During the year under review, the Committee met once on 27.04.2012. The details of the meetings attended by the directors are as follows:

Name of the Director	Category	No. of Meetings Attended
Mr. Ashok Kajaria	Chairman	1
Mr. R. K. Bhargava	Member	1
Mr. R. R. Bagri	Member	1
Mr. D. P. Bagchi	Member	1

The terms of reference to this Committee include:

- The Remuneration Committee is empowered to review and recommend to the Board of Directors, remuneration and commission of Executive Directors and other senior executives of the Company..
- Fees payable to the non executive Directors for meetings of the Board and/or various committees attended

The details of remuneration paid to directors during the financial year ended 31st March 2013 is as under:

(₹ million)

S No.	Name of Directors	Salary	Perquisites & other Benefits	Commission	Sitting fees	Total
1	Mr. Ashok Kajaria	12.36	9.68	14.50	-	36.54
2	Mr. Chetan Kajaria	10.20	7.99	14.50	-	32.69
3	Mr. Rishi Kajaria	10.20	7.99	14.50	-	32.69
4	Mr. B. K. Sinha	2.34	1.60	-	-	3.94
5	Mr. R. R. Bagri	-	-		0.30	0.30
6	Mr. R. K. Bhargava	-	-		0.20	0.20
7	Mr. D. P. Bagchi	-	-		0.12	0.12
8	Mr. H. Rathnakara Hegde	-	-		0.12	0.12

The Company has not issued any Stock options to any director during the year.

The Number of shares held by Non- Executive Directors as on 31.03.13 are as follows:

S.No.	Name of Non-Executive Director	No. of Shares held as on 31.03.13
1	Mr. R. K. Bhargava	14296
2	Mr. R. R. Bagri	22000
3	Mr. D. P. Bagchi	NIL
4	Mr. H. Rathnakara Hegde	NIL

V. Share Transfer and Investors Grievance Committee

The Committee administers the redressal of shareholders and investors grievance like transfer of shares, non receipt of balance sheet, dividend, and approval of transfer of shares, subdivision, transmission, issue of duplicate share certificates etc. During the year Six Share Transfer cum Investor Grievances Committee Meetings were held on 19.04.2012, 23.06.2012, 13.07.2012, 29.09.2012, 31.12.2012 and 28.03.2013. The details of the meetings attended by the directors are as follows:

Name of the Director	Category	No. of Meetings Attended
Mr. R. R. Bagri	Chairman	6
Mr. Ashok Kajaria	Member	6
Mr. Chetan Kajaria	Member	6

Mr. R. C. Rawat, Sr. V. P. (A&T) & Company Secretary is the Compliance Officer of the Company.

During the year 38 complaints were received. All the queries and complaints received during the financial year ended 31st March 2013 were duly addressed and no queries are pending for reply on that date except where the Registrar & Transfer Agent is constrained by dispute or legal impediment or due to incomplete or non-submission of documents by the shareholders.

VI. Project Management Committee

The Company has a Project Management Committee of Board of Directors to review the expansion/Capital investments. During the year under review, the Committee has not met.

VII. General Body Meetings

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

Year	Date	Time	Venue
2010	21.08.2010	12.00 Noon	A- 27 & 28, Sikandrabad Indl Area, Sikandrabad, Distt Bulandshahr, (U P)
2011	02.06.2011	12.00 Noon	-do-
2012	13.07.2012	12.00 Noon	-do-

b) **POSTAL BALLOT:** During the year, no postal Ballot process was undertaken.

VIII. Disclosures

a) Disclosure on materially significant related party transactions:

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 (AS18) has been made under note No.42 of the Annual Accounts.

b) The Company has followed all relevant accounting standards notified by the Companies Accounting Standards Rules 2006 and relevant provisions of the Companies Act 1956 while preparing its financial statements.

c) 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.

d) DETAILS OF COMPLIANCE WITH NON – MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT.

The status of Compliance with Non- Mandatory requirements of clause 49 of the Listing Agreement is provided below:

i) Tenure of Independent Director : No Maximum tenure for the independent director has been specifically determined.

ii) Remuneration Committee : The Board has set a remuneration committee for which details have been provided in this report under clause IV above.

iii) Shareholders' Right : As the quarterly and half yearly performance are published in the newspapers and are also posted on the Company's Website, the same are not being sent separately to the shareholders.

iv) Audit Qualification : The Company's financial statement for the year 2013 does not contain any audit qualification

v) Training of the Board Members: The Board Members are well experienced to perform their role best suited to the Business. The Board Members are fully updated on all the new initiatives proposed by the Company, developments in the domestic / global corporate and industry scenario, changes in statutes / legislation & economic environment and critical business issues. On the matters of specialized nature, the Company engages outside experts / consultants for presentation and discussion with the Board Members.

vi) Whistle Blower Policy

The Company has framed a mechanism which allows any employee to approach the Management without informing his supervisor to report about the unethical behavior, or fraud or violation of Company's Code of Conduct. This mechanism also provides the adequate safeguard against the victimization of such employee.

vii) The Board of directors has laid down a Code of conduct for all the Board Members and all the senior management personnel of the Company. The Code covers amongst other things the Company's commitment to honest & ethical personal conduct, fair competition, health & safety, transparency and compliance of laws regulations etc. The Code of Conduct is posted on the website of the Company. All the Board Members and senior management personnel have confirmed compliance with the code. A declaration to that effect signed by Chairman and Managing Director is attached and forms part of Annual Report of the Company.

viii) Prevention of Insider Trading

As per the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations) 1992 as amended till date, the Company has formulated and implemented the code of conduct for prevention of insider trading. The Code of Conduct for prevention of Insider Trading, inter alia, prohibits purchase/ sale of shares of the Company by employees while in possession of un-published price sensitive information in relation to the Company. The necessary procedures have been laid down for Directors, designated employees, connected persons and persons deemed to be connected for trading in securities of the Company.

The said Code of Conduct is available on the Company's Website.

e) Chairman and Managing Director and Sr. V.P. (A&T) & Company Secretary, of the Company have given the "CEO/CFO Certification" to the Board of Directors in accordance with Clause 49 of the Listing Agreement.

IX. Means of Communication

The quarterly, half yearly and annual financial results of the Company are sent to the stock exchange immediately after these are approved by the Board.

These are widely published in the Economic Times, The Financial Express / Business Standard, Jansatta and other newspapers.

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

The official press release and presentation made to institutional Investors / Analysts, if any, are also available on the Company's Website.

Financial Year 2013

First Quarter Results	July 2012
Second Quarter/ Half Year Results	October 2012
Third Quarter / Nine Months Results	Jan 2013
Fourth Quarter /Annual Results for the year ending 31st March 2013	April 2013

X. General Share Holders Information

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

Annual General Meeting (Financial Year 2012-13):

Date	Time	Venue
4th June 2013	12.00 Noon	A-27 & 28, Sikandrabad Indl Area, Sikandrabad, Distt Bulandshahr, (U P)

ii) Next Dates of Book closure : 24th May 2013 to 4th June 2013 (both days inclusive)

iii) Dividend

The Board of Directors at its meeting held on 30th April, 2013 recommended a dividend of ₹ 3 per share subject to the approval of the shareholders at the ensuing Annual General Meeting, which will be paid / dispatched within stipulated time.

Details of the dividend declared and paid by the Company for the last 5 years are as follows:

Year	Percentage	In ₹ per Share	Dividend Amount (₹ in million)
2007-08	10	0.20	14.72
2008-09	10	0.20	14.72
2009-10	50	1.00	73.58
2010-11	100	2.00	147.17
2011-12	125	2.50	183.96

iv) Unpaid / Unclaimed Dividend :

All the unpaid / unclaimed dividend upto the financial year 2004-05 have been transferred to Investor Education and Protection Fund. 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 2005-06 is due to be transferred to the investor education and protection fund.

v) Listing on Stock Exchanges:

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

BSE/NSE listing fees for the financial year 2013-14 has been paid.

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

vii) Market Price Data : Monthly High and Low quotation of shares traded on Mumbai/National Stock Exchange during the year 2012-13: -

	BSE		NSE	
Months	High	Low	High	Low
April, 2012	190.80	165.3	191.00	165.00
May, 2012	188.90	154.00	188.90	153.10
June, 2012	169.00	153.00	168.00	152.20
July, 2012	181.00	163.15	181.00	162.80
August, 2012	182.00	165.00	182.05	160.60
September, 2012	202.85	168.10	204.00	162.05
October, 2012	223.65	197.00	220.00	190.50
November, 2012	257.85	210.00	258.25	210.00
December, 2012	261.40	227.20	261.00	221.55
January, 2013	241.95	209.00	240.90	202.05
February, 2013	219.90	196.00	218.05	196.00
March, 2013	202.20	174.00	209.80	175.10

viii) Registrar & Share Transfer Agent

MCS Limited
F- 65, 1st Floor, Okhla Industrial Area, Phase I,
New Delhi – 110020
Ph. No. : 91-11-41406149-52 : Fax No.: 91-11-51709881

ix) Share Transfer System

M/s MCS Limited is the Registrar and Transfer Agents for handling the share registry work relating to shares held in physical and electronic form at single point. The applications and request received by Registrar and Share

Transfer Agent for 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 under the Companies Act 1956 and the Listing Agreement. A Summary of all the transfers, transmissions, deletion requests etc approved by the share transfer and investors' grievance committee is placed before the Board of Directors from time to time.

x) Distribution of Shareholding as on 31st March 2013

SHAREHOLDING PATTERN OF THE COMPANY AS ON 31.03.2013

	Category	No.Of Shares Held	Percentage Of Shareholding
1	Indian Promoters	39371815	53.51%
2	Mutual Funds and UTI	2263630	3.08%
3	Bank, Financial Institutions,	110490	0.15%
4	FII's	11505970	15.63%
5	Private Corporate Bodies	7174320	9.75%
6	Indian Public	12213081	16.60%
7	NRI's /OCB's	943083	1.28%
8	Any other (Trust & Foundation)	1191	0.00%
	GRAND TOTAL	**73583580**	**100.00%**

Range Wise Distribution is as follows:

	No. of Shareholders		No. of Shares	
Range	Total	% of shareholders	Total	% of share capital
1-500	9789	76.03%	1758349	2.39%
501-1000	1466	11.39%	1188767	1.62%
1001-2000	730	5.67%	1084206	1.47%
2001-3000	264	2.05%	662338	0.90%
3001-4000	94	0.73%	329101	0.45%
4001-5000	108	0.84%	508821	0.69%
5001-10000	124	0.96%	880461	1.20%
10001 and above	301	2.33%	67171537	91.28%
Total:	**12876**	**100%**	**73583580**	**100%**

xi) Dematerialization of Shares and liquidity

The Company's equity shares are in compulsorily DEMAT mode. In order to enable the shareholders to hold their shares in electronic form and to facilitate script less trading, the Company has enlisted its shares with National Securities Depository Limited and Central Depository Service (India) Ltd.

As on 31st March 2013, 97.28% shares of the Company have been dematerialized.

xii) Outstanding GDRs / ADRs / Warrants or other Convertible Instruments

The Company has not issued any GDR/ADR Warrants or other convertible instruments, which are pending for conversion.

xiii) Your company has not obtained any public funding in last three years.

xiv) Other Information

a) Corporate Identification Number (CIN NO.) - L26924UP1985PLC007595

b) Secretarial Audit for Capital Reconciliation -

Secretarial Audit for Capital Reconciliation is carried out at every quarter and the report thereon is submitted to the stock exchange and is also placed before the Board of Directors. The Audit Report inter alia confirms that the total listed and paid up capital of the company is an agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and in physical form.

xv) Plant Locations

The two plants of the Company are located at the following addresses:

- A-27 & 28, Sikandrabad Industrial Area, Sikandrabad, Distt Bulandshahr, (U P).
- 19 Km Stone, Bhiwadi – Alwar Road, Village Gailpur, Distt Alwar, (Rajasthan).

xvi) Subsidiary Company

The company does not have any material non-listed subsidiary Company as defined in clause 49 of the Listing Agreement.

As on 31st March 2013, the Company has following five subsidiary Companies which do not fall in the category of material non- listed company:

i. M/S SORISO CERAMIC PRIVATE LIMITED

Registered Office & Factory
8-A, National Highway,
Lakhdhipur oad, R
Morbi, Gujarat, 363642

ii. M/S JAXX VITRIFIED PRIVATE LIMITED
Registered office
SN-72/P1 & 72/P2
Timbadi, Morbi
Gujarat – 363642

iii. M/S VENNAR CERAMICS LIMITED,
Registered Office
Plot No. 153, Sitha, Nilayam,
Dwarakapuri Colony, Panjagutta,
Hyderabad 500082

iv. M/S COSA CERAMICS PRIVATE LIMITED
Registered Office
Lakhdhirpur Road, Nr GSPC Gas Terminal,
Morbi, Gujarat– 363 642

v. M/S KAJARIA CERAMICS ADDIS PLC
House No. 640
Kirkos Sub-City Kebere 20,
Addis Ababa, Ethiopia

xvii) Address for Correspondence

Registered Office:
Kajaria Ceramics Ltd
A-27 & 28, Sikandrabad Indl Area
Sikandrabad, Distt Bulandshahr (U P)

Corporate Office:
Kajaria Ceramics Ltd
J-1/B-1 (Extn), Mohan Co-operative Indl Estate
Mathura Road, New Delhi-110044
Phone: 91-11-26946409 Fax: 91-11- 26946407

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

xviii) Certificate related to code of conduct to Directors/ Senior Management

In Accordance with clause 49 of the Listing Agreement with stock exchange, 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 of Directors

Place: New Delhi
Date: 30th April 2013

Ashok Kajaria
Chairman and Managing Director

Annexure to the Corporate Governance Report

1. Mr. R. R. Bagri

Mr. R. R. Bagri is B.Sc. (Engg.), M.S. (Sans) & FIPHE (New York). He has formally served M/s Geo Miller & Co. P. Ltd. as Sr. Project Engineer from 1967 to 1972 a leading designers and contractors in the field of Public Health Engineering. Since June 1972, he is Managing Director of Clear Water Ltd., a company specializing in setting up projects Turnkey Basis in the field of Public Health Engineering. He has joined the Board of Directors of the Company on 21st January, 2000. He is refined Industrialist and expert in the field of Engineering and Finance.

He is holding 22000 equity shares of the Company as on 31st March 2013.

Directorships in other Public Limited Companies:

S.No.	Name of Company	Position
1	Clear Water Limited	Managing Director
2	Faridabad Paper Mills Limited	Director
3	APM Industries Limited	Director

2. Mr. B. K. Sinha

Mr. B. K. Sinha is B.Tech (IIT Kanpur), PGDM (AIMA). He started his career as Graduate Engineer with Hindustan Sanitaryware and subsequently served with Orient Ceramics, Somany Tiles as General Manager (Production), Asian Granito as Senior Vice President, and Kaneria Granito as Technical Director. He has rich experience of about 40 years in the field of tiles production, quality control, R&D, technology transfer, standardization, projects, training and organization development etc. He has been appointed as Director-Technical W.e.f 1st May 2010.

He is not holding any shares in the Company, as on 31st March, 2013

Directorships in other public limited Companies: NIL

Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement (s)

To

The Members of Kajaria Ceramics Ltd,

We have examined the compliance of conditions of Corporate Governance by Kajaria Ceramics Ltd for the year ended 31st March 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management.

Our examination was limited to review the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer and Investors Grievance Committee.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For O P Bagla & Co
Chartered Accountants

Atul Bagla
PARTNER
M No. 91885

Place: New Delhi

Date: 30/04/2013

FIRM REGN. NO. : 000018N

Corporate Information

BOARD OF DIRECTORS

Mr. Ashok Kajaria	(Chairman & Managing Director)
Mr. Chetan Kajaria	(Joint Managing Director)
Mr. Rishi Kajaria	(Joint Managing Director)
Mr. B. K. Sinha	(Director- Technical)
Mr. R. K. Bhargava	(Independent Director)
Mr. D. P. Bagchi	(Independent Director)
Mr. R. R. Bagri	(Independent Director)
Mr. H. Rathnakara Hegde	(Independent Director)

Mr. R. C. Rawat	Sr. VP (A&T) & Company Secretary
Mr. Sanjeev Agarwal	VP (Finance & Corporate Strategy)

COMMITTEE OF THE BOARD

AUDIT COMMITTEE

Mr. R. K. Bhargava	Chairman
Mr. Ashok Kajaria	Member
Mr. R. R. Bagri	Member
Mr. H. Rathnakara Hegde	Member

SHARE TRANSFER AND INVESTORS GRIEVANCES COMMITTEE

Mr. R. R. Bagri	Chairman
Mr. Ashok Kajaria	Member
Mr. Chetan Kajaria	Member

REMUNERATION COMMITTEE

Mr. Ashok Kajaria	Chairman
Mr. R. K. Bhargava	Member
Mr. R. R. Bagri	Member
Mr. D. P. Bagchi	Member

PROJECT MANAGEMENT COMMITTEE

Mr. Ashok Kajaria	Chairman
Mr. Chetan Kajaria	Member
Mr. Rishi Kajaria	Member
Mr. R. R. Bagri	Member

REGISTERED OFFICE

A-27 & 28, Sikandrabad Industrial Area, Sikandrabad, Distt. Bulandshahr, (U.P.)

CORPORATE OFFICE

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

WORKS

1. A-27 & 28, Sikandrabad Industrial Area, Sikandrabad, Distt. Bulandshahr, (U.P.)
2. 19 km Stone, Bhiwadi- Alwar Road, Village Gailpur, Distt Alwar (Rajasthan)

SUBSIDIARIES

1. M/S Soriso Ceramic Private Limited
2. M/S Jaxx Vitrified Private Limited
3. M/S Vennar Ceramics Limited
4. M/S Cosa Ceramics Private Limited
5. M/S Kajaria Ceramics Addis Plc

AUDITORS

M/s O. P. Bagla & Co., Chartered Accountants

BANKERS

State Bank of India

IDBI Bank

HDFC Bank Limited

Canara Bank

State Bank of Mysore

Oriental Bank of Commerce

REGISTRAR & SHARE TRANSFER AGENT

M/s MCS Limited

F-65, 1st floor, Okhla Industrial Area, Phase I,

New Delhi-110020

Ph. No.: 91-11-41406149-52 Fax No.: 91-11-51709881

SHARES LISTED AT

National Stock Exchange Limited

The Bombay Stock Exchange Limited

Financial section

Independent Auditor's Report

To the Members of

KAJARIA CERAMICS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **KAJARIA CERAMICS LIMITED** ('the Company'), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;

(ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) order 2004 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
   i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   ii) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   iii) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   iv) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
   v) on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

(Atul Bagla)
Partner
Membership No. 91885

Place : New Delhi
Dated : 30 April, 2013

Annexure to the Auditor's Report

Annexure referred to in Paragraph 1 of the Auditors' Report on Accounts for the year ended 31st March, 2013

1. a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.

   b) As explained to us, all the 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. No material discrepancies were noticed on such physical verification.

   c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.

2. a) Physical verification has been conducted by the management at reasonable intervals in respect 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.

   b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of these stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

   c) In our opinion the Company is maintaining proper records of inventories. The discrepancies noticed on such verification between the physical stocks and book records were not significant and the same has been properly dealt with in the books of account.

3. The Company has not granted any loan to Companies, firms or other parties covered in the register maintained under section 301 of the Act, except loans of ₹216.77 million given to four Subsidiary Companies. As per the information and explanations given to us, the terms and conditions of the loan are not Prima facie prejudicial to the interest of Company. There are no overdue balances outstanding in relation to the loans as on 31.03.2013.

4. The Company has not taken any loan from companies, firms or other parties covered in the register maintained under section 301 of the Act.

5. In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and with regard to the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

6. a) In our opinion and according to information and explanations given to us the transactions that needed to be entered in the register maintained under section 301 of the Act have been entered in the register.

   b) In our opinion, the transactions made in pursuance of contracts/ arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹500,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.

7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

8. In our opinion and according to the information and explanations given to us, the Company has adequate internal audit system commensurate with its size and nature of its business.

9. The central government has prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the

opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.

10. a) As per information and explanations given to us the Company has been regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, Octroi, Entry Tax and other statutory dues with the appropriate Authorities. There are no undisputed statutory dues at the year end outstanding for a period of more than six months from the date they become payable.

    b) We have been informed that disputed demands of ₹57.11 million in respect of Sales Tax and Service Tax are pending in appeals with the Commissioner Appeals/ High Court as per details below:

Particulars	Amt Demanded (₹)	Remarks
Entry Tax	55,538,311	Appeal pending with Supreme Court
Service Tax	346,927	Appeal pending with High Court, Rajasthan
Sales Tax Cases	1,224,155	Appeal pending before Commissioner (Appeals)

11. There are no accumulated losses of the company as at the end of the year. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

12. 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 dues to the Financial Institutions, banks or debenture holders as at the year end.

13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence paragraph 4 (xii) of the order is not applicable.

14. In our opinion, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable to the Company.

15. According to information and explanations given to us the Company has not given any guarantee for loan taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.

16. According to the information and explanations given to us the term loans taken by the Company have been applied for the purposes for which the loans were obtained.

17. According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short term basis have not been utilized for long term investment.

18. During the year the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained u/s 301 of the Companies Act 1956. As such paragraph 4 (xviii) of the order is not applicable.

19. Since the Company has not raised money by way of Public Issue during the year paragraph 4 (xx) of the order is not applicable.

20. Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31.03.2013.

21. Other clauses of the order are not applicable to the Company for the year under report.

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

(Atul Bagla)
Partner
Membership No. 91885

Place : New Delhi
Dated : 30 April, 2013

Balance Sheet as at 31 March, 2013

	Note	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	147.17	147.17
Reserves and Surplus	3	3,420.68	2,671.80
		3,567.85	2,818.97
Non-current Liabilities			
Long-term borrowings	4	278.71	709.98
Deferred tax liabilities	5	638.59	636.28
Long-term provisions	6	87.32	62.24
		1,004.62	1,408.50
Current liabilities			
Short-term Borrowings	7	1,425.78	1,038.00
Trade payables	8	1,558.98	1,678.12
Other current liabilities	9	965.90	1,111.18
Short-term provisions	10	336.41	288.17
		4,287.07	4,115.47
TOTAL		**8,859.54**	**8,342.94**
ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	11	4,630.00	4,674.88
Intangible assets	12	17.06	15.79
Capital Work-in-Progress		68.46	17.60
Non-current investments	13	371.56	123.52
Long-term loans and advances	14	362.19	157.86
		5,449.28	4,989.65
Current Assets			
Inventories	15	1,765.30	1,757.82
Trade receivables	16	1,365.81	1,157.38
Cash and bank balances	17	27.94	58.96
Short-term loans and advances	18	246.25	377.48
Other current assets	19	4.96	1.65
		3,410.26	3,353.29
TOTAL		**8,859.54**	**8,342.94**
Significant Accounting Policies	1		

The accompanying Notes 1 to 45 form an integral part of these financial statements.

In terms of our report of even date annexed

For **O. P. Bagla & Co.**
Chartered Accountants

Atul Bagla
Partner
Membership No.: 91885

Place: New Delhi
Dated: 30 April, 2013

For and on behalf of the Board

D. P. Bagchi
R. K. Bhargava
R. R. Bagri
H. Ratnakara Hegde
Directors

Ashok Kajaria
Chairman & Managing Director

Chetan Kajaria
Rishi Kajaria
Jt. Managing Directors

R. C. Rawat
Sr. Vice President (A & T) & Company Secretary

Statement of Profit and Loss for the year ended 31 March, 2013

	Note	Year ended 31.03.2013 ₹ in million	Year ended 31.03.2012 ₹ in million
Revenue:			
Revenue from Operations	20	17,072.62	14,017.57
Less : Excise Duty		1,190.61	889.70
		15,882.01	13,127.87
Other Income	21	34.23	11.33
Total Revenue		**15,916.24**	**13,139.20**
Expenses:			
Cost of Materials Consumed	22	2,867.25	2,862.79
Purchases of Stock in Trade		5,787.46	4,117.75
Changes in Inventories	23	(49.10)	(154.71)
Employee benefits Expense	24	1,221.30	1,036.57
Finance costs	25	354.77	469.82
Depreciation and amortization expenses	11 & 12	383.63	370.77
Other Expenses	26	3,840.21	3,261.03
Total Expenses		**14,405.52**	**11,964.02**
Profit before exceptional and extraordinary items & tax		**1,510.72**	**1,175.18**
Exceptional/Extraordinary items			
Provision for loss in subsidiary (Refer Note. 38)		(30.33)	–
Profit before tax		**1,480.39**	**1,175.18**
Tax expense:			
Current tax			
Current year		451.40	320.00
Earlier years		21.23	13.66
Deferred tax			
Current year		2.31	34.37
Profit for the Period		**1,005.45**	**807.15**
Basic/Diluted Earnings per equity share (₹)		13.66	10.97
Significant Accounting Policies	1		

The accompanying Notes 1 to 45 form an integral part of these financial statements.

In terms of our report of even date annexed

For **O. P. Bagla & Co.**
Chartered Accountants

Atul Bagla
Partner
Membership No.: 91885

Place: New Delhi
Dated: 30 April, 2013

For and on behalf of the Board

D. P. Bagchi
R. K. Bhargava
R. R. Bagri
H. Ratnakara Hegde
Directors

Ashok Kajaria
Chairman & Managing Director

Chetan Kajaria
Rishi Kajaria
Jt. Managing Directors

R. C. Rawat
Sr. Vice President (A & T) & Company Secretary

Notes on Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

I. Basis of Accounting:

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with the requirements of the Companies Act, 1956.

II. Income and Expenditure:

Accounting of Income & Expenditure is done on accrual basis.

III. Tangible, Intangible Assets & Depreciation:

a) Fixed assets are stated at their original cost of acquisition inclusive of inward freight, duties and expenditure incurred in the acquisition, construction/installation. CENVAT/ VAT credit availed on capital equipment is accounted for by credit to respective fixed assets.

b) In case of assets acquired out of foreign currency loans, the increase/decrease in liability on account of fluctuation in exchange rates has been charged to Profit & Loss Account.

c) Depreciation is charged on Straight Line Method at the rates provided in Schedule XIV of the Companies Act, 1956. Continuous process plant as defined in Schedule XIV has been considered on technical evaluation. In case of assets of sale outlets of dealers, depreciation is charged @ 20% on SLM basis. Assets costing upto ₹5,000/- are fully depreciated in the year of purchase.

IV. Investments:

Long term investments are stated at cost.

V. Inventories:

Inventories are valued on the following basis:

a) Stores and Spares - at moving weighted average basis.

b) Raw Materials - at moving weighted average basis.

c) Work-in-Process - at estimated cost

d) Finished Goods - at lower of cost or estimated realisable value.

e) Stock in trade - at lower of cost or estimated realisable value.

f) Material in Transit – at cost.

VI. Excise & Custom Duty:

a) Custom Duty is accounted for at the time receipt of goods in custom warehouse.

b) CENVAT Credit, to the extent availed, is adjusted towards cost of materials.

VII. Sales

Sales are inclusive of excise duty and after deducting VAT and discounts.

VIII. Foreign Currency Transactions:

a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates, except in cases covered by forward exchange contracts.

c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

IX. Employee Benefits:

a) Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

b) Gratuity liability has been provided on the basis of actuarial valuation.

Notes on Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

X. Research & Development:

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

XI. Provision, Contingent Liabilities and Contingent Assets:

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

XII. Government grants and subsidies:

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

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

XIII. Dividend received is accounted for as and when it is declared.

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

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
2. SHARE CAPITAL		
Equity Share Capital		
Authorised		
125,000,000 (125,000,000) Equity Shares of par value of ₹2/- each	250.00	250.00
10,00,000 (10,00,000) Preference of Shares of par value of ₹100/- each	100.00	100.00
	350.00	**350.00**
Issued, Subscribed & Paid up		
73,583,580 (73,583,580) Equity Shares of par value of ₹2/- each fully paid up in cash	147.17	147.17
	147.17	**147.17**

a) The Company has not issued any shares during the year.

b) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

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

Name of Shareholder	No. of Shares	% of Shareholding
Kajaria Exports Ltd.	15,283,545	20.77%
Kajaria Securities Pvt. Ltd	6,611,905	8.99%
Pearl Tile Marketing Pvt. Ltd.	5,080,240	6.90%
Cheri Ceramics Pvt. Ltd	5,058,385	6.87%
HSBC Bank (Mauritius) Ltd. A/c Jawalamukhi Investments Holdings	5,777,005	7.85%
Bengal Finance & Investment Pvt. Ltd	4,004,427	5.44%

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

Notes on Accounts

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
3. RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	142.35	142.35
General Reserve		
Balance b/f	860.33	610.33
Add : Transferred During the Year	300.00	250.00
	1,160.33	**860.33**
Capital Redemption Reserve		
As per last Balance Sheet	50.00	50.00
Surplus		
As per last Balance Sheet	1,619.11	1,275.77
Add : Net Profit after Tax tfrd from Statement of Profit & Loss	1,005.45	807.15
Less : Proposed Dividend on Equity Shares	220.75	183.96
[Dividend per share ₹3 (Previous year ₹2.50)]		
Less : Corporate Dividend Tax	35.81	29.84
Less : Transfer to General Reserve	300.00	250.00
	2,068.00	**1,619.12**
	3,420.68	**2,671.80**

4. LONG-TERM BORROWINGS		
A. TERM LOANS		
From Banks		
- Secured	259.00	700.99
From Other Parties		
- Secured	19.71	8.99
	278.71	**709.98**

NOTES :

1. Term loans from Banks are secured by 1st charge on immovable and movable assets (present and future) of the Company situated at Sikandrabad Industrial Area (U P) and Village Gailpur (Rajasthan) (subject to prior charges on movables in favour of banks) ranking pari-pasu with the charges created in favour of participating Banks and further guaranteed by the Managing Director of the Company.
2. Loan from others parties are secured against respective assets financed.
3. The term loans are repayable generally over a period of three to five years after a moratorium period of one to two years in installments as per the terms of the respective agreements.

5. DEFERRED TAX LIABILITY		
As At 1st April 2012	636.28	601.91
Add : Additional adjustment for current year	2.31	34.37
As at 31st March 2013	**638.59**	**636.28**

The net increase during the year in the deferred tax liability ₹2.31 Million (previous year increase 34.37 million) has been debited to the Statement of Profit & Loss.

Notes on Accounts

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
6. LONG TERM PROVISIONS		
Provision for Gratuity Obligation		
As per last Balance Sheet	62.24	42.16
Additions during the year	25.08	20.08
Total	**87.32**	**62.24**

Refer Note No. 40 for detailed disclosure as per AS 15.

7. SHORT-TERM BORROWINGS		
Loans Repayable On Demand		
Working Capital Facilities		
- From Banks (Secured)	1,225.78	1,038.00
Short Term Loans		
- From Banks (Unsecured)	200.00	–
Total	**1,425.78**	**1,038.00**

Working Capital Facilities from Banks are secured by 1st charge on inventories and book debts and second charge on immovable and movable assets of the Company ranking pari passu amongst the Banks and further guaranteed by the Managing Director of the Company.

8. TRADE PAYABLES		
Trade Payables - Micro & Small Enterprises	149.16	104.34
- Others	1,409.82	1,573.78
	1,558.98	**1,678.12**

9. OTHER CURRENT LIABILITIES		
Current maturities of long term debts	459.34	669.26
Interest accrued but not due on borrowings	0.39	–
Unpaid Dividends	5.79	4.65
Provision for expenses	123.33	134.65
Deposits Received	59.35	50.78
Advance from Customers	95.83	74.14
Statutory Dues Payable	221.87	177.70
TOTAL	**965.90**	**1,111.18**

10. SHORT TERM PROVISIONS		
Provision for employee benefits		
Unavailed leave	50.93	44.82
Others		
Proposed Dividend	220.75	183.96
Provision for :		
Income Taxes *	28.92	29.55
Tax on Dividend	35.81	29.84
TOTAL	**336.41**	**288.17**

* Net of Income Tax Advances ₹422.25 million (P.Y. ₹290.45 million)

Notes on Accounts

11. TANGIBLE ASSETS

(₹ in Million)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2012	Additions	Sale/ Transfer	As at 31.3.2013	Upto 31.3.2012	For the year	Sale/ Transfer	Upto 31.3.2013	As at 31.3.2013	As at 31.3.2012
Land : (including development expenses)										
- Freehold	74.38	0.47	–	74.86	–	–	–	–	74.86	74.38
- Leasehold	31.22	–	–	31.22	5.14	1.25	–	6.39	24.83	26.08
Building	1,471.52	68.23	0.01	1,539.74	347.43	48.36	–	395.79	1,143.95	1,124.09
Plant and machinery	5,238.33	227.40	56.75	5,408.11	1,981.66	295.50	34.74	2,241.68	3,166.43	3,256.68
Furniture and fixtures	57.08	7.19	5.77	58.51	29.96	3.56	3.05	30.47	28.04	27.12
Vehicles	122.55	51.22	25.25	148.51	30.57	13.38	11.53	32.41	116.10	91.98
Office equipment	44.94	5.52	6.16	45.18	18.56	1.93	1.91	19.32	25.86	26.38
Computers	56.65	1.69	1.39	56.95	37.65	6.21	1.15	42.70	14.25	19.00
Other Equipments	117.06	21.97	20.73	118.30	87.90	10.16	15.44	82.62	35.68	29.17
Current Year	**7,213.74**	**383.70**	**116.05**	**7,481.39**	**2,538.86**	**380.34**	**67.82**	**2,851.39**	**4,630.00**	**4,674.88**
Previous Year	6,990.27	301.40	77.92	7,213.74	2,207.57	368.95	37.66	2,538.86	4,674.88	4,782.70

12. INTANGIBLE ASSETS

(₹ in Million)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2012	Additions	Sale/ Transfer	As at 31.3.2013	Upto 31.3.2012	For the year	Sale/ Transfer	Upto 31.3.2013	As at 31.3.2013	As at 31.3.2012
Software	19.53	4.57	0.02	24.08	3.74	3.29	0.01	7.01	17.06	15.79
Current Year	**19.53**	**4.57**	**0.02**	**24.08**	**3.74**	**3.29**	**0.01**	**7.01**	**17.06**	**15.79**
Previous Year	9.61	9.92	–	19.53	1.93	1.81	–	3.74	15.79	7.69

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
13. NON CURRENT INVESTMENTS		
Long Term Investments (At Cost)		
(Other than trade)		
Equity Instruments (fully paid up)		
UNQUOTED		
IN SUBSIDIARIES		
15,30,000 (P.Y. 15,30,000) Equity Shares of M/s Soriso Ceramic Pvt. Ltd. of ₹10/- each.	56.20	56.20
23,20,500 (P.Y. 2320500) Equity Shares of M/s Jaxx Vitrified Pvt. Ltd. of ₹10/-.	62.81	62.81
7650000 (P.Y. NIL) Equity Shares of M/s Vennar Ceramics Ltd. of ₹10/-.	136.50	–
4642040 (P.Y. NIL) Equity Shares of M/s Cosa Ceramics Pvt Ltd. of ₹10/-.	116.05	–
1696 (P.Y. 1696) Equity Shares of M/s Kajaria Ceramics Addis PLC. of 1000 Birr each.	4.51	4.51
	376.07	**123.52**
Less :		
Provision for diminution in value of investment (Refer Note 38)	4.51	–
	371.56	**123.52**
Unquoted Investments		
Book Value	376.07	123.52

Investments have been valued as per accounting policy no.4 disclosed in Note no. 1 to these financial statements.

Notes on Accounts

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
14. LONG TERM LOANS AND ADVANCES		
(Unsecured Considered good, unless otherwise stated)		
CAPITAL ADVANCES	19.19	–
SECURITY DEPOSITS	108.23	117.43
LOANS		
- To Subsidiaries	216.77	36.77
ADVANCES		
Advance / Share Application Money		
- to Subsidiary Company	25.82	3.66
- to Others	18.00	–
Less: Provision for doubtful advances (Refer Note.38)	25.82	–
Total	**362.19**	**157.86**

15. INVENTORIES		
(As certified by the Management)		
Raw Materials	231.20	259.60
Work-in-Process	60.73	83.32
Finished Goods	915.86	655.84
Stock In Trade	285.08	473.41
Stores and Spares	272.43	285.65
	1,765.30	**1,757.82**

Inventory items have been valued considering the Significant Accounting Policy No.V disclosed in Note no.1 to these financial statements.

16. TRADE RECEIVABLES		
(Unsecured Considered good unless otherwise stated)		
a) Debts outstanding for a period exceeding six months		
- Considered Good	10.57	16.15
- Considered Doubtful	20.12	20.40
Less: Provision for Doubtful Debts	2.00	2.00
	18.12	**18.40**
	28.69	**34.55**
b) Other Debts		
- Considered Good	1,337.12	1,122.83
	1,365.81	**1,157.38**

17. CASH AND BANK BALANCES		
Cash & Cash Equivalents		
Balance with Banks		
- in current and deposit accounts#	18.92	48.96
Cash on hand	4.60	5.93
	23.52	54.89
Other Bank Balances		
Bank deposits with more than twelve months maturity*	4.42	4.07
	27.94	**58.96**

Balances with banks include unpaid dividend ₹5.79 million (Previous year ₹4.65 million)

* Bank deposits held as margin money against guarantee for ₹4.42 million (Previous year ₹4.07 million)

Notes on Accounts

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
18. SHORT TERM LOANS AND ADVANCES		
(Unsecured Considered good unless otherwise stated)		
Loans		
- To Others	16.86	15.21
Advances for supply of goods and rendering of services	151.68	303.69
Balance With Excise Authorities	66.10	47.90
Advance to gratuity trust	0.97	0.68
Prepaid Expenses	10.32	9.68
Income Tax Advances	0.32	0.32
	246.25	**377.48**

19. OTHER CURRENT ASSETS		
(Unsecured Considered good unless otherwise stated)		
Exports Benefit Accrued	4.96	1.65
	4.96	**1.65**

	Year ended 31.03.2013 ₹ in million	Year ended 31.03.2012 ₹ in million
20. REVENUE FROM OPERATIONS		
Sale of Products		
Tiles	17,044.40	13,988.36
Power	37.44	34.24
Less : Inter division sales of power	20.09	19.37
	17,061.75	**14,003.23**
Other operating revenue		
Sale of Scrap	10.87	14.34
	17,072.62	**14,017.57**

21. OTHER INCOME		
Miscellaneous Income	4.03	1.06
Rent Received	1.20	2.40
Sundry Balances Written Off	2.40	4.03
Interest Recovered	13.18	3.84
VAT Subsidy	13.42	–
	34.23	**11.33**

22. COST OF MATERIAL CONSUMED		
Raw Material & Packing Material Consumed		
Body Material	1,213.25	1,254.25
Glaze, Frits And Chemicals	1,129.07	1,119.43
Packing Material	524.93	489.11
	2,867.25	**2,862.79**

Notes on Accounts

	Year ended 31.03.2013 ₹ in million	Year ended 31.03.2012 ₹ in million
23. CHANGES IN INVENTORIES		
Stock as on 1st April, 2012		
Work-in-process	83.32	67.88
Finished Goods	655.84	402.67
Stock In Trade	473.41	587.31
'A'	**1,212.57**	**1,057.86**
Stock as on 31st March, 2013		
Work-in-process	60.73	83.32
Finished Goods	915.86	655.84
Stock In Trade	285.08	473.41
`B'	**1,261.67**	**1,212.57**
B-A	**49.10**	**154.71**

24. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	1,124.30	948.66
Contribution to provident and other funds	74.68	67.63
Staff welfare expenses	22.32	20.28
	1,221.30	**1,036.57**

25. FINANCE COSTS		
Interest on:		
Term loans	139.95	208.64
Others	168.25	159.81
Other Borrowing costs:		
Processing Fees	23.56	22.26
Net gain/loss in foreign currency transactions & translations	23.01	79.11
	354.77	**469.82**

Notes on Accounts

	Year ended 31.03.2013 ₹ in million	Year ended 31.03.2012 ₹ in million
26. OTHER EXPENSES		
Other Manufacturing Expenses		
Stores and Spares Consumed	335.02	268.71
Power and Fuel	2,327.19	1,937.81
Excise Duty on Stocks	43.62	35.17
	2,705.83	**2,241.69**
Repairs & maintenance		
Building	31.18	18.41
Machinery	36.37	33.10
Others	26.14	23.22
	93.69	**74.73**
Administrative Expenses		
Printing , Stationery & EDP Expenses	9.67	9.36
Rent, Rates & Taxes	94.38	102.44
Vehicle Expenses	22.38	18.18
Communication Expenses	31.90	37.55
Traveling & Conveyance Expenses	184.28	145.22
Insurance Charges	16.65	12.82
Legal & Professional Charges	15.95	14.50
Directors Sitting Fees	0.74	0.80
Auditors' Remuneration :		
- As Audit Fees	1.80	1.20
- For Tax Audit, Certification & Tax Representations	0.42	0.69
- For Other Matters	1.16	0.80
- For Reimbursement of Expenses	0.22	–
Miscellaneous Expenses	40.83	41.50
Share Transfer Expenses	0.19	0.18
Electricity & Water Charges	13.28	15.28
Foreign Technician Expenses	0.71	3.66
Bank Charges	4.34	1.37
	438.90	**405.55**
Selling & Distribution Expenses		
Packing Freight & Forwarding Expenses	144.36	142.02
Advertisement, Publicity & Sales Promotion	266.12	217.79
Commission	152.30	128.25
	562.78	**488.06**
Others		
Loss on Sale / Scrapping of Fixed Assets	17.81	14.63
Social Relief & Welfare Exp	0.05	0.32
Bad Debts Written Off	–	5.50
Provision for doubtful debts	–	0.80
Research & Development Expenses	21.15	29.75
	39.01	**51.00**
	3,840.21	**3,261.03**

Notes on Accounts

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
27. CONTINGENT LIABILITIES		
(excluding matters separately dealt with in other notes):		
a. In respect of Bills discounted With the Company's Bankers	73.72	21.13
b. Counter guarantees issued in respect of guarantees issued by company's bankers	–	0.50
c. Guarantees issued on behalf of subsidiaries	299.00	90.00
d. In respect of Excise Duty, Sales Tax, Service Tax, Custom Duty Demands pending before various authorities and in dispute	57.11	64.48
e. In respect of disputed Electricity Demand pending with appellate authorities and other consumer cases.	25.41	16.67

28. COMMITMENTS		
a. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	54.62	10.18
b. Letters of Credit opened in favour of inland/overseas suppliers (Net)	658.16	1303.13

	₹ in million	
	Year ended 31.03.2013	Year ended 31.03.2012
29. PARTICULARS OF SALES & STOCKS		
a) Opening Stock		
Tiles	1129.25	989.98
b) Purchases		
Tiles	5787.46	4117.75
c) Sales		
Tiles (Manufactured)	9841.23	8766.56
Tiles (Trading)	7203.17	5221.80
Power	17.35	14.87
d) Closing Stock		
Tiles	1200.94	1129.25

	Year ended 31.03.2013 ₹ in million	Year ended 31.03.2012 ₹ in million
30. VALUE OF IMPORTS ON CIF BASIS:		
• Capital Goods	130.31	93.32
• Raw Materials	64.16	177.88
• Spares and Consumables	167.86	175.45
• Traded Goods	1753.48	2119.62

Notes on Accounts

	Year ended 31.03.2013 ₹ in million	Year ended 31.03.2012 ₹ in million
31.		
A) Expenditure in Foreign Currency (on accrual basis) :		
a) Commission of Export Sales	0.07	0.18
b) Others including travel etc.	40.15	25.84
B) Payment of Dividend in Foreign Currency pertaining to :	**F.Y. 2012-13**	**F.Y. 2011-12**
• No of persons	15	15
• No of shares	31,830	31,830
• Amount in ₹	79,575	63,660

32. EARNINGS IN FOREIGN CURRENCY :		
FOB Value of Exports (₹)	132.05	129.36

33. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL CONSUMED AND THE PERCENTAGE OF EACH TO TOTAL CONSUMPTION:	2012-13		2011-12	
	%	(₹ Million)	%	(₹ Million)
Imported	4.40%	126.23	7.92%	226.80
Indigenous	95.60%	741.02	92.08%	2635.99

34. DUES TO SMALL, MICRO & MEDIUM ENTERPRISES #:	2012-13 ₹ in million	2011-12 ₹ in million
1. Principal amount outstanding	149.16	104.34
2. Interest due on (1) above and the unpaid interest	–	–
3. Interest paid on all delayed payments under MSMED Act	–	–
4. Payment made beyond the appointed date during the year	–	–
5. Interest due and payable for the period of delay other than (3) above	–	–
6. Interest accrued and remaining unpaid	–	–
7. Amount of further interest remaining due and payable in succeeding years	–	–

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

35. As per policy of the Company for Directors and other senior employees, the Company has, during the year, paid a sum of ₹50 lacs on account of insurance premium under the employer employee policy obtained on the life of key directors and the same lies debited under the head 'Insurance Charges'. The policy may be assigned in the name of the insured in future. In such an event of assignment of the policy, the same shall be treated as perquisite in the hands of the key personnel.

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

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

38. The Company had planned to put up a ceramic tile unit in Ethiopia and accordingly incorporated a subsidiary, Kajaria Ceramics Addis Plc. The Company had invested an amount of ₹30.3 Million in the subsidiary by way of Equity and Advances. Due to adverse change in the business environment, the Company has decided to abandon the project and take steps for dissolution of the subsidiary.

Notes on Accounts

Accordingly, a provision of ₹30.3 Million has been made towards the loss of investment in the subsidiary.

39. To comply with the guidance note on "Accounting Treatment of Excise Duty" issued by Institute of Chartered Accountants of India, excise duty amounting to ₹135.34 Million (previous year 91.72 Million) has been included in the value of inventories as on 31.03.2013 and the corresponding amount of Excise Duty payable has been included in other liabilities. However, this accounting policy has no impact on the profit for the year.

40. Gratuity And Other Post-Employment Benefit Plans:

The Company has a defined benefit gratuity plan. Gratuity (being administered by a Trust) is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination / resignation. The benefit vests on the employee completing 5 years of service. The Gratuity plan for the Company is a defined benefit scheme where annual contributions are deposited to a Gratuity Trust Fund established to provide gratuity benefits. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/ liability in the books of accounts on the basis of actuarial valuation as per the Projected unit credit method. Plan assets also include investments and bank balances used to deposit premiums until due to the insurance company.

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

Profit and Loss account Net employee benefit expense (recognized in Employee cost)	**March 31, 2013** ₹ in million	**March 31, 2012** ₹ in million
Current Service cost	13.83	11.21
Interest cost on benefit obligation	7.13	5.93
Net actuarial loss recognized in the year	6.61	5.56
Past service cost	–	–
Expected Return on Plan Assets	(1.99)	(1.12)
Net benefit expense	25.08	21.58

Balance Sheet Details of provision for Gratuity	**March 31, 2013** ₹ in million	**March 31, 2012** ₹ in million
Fair Value of Plan Assets at the end of the period	23.86	24.35
Liability at the end of the period	111.17	86.59
Difference	87.32	62.24
Less: Unrecognised past service cost	–	–
Amount recognized in the Balance Sheet	87.32	62.24

Changes in the present value of the defined benefit obligation are as follows:	**March 31, 2013** ₹ in million	**March 31, 2012** ₹ in million
Defined benefit obligation as at 1st April, 2012	86.59	67.77
Interest Cost	7.13	5.93
Current service cost	13.83	11.21
Benefit paid	(2.99)	(3.87)
Past Service Cost – Vested Benefit	–	–
Actuarial losses on obligation	6.61	5.56
Defined benefit obligation as at 31st March, 2013	111.17	86.60

Notes on Accounts

Changes in the fair Value of plan assets are as follows:	March 31, 2013 ₹ in million	March 31, 2012 ₹ in million
Fair value of plan assets as at 1st April, 2012	24.35	25.60
Return on Plan Assets	2.50	1.12
Contributions by employer	–	1.50
Benefits paid	(2.99)	(3.87)
Actuarial Gains / (losses)	–	–
Fair value of plan assets as at 31st March, 2013	23.86	24.35

The principal assumption used in determining gratuity benefit obligations for the Company's plans are shown below:	March 31, 2013 %	March 31, 2012 %
Discount rate	8.25%	8.75%
Expected rate of return on plan assets	8.25%	4.48%
Salary Escalation	7.75%	7.75%
Attrition Rate	1%	1%

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

On consideration of materiality, the entire liability has been classified as a 'noncurrent liability'.

41. Tax Expense is the aggregate of current year income tax and deferred tax charged to the Profit and Loss Account for the year.

a) Current Year Charge:

Income Tax provision of ₹451.40 Million has been made on regular income.

b) Deferred Tax

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

	Opening as at 1st April, 2012 (₹ Million)	Charge/(credit) during the year (₹ Million)	Closing as at 31st March, 2013 (₹ Million)
Depreciation	636.28	2.31	638.59
Net Deferred Tax Liability	636.28	2.31	638.59

42. Related Party Disclosures:

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

A. Relationships

I. Key Management Personnel

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

Notes on Accounts

II. Associates/Enterprises over which key management personnel or their relatives are able to exercise significant influence

Kajaria Infrastructure Ltd
Kajaria Exports Ltd
Dua Engineering Works Pvt Ltd
Malti Devi Kajaria Charitable Trust

III. Subsidiary Companies : Soriso Ceramic Pvt Ltd
Jaxx itrifved Pvt Ltd
Vennar eraGics imitLed
Cosa Ceramics Pvt Ltd
Kajaria Ceramics Addis Plc

B. The following transactions were carried out with related parties in the ordinary course of business :-

(₹ in Million)

Related Party Transactions	Key Management Personnel	Subsidiaries	Others
Purchase of Goods & Services	–	2159.93	10.79
	(–)	(497.22)	(6.60)
Purchase of Fixed Assets	–	–	16.68
	(–)	(–)	(5.41)
Sale of Fixed Assets	–	1.89	–
	(–)	(–)	(–)
Sale of Raw Material / Stores	–	0.86	–
	(–)	(–)	(–)
Rent Paid	–	0.48	14.03
	(–)	(–)	(8.16)
Remuneration	105.86	–	–
	(51.49)	(–)	(–)
Investment in shares	–	252.55	–
	(–)	(67.32)	(–)
Sale of Shares	–	–	–
	(–)	(–)	(14.70)
Donation Paid	–	–	2.63
	(–)	(–)	(3.08)
Loan Given	–	195.00	–
	(–)	(26.23)	(–)
Loan Repaid	–	15.00	–
	(–)	(–)	(–)
Interest Received	–	8.37	–
	(–)	(–)	(–)
Advance / Share Application Money Paid	–	22.16	–
	(–)	(3.66)	(–)

(Figures in brackets are for previous year)

Notes on Accounts

* Following is the break up of remuneration paid to directors:

Name of Director	March 31, 2013 ₹ in million	March 31, 2012 ₹ in million
Sh. A.K. Kajaria (CMD)	36.54	18.19
Sh. Chetan Kajaria (JMD)	32.69	14.98
Sh. Rishi Kajaria (JMD)	32.69	14.98
Sh. B.K. Sinha	3.94	3.34
	105.86	**51.49**

C. Net outstanding balance and balance written off/written back:-

Description	Outstanding Balances (₹ Million)		Written off/Written back (₹ Million)	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Key Management Personnel	–	–	–	–
Subsidiaries	14.78	20.54	–	–
Others	36.00	35.00	–	–

43. Segmental Reporting:

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

44. Earnings per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earning per share:

	Year ended 31.03.2013	Year ended 31.03.2012
Profit attributable to the Equity Shareholders – (A) (₹ in Millions)	1005.44	807.15
Basic /Weighted average number of Equity Shares outstanding during the year (B)	7,35,83,580	7,35,83,580
Nominal value of Equity Shares (₹)	2.00	2.00
Basic/Diluted Earnings per share (₹) – (A)/(B)	13.66	10.97

45. Previous year figures have been regrouped / recast wherever necessary.

Signature to the Schedule 1 to 45

In terms of our report of even date annexed
For **O. P. Bagla & Co.**
Chartered Accountants

Atul Bagla
Partner
Membership No.: 91885

Place: New Delhi
Dated: 30 April, 2013

For and on behalf of the Board
D. P. Bagchi
R. K. Bhargava
R. R. Bagri
H. Ratnakara Hegde
Directors

Ashok Kajaria
Chairman & Managing Director

Chetan Kajaria
Rishi Kajaria
Jt. Managing Directors

R. C. Rawat
Sr. Vice President (A & T) & Company Secretary

Cash Flow Statement for the year ended 31 March, 2013

	Year ended 31.03.2013 ₹ in million		Year ended 31.03.2012 ₹ in million	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		1,510.71		1,175.16
Adjusted for :				
Depreciation	383.63		370.77	
Interest Received	(13.18)		(3.84)	
Interest Paid	308.20		368.45	
Profit on sale of Investment	–		(0.12)	
Dividend Received	–		–	
Loss on sale of Fixed Assets	17.81	696.46	14.63	749.89
Operating Profit before Working Capital Changes		**2,.207.17**		**1,925.05**
Adjusted for :				
Trade & Other Receivables	(310.97)		(415.19)	
Inventories	(7.47)		(242.72)	
Trade Payable	(233.25)	(551.69)	222.73	(435.18)
Cash Generated from Operations		**1,655.48**		**1,489.87**
Interest Paid	(308.20)		(368.45)	
Direct Taxes Paid	(473.26)		(337.39)	
Extraordinary items	–	(781.46)	–	(705.84)
Net Cash from operating activities		**874.02**		**784.03**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(439.15)		(328.32)	
Sale of Fixed Assets	30.42		25.63	
Purchase of Investments	(252.55)		(67.32)	
Sale of Investments	–		34.06	
Interest Received	13.18		3.84	
Dividend Received	–		–	
Net Cash used in Investing Activities		**(648.10)**		**(332.11)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	–		–	
Proceeds from Long Term Borrowings	(431.27)		(249.95)	
Proceeds from Short Term Borrowings	387.79		(2.38)	
Dividend and Dividend Tax Paid	(213.80)		(171.04)	
Net Cash used in Financing Activities	–	(257.29)	–	(423.38)
Net increase in Cash and Cash Equivalents		**(31.37)**		**28.54**
Cash and Cash Equivalents as on 1st April, 2012		54.89		26.35
Cash and Cash Equivalents as on 31st march, 2013		**23.52**		**54.89**

In terms of our report of even date annexed

For **O. P. Bagla & Co.**
Chartered Accountants

Atul Bagla
Partner
Membership No.: 91885

Place: New Delhi
Dated: 30 April 2013

For and on behalf of the Board

Ashok Kajaria
Chairman & Managing Director

Chetan Kajaria
Rishi Kajaria
Jt. Managing Directors

D. P. Bagchi
R. K. Bhargava
R. R. Bagri
H. Ratnakara Hegde
Directors

R. C. Rawat
Sr. Vice President (A & T) & Company Secretary

Section 212

Financial Information of the Subsidiary Company

(In terms of Government of India, Ministry of Corporate Affairs, general Circular No 2/2011, No. 51/12/2007-CL-III dated 8th February 2011)

(₹ in Million)

Name of the Subsidiary Company	Soriso Ceramic Pvt Ltd		Jaxx Vitrified Pvt Ltd		Vennar Ceramics Ltd		Cosa Ceramics Pvt Ltd		Kajaria Ceramics Addis Plc	
As at	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	–	31.03.13	–	31.03.13	31.03.12
Capital	30.00	30.00	45.50	45.50	150.00	–	91.02	–	4.51	4.51
Reserves	44.48	27.30	55.35	44.54	70.56	–	150.57	–	(30.53)	0.48
Total Assets	360.12	300.12	418.74	358.65	757.43	–	634.57	–	(24.71)	8.65
Total Liabilities	285.64	242.82	318.70	269.42	536.87	–	392.98	–	1.31	3.66
Investments made by Subsidiary	–	–	0.81	0.81	–	–	–	–	–	–
Revenues (Turnover & other income)	700.78	492.26	662.00	10.78	352.12	–	341.60	–	–	–
Profit before Taxation	23.41	32.17	16.11	0.05	15.28	–	36.90	–	(30.53)	–
Provisions for Taxation	6.23	12.52	5.30	–	4.72	–	7.59	–	–	–
Profit After Tax	17.18	19.68	10.81	0.04	10.56	–	29.31	–	(30.53)	–
Proposed Dividend	–	–		–	–	–	–	–		–

Independent Auditor's Report on Consolidated Financial Statement

To
The Members of
KAJARIA CERAMICS LIMITED

We have audited the accompanying consolidated financial statements of **KAJARIA CERAMICS LIMITED** ('the Company'), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

1. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹2142.47 million as at 31st March, 2013, total revenue of ₹2051.78 million and cash flows amounting to ₹4.85 million for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

2. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, AS 23, Accounting for Investments in Associates in Consolidated Financial Statements and AS 27, Financial Reporting of Interests in Joint Ventures, as notified by the Companies (Accounting Standard) Rules, 2006.

3. We further report that on the basis of the information and explanations given to us, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :-

   (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;

   (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

   (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

(Atul Bagla)
Partner
Membership No. 91885

Place : New Delhi
Dated : 30 April, 2013

Consolidated Balance Sheet as at 31 March, 2013

	Note	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	147.17	147.17
Reserves and Surplus	3	3,461.61	2,673.54
		3,608.78	2,820.71
Minority Interest		275.19	72.20
Non-current Liabilities			
Long-term borrowings	4	892.69	916.75
Deferred tax liabilities	5	656.27	643.68
Long-term provisions	6	87.32	62.24
		1,636.28	**1,622.67**
Current liabilities			
Short-term Borrowings	7	1,735.06	1,143.28
Trade payables	8	1,658.27	1,775.80
Other current liabilities	9	1,211.70	1,180.33
Short-term provisions	10	350.22	294.48
		4,955.26	4,393.89
TOTAL		**10,475.50**	**8,909.47**
ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	11	6,125.73	5,147.61
Intangible assets	12	73.95	61.60
Capital Work-in-Progress		78.14	23.58
Non-current investments	13	0.81	0.81
Long-term loans and advances	14	174.88	135.85
		6,453.51	5,369.45
Current Assets			
Inventories	15	2,197.08	1,864.84
Trade receivables	16	1,436.28	1,189.48
Cash and bank balances	17	55.06	71.57
Short-term loans and advances	18	328.61	412.48
Other current assets	19	4.96	1.65
		4,021.99	3,540.02
TOTAL		**10,475.50**	**8,909.47**
Significant Accounting Policies	1		

The accompanying Notes 1 to 39 form an integral part of these financial statements.

In terms of our report of even date annexed

For **O. P. Bagla & Co.**
Chartered Accountants

Atul Bagla
Partner
Membership No.: 91885

Place: New Delhi
Dated: 30 April, 2013

For and on behalf of the Board

Ashok Kajaria
Chairman & Managing Director

Chetan Kajaria
Rishi Kajaria
Jt. Managing Directors

D. P. Bagchi
R. K. Bhargava
R. R. Bagri
H. Ratnakara Hegde
Directors

R. C. Rawat
Sr. Vice President (A & T) & Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31 March, 2013

	Note	Year ended 31.03.2013 ₹ in million	Year ended 31.03.2012 ₹ in million
Revenue:			
Revenue from operations	20	17,346.82	14,087.09
Less: Excise Duty		1,227.04	956.81
		16,119.78	13,130.28
Other Income	21	30.43	14.74
Total Revenue		**16,150.21**	**13,145.02**
Expenses:			
Cost of Materials Consumed	22	3,717.38	3,105.80
Purchases of Stock in Trade		3,973.45	3,620.53
Changes in Inventories	23	(205.99)	(218.01)
Employee benefits Expense	24	1,364.02	1,071.85
Finance costs	25	453.53	485.11
Depreciation and amortization expenses	11 & 12	446.18	392.58
Other Expenses	26	4,824.48	3,488.12
Total expenses		**14,573.06**	**11,945.98**
Profit before exceptional and extraordinary items & tax		1,577.15	1,199.04
Exceptional/Extraordinary items		–	–
Profit before tax		1,577.15	1,199.04
Tax expense:			
Current tax			
Current year		464.10	326.31
Earlier years		22.09	13.77
Deferred tax			
Current year		12.59	40.48
PROFIT AFTER TAX (Before adjustment for Minority Interest)		**1,078.37**	**818.48**
Less : Share of profit transferred to Minority		33.25	9.65
PROFIT AFTER TAX (After adjustment for Minority Interest)		**1,045.12**	**808.83**
Basic/Diluted Earnings per equity share (₹)		14.20	10.99
Significant Accounting Policies	1		

The accompanying Notes 1 to 39 form an integral part of these financial statements.

In terms of our report of even date annexed

For **O. P. Bagla & Co.**
Chartered Accountants

Atul Bagla
Partner
Membership No.: 91885

Place: New Delhi
Dated: 30 April, 2013

For and on behalf of the Board

Ashok Kajaria
Chairman & Managing Director

Chetan Kajaria
Rishi Kajaria
Jt. Managing Directors

D. P. Bagchi
R. K. Bhargava
R. R. Bagri
H. Ratnakara Hegde
Directors

R. C. Rawat
Sr. Vice President (A & T) & Company Secretary

Notes on Accounts

1. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT & LOSS

I. Principles of Consolidation

The consolidated financial results of Kajaria Ceramics Ltd ("the Company") and its subsidiaries have been prepared on the following basis:-

a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together with the book value of like items of assets, liabilities and after eliminating the inter subsidiary balances in accordance with Accounting Standard (AS) 21-"Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

b) As far as possible the consolidated financial statement have been prepared using uniform accounting policies for like transactions and in similar circumstances and are presented to the extent possible in the same manner as the company's separate financial statements.

c) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

d) Minority Interest's share of net profit of subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.

e) Minority Interest's share of net assets of the subsidiary Company is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

f) Particulars of subsidiary companies considered in the consolidated financial statements are :

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest
Soriso Ceramic Pvt Ltd	India	51%
Jaxx Vitrified Pvt Ltd	India	51%
Vennar Ceramics Limited	India	51%
Cosa Ceramics Pvt Ltd	India	51%
Kajaria Ceramics Addis Plc	Ethiopia	100%

II. Basis of Accounting:

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with the requirements of the Companies Act, 1956.

III. Income and Expenditure:

Accounting of Income & Expenditure is done on accrual basis.

IV. Fixed Assets & Depreciation:

a) Fixed assets are stated at their original cost of acquisition inclusive of inward freight, duties and expenditure incurred in the acquisition, construction/installation. CENVAT/ VAT credit availed on capital equipment is accounted for by credit to respective fixed assets.

b) In case of assets acquired out of foreign currency loans, the increase/decrease in liability on account of fluctuation in exchange rates is charged to the Statement of Profit & Loss.

c) Depreciation is charged at the rates provided in Schedule XIV of the Companies Act, 1956 on Straight Line Method on assets of Holding Company and on WDV Method on assets of Subsidiary Company. Continuous process plant as defined in Schedule XIV has been considered on technical evaluation. In case of assets of sale outlets of dealers, depreciation is charged @ 20% on SLM basis. Assets costing upto ₹5,000/- are fully depreciated in the year of purchase. Goodwill arising on consolidation is tested for impairment at the Balance Sheet date.

V. Investments:

Long term investments are stated at cost.

Notes on Accounts

1. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT & LOSS

VI. Inventories:

Inventories are valued on the following basis:

a) Stores and Spares - at moving weighted average basis.

b) Raw Materials - at moving weighted average basis.

c) Work-in-Process - at estimated cost

d) Finished Goods - at lower of cost or estimated realisable value.

e) Stock in trade - at lower of cost or estimated realisable value.

f) Material in Transit – at cost.

VII. Excise & Custom Duty:

Inventories are valued on the following basis:

a) Custom Duty is accounted for at the time receipt of goods in custom warehouse.

b) CENVAT Credit, to the extent availed, is adjusted towards cost of materials.

VIII. Sales

Sales are inclusive of excise duty and after deducting VAT and discounts.

IX. Foreign Currency Transactions:

a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates, except in cases covered by forward exchange contracts.

c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the statement of profit & loss.

X. Government grants and subsidies:

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

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

XI. Employee Benefits:

a) Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

b) Gratuity liability has been provided on the basis of actuarial valuation.

XII. Research & Development:

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

XIII. Provision, Contingent Liabilities and Contingent Assets:

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

XIV. Sundry Debtors:

Sundry Debtors are shown net of bills discounted.

XV. Dividend received is accounted for as and when it is declared.

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

Notes on Accounts

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
2. SHARE CAPITAL		
Equity Share Capital		
Authorised		
125,000,000 (125,000,000) Equity Shares of par value of ₹2/- each	250.00	250.00
10,00,000 (10,00,000) Preference of Shares of par value of ₹100/- each	100.00	100.00
	350.00	350.00
Issued, Subscribed & Paid up		
73,583,580 (73,583,580) Equity Shares of par value of ₹2/- each fully paid up in cash	147.17	147.17
	147.17	**147.17**

a) The Company has not issued any shares during the year.

b) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

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

Name of Shareholder	No. of Shares	% of Shareholding
Kajaria Exports Ltd.	15,283,545	20.77%
Kajaria Securities Pvt. Ltd	6,611,905	8.99%
Pearl Tile Marketing Pvt. Ltd.	5,080,240	6.90%
Cheri Ceramics Pvt. Ltd	5,058,385	6.87%
HSBC Bank (Mauritius) Ltd. A/c Jawalamukhi Investments Holdings	5,777,005	7.85%
Bengal Finance & Investment Pvt. Ltd	4,004,427	5.44%

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

3. RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	142.35	142.35
General Reserve		
Balance b/f	860.33	610.33
Add : Transferred During the Year	300.00	250.00
	1,160.33	**860.33**
Capital Redemption Reserve		
As per last Balance Sheet	50.00	50.00
Exchange Fluctuation Reserve	**–**	**0.48**
Surplus		
As per last balance sheet	1,620.37	1,275.35
Add: Net Profit after Tax transferred from Statement of Profit & Loss	1,045.12	808.83
Less : Proposed Dividend on Equity Shares	220.75	183.96
[Dividend per share ₹3 (Previous year ₹2.50)]		
Less : Corporate Dividend Tax	35.81	29.84
Less : Transfer to General Reserve	300.00	250.00
	2,108.93	**1,620.38**
	3,461.61	**2,673.54**

Notes on Accounts

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
4. LONG-TERM BORROWINGS		
A. TERM LOANS		
From Banks		
- Secured	775.25	898.41
From Other Parties		
- Secured	19.71	18.34
B. PROMOTER LOANS		
- From Directors, shareholders & relatives		
Unsecured	97.73	0.00
	892.69	**916.75**

NOTES :

1. Term loans from Banks are secured by 1st charge on immovable and movable assets (present and future) of the Company (subject to prior charges on movables in favour of banks) ranking pari-pasu with the charges created in favour of participating Banks and further guaranteed by the Directors of the Company.
2. Term Loans from others parties are secured against respective assets financed.
3. The term loans are repayable generally over a period of three to five years after a moratarium period of one to two years in installments as per the terms of the respective agreements.

5. DEFERRED TAX LIABILITY		
As At 1st April 2012	643.68	603.20
Add : Additional adjustment for current year	12.59	40.48
As at 31st March 2013	**656.27**	**643.68**

The net increase during the year in the deferred tax liability ₹12.59 Million (previous year increase ₹40.48 million) has been debited to the Statement of Profit & Loss.

6. LONG TERM PROVISIONS		
Provision for Gratuity Obligation		
As per last balance sheet	62.24	42.16
Additions during the year	25.08	20.08
Total	**87.32**	**62.24**

Refer Note No. 35 for detailed disclosure as per AS 15.

7. SHORT-TERM BORROWINGS		
Loans Repayable On Demand		
Working Capital Facilities		
- From Banks (Secured)	1,535.06	1,106.24
Short Term Loans & Advances		
- From Banks (Unsecured)	200.00	37.04
Total	**1,735.06**	**1,143.28**

Working Capital Facilities from Banks are secured by 1st charge on inventories and book debts and second charge on immovable and movable assets of the Company ranking pari passu amongst the Banks and further guaranteed by the Directors of the Company.

Notes on Accounts

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
8. TRADE PAYABLES		
Trade Payables - Micro & Small Enterprises	149.16	104.34
- Others	1,509.11	1,671.46
	1,658.27	**1,775.80**

9. OTHER CURRENT LIABILITIES		
Current maturities of long term debts	573.91	721.89
Interest accrued but not due on borrowings	0.39	–
Unpaid Dividends	5.79	4.65
Provision for expenses	230.78	135.13
Deposits Received	59.35	50.78
Advance from Customers	95.87	74.14
Statutory Dues Payable	245.62	193.74
TOTAL	**1,211.70**	**1,180.33**

10. SHORT TERM PROVISIONS		
Provision for employee benefits		
Unavailed leave	50.93	44.82
Others		
Proposed Dividend	220.75	183.96
Provision for :		
Income Taxes *	42.73	35.86
Tax on Dividend	35.81	29.84
TOTAL	**350.22**	**294.48**

* Net of Income Tax Advances ₹424.05 million (P.Y. ₹290.45 million)

11. TANGIBLE ASSETS

₹ in million

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 1st April, 2012	Additions	Sale/ Transfer	As At 31st March, 2013	Upto 31st March, 2012	For The Year	Sale/ Transfer	Upto 31st March, 2013	As At 31st March, 2013	As At 31st March, 2012
Land : (including development xpenses) e										
- Freehold	79.32	2.61	–	81.93	–	–	–	–	81.93	79.32
- Leasehold	34.53	45.60	3.31	76.82	5.14	1.25	–	6.39	70.43	29.39
Building	1,550.73	269.85	0.01	1,820.58	356.52	57.67	–	414.19	1,406.39	1,194.21
Plant and machinery	5,682.93	1,042.68	56.75	6,667.99	2,035.24	355.32	34.74	2,355.08	4,312.91	3,647.69
Furniture and fixtures	59.79	10.64	6.05	64.38	31.09	3.97	3.05	32.01	32.37	28.70
Vehicles	124.80	52.87	26.47	151.19	32.11	13.49	12.44	33.16	118.04	92.69
Office equipment	45.92	31.49	6.16	72.13	18.78	3.22	1.91	20.83	51.30	27.14
Computers	57.32	4.13	1.39	60.07	38.02	6.52	1.15	43.39	16.68	19.31
Other Equipments	117.06	21.97	20.73	118.30	87.90	10.16	15.44	82.62	35.68	29.17
Preoperative penses Ex	–	–	–	–	–	–	-	-	-	–
Current Year	**7,752.41**	**1,481.83**	**120.85**	**9,113.39**	**2,604.80**	**451.59**	**68.73**	**2,987.66**	**6,125.73**	**5,147.61**
Previous Year	7,130.72	701.47	79.78	7,752.41	2,260.52	382.65	38.36	2,604.80	5,147.61	4,870.21

Notes on Accounts

12. INTANGIBLE ASSETS

₹ in million

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 1st April, 2012	Additions	Sale/ Transfer	As At 31st March, 2013	Upto 31st March, 2012	For The Year	Sale/ Transfer	Upto 31st March, 2013	As At 31st March, 2013	As At 31st March, 2012
Software	19.53	6.93	0.02	26.45	3.74	3.43	0.01	7.16	19.29	15.78
Goodwill	54.66	–	–	54.66	8.84	(8.84)	–	–	54.66	45.82
CURRENT YEAR	**74.19**	**6.93**	**0.02**	**81.11**	**12.58**	**(5.41)**	**0.01**	**7.16**	**73.95**	**61.60**
PREVIOUS YEAR	47.36	26.83	–	74.19	2.65	9.94	–	12.58	61.60	44.71

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
13. NON CURRENT INVESTMENTS		
Long Term Investments (At Cost)		
(Other than trade)		
Gold Coin	0.81	0.81
	0.81	**0.81**

Investments have been valued as per accounting policy no. V disclosed in Note no. 1 to these financial statements.

14. LONG TERM LOANS AND ADVANCES (Unsecured Considered good, unless otherwise stated)		
CAPITAL ADVANCES	19.19	–
SECURITY DEPOSITS	137.69	135.85
ADVANCES		
Advance / Share Application Money		
- To Others	18.00	–
Total	**174.88**	**135.85**

15. INVENTORIES (As certified by the Management)		
Raw Materials	345.04	273.25
Work-in-Process	85.47	94.64
Finished Goods	1,160.10	729.28
Stock In Trade	285.08	472.72
Stores and Spares	321.38	294.95
	2,197.08	**1,864.84**

Inventory items have been valued considering the Significant Accounting Policy No. VI disclosed in Note no. 1 to these financial statements.

16. TRADE RECEIVABLES (Unsecured Considered good unless otherwise stated)		
a) Debts outstanding for a period exceeding six months		
- Considered Good	15.86	17.83
- Considered Doubtful	30.05	35.52
Less: Provision for Doubtful Debts	2.00	2.00
	28.05	**33.52**
	43.91	**51.35**
b) Other Debts		
- Considered Good	1,392.37	1,138.13
	1,392.37	1,138.13
	1,436.28	**1,189.48**

Notes on Accounts

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
17. CASH AND BANK BALANCES		
Cash & Cash Equivalents		
Balance with Banks		
- in current and deposit accounts#	29.08	53.98
Cash on hand	6.49	8.11
	35.57	**62.09**
Other Bank Balances		
Bank deposits with more than twelve months maturity*	19.49	9.48
	55.06	**71.57**

Balances with banks include unpaid dividend ₹5.79 million (Previous year ₹4.65 million)

* Bank deposits held as margin money against guarantee for ₹7.16 million (Prev. Year ₹4.07 million)

18. SHORT TERM LOANS AND ADVANCES (Unsecured Considered good unless otherwise stated)		
Loans		
- To Others	25.88	15.72
Advances for supply of goods and rendering of services	194.90	309.35
Balance With Excise Authorities	89.36	74.66
Advance to Gratuity Trust	0.97	0.68
Prepaid Expenses	12.52	10.66
Income Tax Advances	4.99	1.41
	328.61	**412.48**

19. OTHER CURRENT ASSETS (Unsecured Considered good unless otherwise stated)		
Exports Benefit Accrued	4.96	1.65
	4.96	**1.65**

	Year ended 31.03.2013 ₹ in million	Year ended 31.03.2012 ₹ in million
20. REVENUE FROM OPERATIONS		
Sale of Products		
Tiles	17,318.45	14,057.25
Power	17.35	14.87
	17,335.80	**14,072.12**
Other operating revenue		
Sale of Scrap	11.02	14.97
	17,346.82	**14,087.09**

21. OTHER INCOME		
Miscellaneous Income	5.11	3.38
Rent Received	1.86	2.40
Sundry Balances Written Off	2.37	4.10
Interest Recovered	7.68	4.86
VAT Subsidy	13.42	–
	30.43	**14.74**

Notes on Accounts

	Year ended 31.03.2013 ₹ in million	Year ended 31.03.2012 ₹ in million
22. COST OF MATERIAL CONSUMED		
Raw Material & Packing Material Consumed		
Body Material	1,993.65	1,365.69
Glaze, Frits and Chemicals	1,153.00	1,217.15
Packing Material	570.73	522.96
	3,717.38	**3,105.80**

23. CHANGES IN INVENTORIES		
Stock as on 1st April, 2012		
Work-in-process	94.65	70.99
Finished Goods	729.27	420.78
Stock In Trade	472.72	586.86
Stock on Takeover	28.02	–
'A'	1,324.66	1,078.63
Stock as on 31st March, 2013		
Work-in-process	85.47	94.65
Finished Goods	1,160.10	729.27
Stock In Trade	285.08	472.72
`B'	1,530.65	1,296.64
B - A	**205.99**	**218.01**

24. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	1,261.33	982.42
Contribution to provident and other funds	76.91	67.86
Staff welfare expenses	25.78	21.57
	1,364.02	**1,071.85**

25. FINANCE COSTS		
Interest on:		
Term loans	214.92	211.49
Others	191.82	172.25
Other Borrowing costs:		
Processing Fees	23.56	22.26
Net gain/loss in foreign currency transactions & translations	23.24	79.11
	453.53	**485.11**

Notes on Accounts

	Year ended 31.03.2013 ₹ in million	Year ended 31.03.2012 ₹ in million
26. OTHER EXPENSES		
Other Manufacturing Expenses		
Stores and Spares Consumed	463.16	297.72
Power and Fuel	3,065.98	2,106.80
Finished Goods used for Fixed Assets	–	–
Excise Duty on Stocks	63.67	43.83
	3,592.82	**2,448.35**
Repairs & maintenance		
Building	32.54	18.81
Machinery	55.76	45.30
Others	28.19	23.32
	116.49	**87.43**
Administrative Expenses		
Printing , Stationery & EDP Expenses	10.76	9.67
Rent, Rates & Taxes	97.38	102.81
Vehicle Expenses	26.82	18.76
Communication Expenses	33.50	38.17
Travelling & Conveyance Expenses	188.30	145.76
Insurance Charges	18.21	13.39
Legal & Professional Charges	19.17	15.62
Directors Sitting Fees	3.24	0.80
Auditors' Remuneration :		
- As Audit Fees	1.80	1.20
- For Tax Audit, Certification & Tax Representations	0.42	0.69
- For Other matters	1.16	0.80
- For Reimbursement of Exp	0.22	–
Miscellaneous Expenses	70.50	43.02
Share Transfer Expenses	0.19	0.18
Electricity & Water Charges	17.13	15.29
Foreign Technician Expenses	0.74	3.66
Bank Charges	8.88	1.92
	498.41	**411.74**
Selling & Distribution Expenses		
Packing Freight & Forwarding Expenses	144.47	142.07
Advertisement, Publicity & Sales Promotion	266.25	219.00
Commission	166.85	128.25
	577.57	**489.32**
Others		
Loss on Sale / Scrapping of Fixed Assets	17.87	14.91
Social Relief & Welfare Exp	0.05	0.32
Bad Debts Written Off	0.13	5.50
Provision for doubtful debts	–	0.80
Research & Development Expenses	21.15	29.75
	39.20	51.28
	4,824.48	**3,488.12**

Notes on Accounts

	As at 31.03.2013 ₹ in million	As at 31.03.2012 ₹ in million
27. CONTINGENT LIABILITIES		
(excluding matters separately dealt with in other notes):		
a. In respect of Bills discounted With the Company's Bankers	73.72	21.13
b. Counter guarantees issued in respect of guarantees issued by company's bankers	Nil	0.50
c. In respect of Excise Duty, Sales Tax, Service Tax, Custom Duty Demands pending before various authorities and in dispute	63.94	71.28
d. In respect of disputed Electricity Demand pending with appellate authorities and other consumer cases.	25.41	16.67

28. COMMITMENTS		
a. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	54.62	10.18
b. Letters of Credit opened in favour of inland/overseas suppliers (Net)	**732.84**	**1303.13**

	Year ended 31.03.2013 ₹ in million	Year ended 31.03.2012 ₹ in million
29. PARTICULARS OF SALES & STOCKS		
a) Opening Stock		
Tiles	1201.99	1007.64
b) Purchases		
Tiles	3973.45	3620.53
c) Sales		
Tiles (Manufactured)	13206.77	8850.42
Tiles (Trading)	4111.68	5206.83
Power	17.35	14.87
d) Closing Stock		
Tiles	1445.18	1202.00

30. As per policy of the Company for Directors and other senior employees the Company has, during the year, paid a sum of ₹50 lacs on account of insurance premium under the employer employee policy obtained on the life of key directors and the same lies debited under the head 'Insurance Charges'. The policy may be assigned in the name of the insured in future. In such an event of assignment of the policy, the same shall be treated as perquisite in the hands of the key personnel.

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

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

33. The Company was hitherto amortizing goodwill arising on consolidation on straight line basis over a period of five years. However, since the Accounting Standard (AS) 21-"Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India does not stipulate for such amortization, the Company has changed the accounting policy and is now testing the goodwill annually for impairment. Goodwill amortized till 31st March, 2012 has been reversed. As a result of this change, amortization charge for current year is lower by ₹19.77 million. Had there been no change, pre tax profit for the year would have been lower by ₹19.77 million and intangible assets would have been higher by ₹19.77 million.

Notes on Accounts

34. Gratuity And Other Post-Employment Benefit Plans:

The Company has a defined benefit gratuity plan. Gratuity (being administered by a Trust) is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination / resignation. The benefit vests on the employee completing 5 years of service. The Gratuity plan for the Company is a defined benefit scheme where annual contributions are deposited to a Gratuity Trust Fund established to provide gratuity benefits. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/liability in the books of accounts on the basis of actuarial valuation as per the Projected unit credit method. Plan assets also include investments and bank balances used to deposit premiums until due to the insurance company.

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

Statement of Profit and Loss account

Net employee benefit expense (recognised in Employee cost)

Particulars	31.03.2013 ₹ in million	31.03.2012 ₹ in million
Current Service cost	13.83	11.21
Interest cost on benefit obligation	7.13	5.93
Net actuarial loss recognised in the year	6.61	5.56
Past service cost	–	–
Expected Return on Plan Assets	(1.99)	(1.12)
Net benefit expense	25.08	21.58

Balance Sheet

Details of provision for Gratuity

Fair Value of Plan Assets at the end of the period	23.86	24.35
Liability at the end of the period	111.17	86.59
Difference	87.32	62.24
Less: Unrecognised past service cost	–	–
Amount recognized in the Balance Sheet	87.32	62.24

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

Defined benefit obligation as at 1st April, 2012	86.59	67.77
Interest Cost	7.13	5.93
Current service cost	13.83	11.21
Benefit paid	(2.99)	(3.87)
Past Service Cost – Vested Benefit	–	–
Actuarial losses on obligation	6.61	5.56
Defined benefit obligation as at 31st March, 2013	111.17	86.60

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

Fair value of plan assets as at 1st April, 2012	24.35	25.60
Return on Plan Assets	2.50	1.12
Contributions by employer	–	1.50
Benefits paid	(2.99)	(3.87)
Actuarial Gains / (losses)	–	–
Fair value of plan assets as at 31st March, 2013	23.86	24.35

Notes on Accounts

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

Particulars	31.03.2013 Percentage	31.03.2012 Percentage
Discount rate	8.25%	8.75%
Expected rate of return on plan assets	8.25%	4.48%
Salary Escalation	7.75%	7.75%
Attrition Rate	1%	1%

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

On consideration of materiality, the entire liability has been classified as a "non current liability".

35. Tax Expense is the aggregate of current year income tax and deferred tax charged to the Profit and Loss Account for the year.

a) Current Year Charge:

Income Tax provision of ₹464.10 Million has been made on regular income.

b) Deferred Tax

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

Particulars	Opening as at 1.4.2012 (₹ Million)	Charge/(credit) during the year (₹ Million)	Closing as at 31.3.2013 (₹ Million)
Depreciation	643.68	12.59	656.27
Net Deferred Tax Liability	643.68	12.59	656.27

36. Related Party Disclosures:

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

A. Relationships

I. Key Management Personnel

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

II. Key Management Personnel (Subsidiary Companies)

Name	Designation
Sh. RameshBhai L.Patel	Director Soriso Ceramic Pvt Ltd
Sh. ManojBhai V.Kakasania	Director Soriso Ceramic Pvt Ltd
Sh. Atul Bhai Jetha Bhai Padaliya	Director Jaxx Ceramics Pvt Ltd
Sh. Jaydip Kumar Jivraj Bhai Patel	Director Jaxx Ceramics Pvt Ltd
Sh. Rajnikant Prabhulal Fultariya	Director Jaxx Ceramics Pvt Ltd
Sh. P.V.R.N Raju	Director Vennar Ceramics Limited
Sh. S.V.S. Shetty	Director Vennar Ceramics Limited
Sh. C.V.Raju	Director Vennar Ceramics Limited
Sh. Kishor Bhai Patel	Director Cosa Ceramics Pvt Ltd.
Sh. Kishan Bhai Patel	Director Cosa Ceramics Pvt Ltd.
Sh. Bharat Bhai Vadaliya	Director Cosa Ceramics Pvt Ltd.
Sh. Ashvin Bhai Patel	Director Cosa Ceramics Pvt Ltd.

Notes on Accounts

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

For Holding Company

Kajaria Infrastructure Ltd
Kajaria Exports Ltd
Dua Engineering Works Pvt Ltd
Malti Devi Kajaria Charitable Trust

For Subsidiary Companies

Face Ceramics
Face Ceramics Pvt Ltd
Face Impex Pvt Ltd
Amar Ceramics Industries
JK World Wide Pvt Ltd.
Solar Ceramic Pvt Ltd
Anjani Portland Cement Ltd

B. The following transactions were carried out with related parties in the ordinary course of business:-

(₹ Million)

Related Party Transactions	Key Management Personnel	Others
Purchase of Goods & Services	– (–)	24.73 (11.29)
Purchase of Fixed Assets	– (–)	16.68 (5.41)
Rent Paid	– (–)	14.03 (8.16)
Remuneration	109.92 (56.08)	– (–)
Sale of Shares	– (–)	– (14.70)
Donation Paid	– (–)	2.63 (3.08)
Interest Paid	1.08 (–)	– (–)

(Figures in brackets are for previous year)

C. Outstanding balance and balance written off/written back:-

Description	Outstanding Balances (₹ Million)		Written off/Written back (₹ Million)	
	As At 31st March, 2013	As At 31st March, 2012	As At 31st March, 2013	As At 31st March, 2012
Key Management Personnel	–	–	–	–
Others	–	–	–	–

Notes on Accounts

37. Segmental Reporting:

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

38. Earnings per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earning per share:

(₹ Million)

	Year ended 31.03.2013	Year ended 31.03.2012
Profit attributable to the Equity Shareholders – (A) (₹ in Millions)	1045.12	808.83
Basic /Weighted average number of Equity Shares outstanding during the year (B)	73,583,580	7,35,83,580
Nominal value of Equity Shares (₹)	2.00	2.00
Basic/Diluted Earnings per share (₹) – (A)/(B)	14.20	10.99

39. Previous year figures have been regrouped / recast wherever necessary.

Signature to the Schedule 1 to 39

In terms of our report of even date annexed
For **O. P. Bagla & Co.**
Chartered Accountants

Atul Bagla
Partner
Membership No.: 91885

Place: New Delhi
Dated: 30 April, 2013

Ashok Kajaria
Chairman & Managing Director

Chetan Kajaria
Rishi Kajaria
Jt. Managing Directors

For and on behalf of the Board
D. P. Bagchi
R. K. Bhargava
R. R. Bagri
H. Ratnakara Hegde
Directors

R. C. Rawat
Sr. Vice President (A & T) & Company Secretary

Consolidated Cash Flow Statement for 2012-2013

	Year ended 31.03.2013 ₹ in million		Year ended 31.03.2012 ₹ in million	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		1,577.15		1,199.04
Adjusted for :				
Depreciation	446.18		392.58	
Interest Received	(7.68)		(4.86)	
Interest Paid	406.73		383.74	
Profit on sale of Investment	–		(0.12)	
Dividend Received	–		–	
Loss on sale of Fixed Assets	17.87	863.10	14.91	786.25
Operating Profit before Working Capital Changes		2,440.25		1,985.29
Adjusted for :				
Trade & Other Receivables	(211.71)		(385.34)	
Inventories	(332.24)		(318.36)	
Trade Payable	(55.44)	(599.39)	348.23	(355.46)
Cash Generated from Operations		**1,840.86**		**1,629.83**
Interest Paid	(406.73)		(383.74)	
Direct Taxes Paid	(482.90)		(337.32)	
Extraordinary items	–	(889.63)	–	(721.06)
Net Cash from operating activities		**951.23**		**908.77**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(1,543.33)		(751.23)	
Sale of Fixed Assets	34.26		26.51	
Purchase of Investments	–		–	
Sale of Investments	–		33.25	
Interest Received	7.68		4.86	
Dividend Received	–		–	
Net Cash used in Investing Activities		(1,501.39)		(686.62)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	–		–	
Proceeds from Minority Interest	169.72		–	
Proceeds from Long Term Borrowings	(24.06)		(99.61)	
Proceeds from Short Term Borrowings	591.78		76.45	
Dividend and Dividend Tax Paid	(213.80)		(171.04)	
Net Cash used in Financing Activities		**523.64**		**(194.20)**
Net increase in Cash and Cash Equivalents		(26.52)		27.95
Cash and Cash Equivalents as on 1st April, 2012		62.09		34.14
Cash and Cash Equivalents as on 31st March, 2013		**35.57**		**62.09**

In terms of our report of even date annexed

For **O. P. Bagla & Co.**
Chartered Accountants

Atul Bagla
Partner
Membership No.: 91885

Place: New Delhi
Dated: 30 April 2013

For and on behalf of the Board

D. P. Bagchi
R. K. Bhargava
R. R. Bagri
H. Ratnakara Hegde
Directors

Ashok Kajaria
Chairman & Managing Director

Chetan Kajaria
Rishi Kajaria
Jt. Managing Directors

R. C. Rawat
Sr. Vice President (A & T) & Company Secretary

CELEBRATING 25 YEARS OF WORKING WITH AN ATTITUDE

A TRISYS PRODUCT
info@trisyscom.com

Kajaria

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: info@kajariaceramics.com
Website: www.kajariaceramics.com

gokul_offset@yahoo.co.uk

KAJARIA CERAMICS LIMITED

J-1/B-1 [Extn], Mohan Co-operative Industrial Estate, Mathura Road, New Delhi-110044
Phones: +91-11-26946409 Fax: +91-11-26946407, +91-11-26949544
E-Mail : investors@kajariaceramics.com Web Site : http://www.kajariaceramics.com

NOTICE

NOTICE is hereby given that Twenty Seventh Annual General Meeting of the members of Kajaria Ceramics Ltd will be held on **4th June 2013**, the Tuesday at 12.00 Noon at the registered office of the Company i.e A-27 & 28, Sikandrabad Industrial Area , Sikandrabad, Distt Bulandshahr (U P) to transact the following business: -

ORDINARY BUSINESS:

1. To received, consider and adopt the Audited Balance Sheet as at 31st March 2013 and the statement of the Profit & Loss for the financial year ended as on that date along with Auditors' and Directors' Report thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri R. R.Bagri, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri. B.K.Sinha, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s O.P.Bagla & Co., Chartered Accountants as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS:

6. **Re-Appointment of Mr. B.K.Sinha as Director -Technical**

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of the Section 198, 269, 309, 310,311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, as amended up to date, the approval of the members be and is hereby accorded for the re-appointment of Sh. B.K. Sinha as Director -Technical of the Company with effect from 1st April 2013 on such terms and conditions (including remuneration) as set out in the agreement dated 30th April 2013 entered into by the Company with him and duly specified in the explanatory statement which forms the part of this resolution , with a liberty to the Board of Directors (hereinafter referred to as " the Board" which term shall be deemed to include any committee of the Board Constituted to exercise its powers, including powers conferred by this resolution) to alter and vary the terms and conditions of appointment and /or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or other statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT for the purpose of giving effect of the above resolution(s) the Board of directors of the company or any officer(s) authorized by it be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion thinks necessary and desirable."

7. **Change of Registrar and Share Transfer Agent**

To consider and, if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:

"RESOLVED THAT Pursuant to Section 163 and other applicable provisions of the Companies Act 1956, if any, the Register of Members, Index of Members, Register and Index of Debentureholders, if any, and Copies of all information pertaining to Annual Return in relation to Transfer / Transmission, Register of Members etc, prepared u/s 159 and 160 of the Companies Act, 1956, together with the copies of the certificates and documents required to be annexed hereto under section 160 & 161 of the act, be kept with the administrative office of MCS Share Transfer Agents Limited at F-65 , Okhla Industrial Area, Phase-1, New Delhi 110020 instead with MCS Limited at F-65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi 110020."

"RESOLVED FURTHER THAT the Registers, Returns, Copies of Certificates and all other documents of the Company referred to the above be kept open for inspection at a place where they are kept, by the persons entitled thereto, to the extent, between 10 A.M. to 1 P.M. on any working day except when the Register of Members are closed under the provisions of the Act or the Articles of Association of the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company or any officer(s) authorized by it be and are hereby authorized to finalise the date of shifting of the documents and to do all such acts, deeds and things as it may, in its absolute discretion thinks necessary and desirable in this regard."

By Order of the Board
For Kajaria Ceramics Ltd

R C Rawat
Sr V.P (A&T) & Co. Secretary

Dated: 30.04.2013

NOTES

1. **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. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING IN THE FORM ENCLOSED HERETO. A PROXY SO APPOINTED CAN NOT VOTE EXCEPT ON A POLL.**
2. Members / Proxies are requested to bring their copies of Annual Report and Attendance slip at the time of meeting.
3. Members who hold equity shares in dematerialized form are requested to write their client id and DP-id numbers and those who hold equity shares in physical forms are requested to write their folio number in the Attendance Slip for attending the meeting. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board resolution authorizing representative to attend and vote on their behalf at the Meeting.
4. Members holding shares in physical form are requested to notify/send the following to the Registrar & Share Transfer Agent of the Company at M/s MCS Limited, F-65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi 110020: -
   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, and share certificate(s) held in multiple accounts in identical manners or joint accounts in the same order of names, for consolidation of such shareholding into one account.

   Further, please note that Members holding equity shares in electronic forms, are requested to contact for updation required in address, e-mail ids, bank details, bank mandate, ECS mandate, power of attorney and also requests for registration of nomination are to be intimated to your DP and not to the Company or our Registrar.
5. The relevant Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
6. Register of Members shall remain closed from 24th May 2013 to 4th June 2013 (both days inclusive).
7. The dividend, if any, declared at this Annual General Meeting will be paid to those members whose names appear on the Register of Members of the Company as on 4th June 2013, after giving effect to all the valid transfers in physical forms lodged with the Company and its Registrar and Transfer Agent on or before 23rd May 2013.

   In respect of the members whose shares are held in electronic form, the dividend will be paid to those beneficial owners as per details furnished by the depositories at the close of business hours on 23rd May 2013.
8. Members, who have not encashed their dividend warrant for the financial year ended 31st March, 2006 and/or the dividend warrants issued after 1st April, 2006 or any subsequent financial year so far, are requested to make their claim to the Secretarial Department / Share Transfer Agent of the company. However all the unclaimed dividend pertaining to the financial years before the financial year ended on 31st March 2005 have been transferred to the Investor Education and Protection Fund as per the provision of Sec. 205C of the Companies Act, 1956.
9. Brief resume and other particulars of R.R.Bagri and Mr. B.K.Sinha are enclosed.
10. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary at the Corporate Office of the Company at J-1/B-1(Extn), Mohan Co-operative Industrial Estate, Mathura road, New Delhi-110044, 10 days before the meeting enabling the Management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

1. **ITEM NO. 6**

   Mr. B.K.Sinha was appointed as Director-Technical of the Company w.e.f 1st May 2010 for a period of 3 years. His tenure of appointment expired on 30th April 2013. Keeping in view of his excellent performance, it is proposed to re-appoint Mr. B.K.Sinha as Director Technical, for a period of 3 years w.e.f 1st April 2013, on revised terms and conditions including the remuneration.

   The terms and conditions of appointment of Mr. B.K.Sinha, Director- Technical of the Company w.e.f 1st April 2013 are as follows:

   That he shall be entitled to the following remuneration w e f 1st April 2013:

   1) **Salary**

      Rs 2,14,500 –30,000 – 2,74,500 /- per month.

      In addition to salary, he shall be entitled to the following perquisites.

   2) Perquisites:

      Perquisites are classified into three categories 'A' 'B' & 'C' as follows:

   CATEGORY 'A'

   Housing

   Residential accommodation (furnished or otherwise) or house rent allowance at the rate of 50% of the salary.

   The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per income tax rules, 1962. This however will be subject to a ceiling of 10% of the salary.

   Medical Allowance / Reimbursement of Medical Expenses

   Not exceeding one month's salary per year.

Insurance

As per the policy of the Company for Directors and other senior employees, the Company may take an Employer-Employee Policy on his life. The policy may be assigned in his name in future. In such an event of assignment of the policy the same shall be treated as perquisite in his hands.

CATEGORY 'B'

i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund, if any, will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.

ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

iii) Encashment of Leave at the end of tenure will not be included in the computation of ceiling on perquisites.

CATEGORY 'C'

Provision of Car with Driver and Telephone at the Residence will not be considered as perquisites.

Other Terms and Conditions

1. Director- Technical will not be entitled to sitting fee for attending meeting of Board or of a Committee thereof.
2. If during the currency of tenure of the Director- Technical , the company has no profits or profits are inadequate, in any financial year, the Director- Technical shall be entitled to remuneration by way of salary and perquisites as per the limits prescribed in Schedule XIII to the Companies Act, 1956.
3. The Director- Technical holds office as such, subject to the provisions of the Section 283 (1) of the Companies Act, 1956.
4. That the Director- Technical shall be liable to retire by rotation.
5. That the Director- Technical shall not become interested or otherwise concerned directly or through his relatives as defined under the Companies Act in any selling/ buying agency of the company without the prior approval of the Board so long as he functions in such capacity.
6. That the Director- Technical shall not, during the continuance of his employment or any time thereafter, divulge or disclose to any person, firm, company, body corporate or concern whatsoever or make any use for his own or for whatsoever purpose of any confidential information, or knowledge obtained by him during his employment of the business or affairs of the company or of any trade secrets or secret processes of the company and the Managing Director shall, during the continuance of his employment hereunder, also use his best endeavour to prevent any other person, firm, company, body corporate or concern from doing so.
7. That the Director- Technical shall, throughout the said term, devote his full attention and abilities to the business of the Company and shall comply with the directions from time to time of the Board and in all respects conform to the regulations made by the Board and shall diligently promote the interest of the Company.
8. In the event of the Director- Technical being found guilty of misconduct or negligence in the discharge of his duties or in the conduct of the company's business or of any other act or omission inconsistent with his duties as the Director- Technical or any breach of this agreement, which in the opinion of the Board requires termination from the office of the Director- Technical . The Company shall be entitled to terminate this agreement without any notice and compensation.
9. Unless otherwise contained in Clause 6 above, the Company can at its discretion terminate the contract / agreement by giving three months notice of such termination or on payment of three months salary and no compensation will be payable to the Director- Technical for the unexpired portion of this agreement.
10. That the Director- Technical can also terminate the Contract / Agreement by giving three months' notice in writing to the Company at the Corporate Office. In that event he undertake to peacefully handover the charge including all necessary documents, files and papers to such person or persons as may be informed by the Managing Director in writing.
11. That the Director- Technical shall have powers as delegated by the Board of Directors for the management and control of the Company.
12. That the Director- Technical acting as an officer of the company as defined under the Companies Act 1956 shall have powers to act, do such things on behalf of the company in respect of the affairs and business of the company and as are not forbidden by the provisions of the companies Act, 1956 or any other statute for the time being to be done by Director.
13. The Board of Directors of the Company may at its discretion revise the terms and conditions from time to time with the approval of the members.
14. This appointment is subject to the approval of the members of the Company. In case the appointment is not approved by the members, he will immediately vacate the office.
15. For all other terms and conditions not specifically spelt out above, the rules and orders of the Company shall apply.

Your Board of Directors recommends the resolution for the approval of the members. None of the Directors except Mr. B.K.Sinha himself is concerned or interested in this resolution.

The above mentioned terms and conditions may be treated as an abstract of the terms of Contract as desired under section 302 of the Companies Act ,1956.

2. ITEM NO.7

Pursuant to Section 163 (1) of the Companies Act, 1956, the Register of Members, Index of Members, Register and Index of Debentureholders, if any and Copies of all information pertaining to the Annual Return in relation to Transfers / Transmission and Register of Members, etc prepared under section 159 & 160 of the Act, together with the copies of the certificates and documents required to be annexed thereto under section 160 & 161 of the act is being kept at the administrative office of the Registrar and Share Transfer Agents, M/s MCS Share Transfer Agent Limited, at F-65, Okhla Industrial Area, Phase-1, New Delhi 110020.

The Board of Directors of your Company has decided to change the Registrar and Share Transfer Agent and accordingly shift the Share Registry from MCS Limited to MCS Share Transfer Agent Limited Category 1 Registrar and Share Transfer Agent .

The modalities of shifting of records and transfer of Registrar are under process. The date of shifting of the records will be decided by the Board. On actual shifting of records and transfer of Registrar, a separate announcement will be made by the Company for the information of shareholders and other investors.

Accordingly, Approval of the Shareholders by a Special Resolution is being sought pursuant to Section 163 of the Companies Act, 1956. A Copy of the Special Resolution set out in Item No. 7 of the Notice will be delivered to the Registrar of Companies, Uttar Pradesh & Uttarakhand in advance.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

The Directors recommend the Resolution for your approval as Special Resolution.

FOR KAJARIA CERAMICS LTD

DATE : 30.04.2013
PLACE: NEW DELHI

R C RAWAT
SR V P (A&T) & CO SECRETARY

Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting
(in pursuance of Clause 49 IV (g) (i) of the Listing Agreement)

Name of Directors	Mr. R.R.Bagri	Mr. B.K.Sinha
Date of Birth	1st April 1944	3rd August 1949
Date of Appointment	21st Jan, 2000	1st May 2010
Qualification	B.SC. (Engg.), MS. (Sans.) & FIPHE (New York).	B.Tech (IIT Kanpur), PGDM (AIMA).
Experience in specific	He has formally served M/s Geo Miller & Co. P. Ltd. as Sr. Project Engineer from 1967 to 1972 a leading designers and contractors in the field of Public Health Engineering. Since June 1972, he is Managing Director of Clear Water Ltd., a company specializing in setting up projects Turnkey Basis in the field of Public Health Engineering. He is refined industrialist and expert in the field of Engineering and Finance.	He started his career as Graduate Engineer with Hindustan Sanitaryware and subsequently served with Orient Ceramics, Somany Tiles as General Manager (Production), Asian Granito as Sr. Vice President, and Kaneria Granito as Technical Director. He has rich experience of about 40 years in the field of tiles production, quality control, R&D, technology transfer, standardization, projects, training and organization development etc.
Directorship held in other public limited Companies	1. Clear Water Limited 2. Faridabad Paper Mills Limited 3. APM Industries Limited	NIL
Chairman / Members of the Committee of the Board of Directors of the Company	1. Member of Audit Committee 2. Chairman of Share Transfer & Investors Grievances Committee.	NIL
Chairman / Members of the Committee of the Board of Directors of other Companies	1. Chairman of Audit Committee, & Share Transfer Committee of M/s Clear Water Limited. 2. Member of Audit Committee and Shareholder / Investor Grievance Committee of APM Industries Limited.	NIL
Shareholding as on 31st March 2013 (No. of equity shares)	22,000 equity shares	NIL

KAJARIA CERAMICS LIMITED

Regd. Office: A-27 & 28, Sikandrabad Industrial Area, Sikandrabad, Distt. Bulandshahr (U.P.)

ATTENDANCE SLIP

I/We hereby record my/our presence at the 27th Annual General Meeting of the Company on 4th June, 2013 at 12.00 Noon at the Regd. Office of the Company.

DP ID*	
Client ID*	

Master Folio No.	
No. of Share(s) held	

NAME OF THE SHAREHOLDER_____ _____
(Signature)

NAME OF THE PROXY_____ _____
(IN BLOCK LETTERS) (Signature)

NOTE: You are requested to sign and hand over the slip at the entrance.

*Applicable for members holding shares in electronic form.

KAJARIA CERAMICS LIMITED

Regd. Office: A-27 & 28, Sikandrabad Industrial Area, Sikandrabad, Distt. Bulandshahr (U.P.)

FORM OF PROXY

DP ID*	
Client ID*	

Master Folio No.	
No. of Share(s) held	

I/We……..……. of ……..……..
In the district of ……..……..……being a member/ members of the above named Company hereby appoint ……..……..…… of ……..……..……in the district of ……..……..……or failing him ..... of.....in the district of.....

as my/our proxy to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held on Tuesday, the 4th day of June 2013 and at any adjournment thereof.

Please affix Re 1 Revenue Stamp.

Signed this…… day of …….2013

NOTE: The Proxy to be effective should be deposited at the Registered Office of the Company at A-27 & 28, Sikandrabad Industrial Area, Sikandrabad, Distt Bulandshahr (U P) not less than 48 hours before the commencement of the Meeting.

_____
Signature

BANK MANDATE REQUEST SLIP

Name.....Folio No.....No. of Shares.....

a. Bank / Branch Name & Address: .....
.....
.....

b. Code number of the bank & branch as appearing on the MICR Cheque .....

c. Account No. as appearing on the Cheque Book:.....(Saving/Current)

d. STD Code & Telephone No. .....

_____
Signature

In case you are holding shares in Demat form, kindly advice your Depository Participant to take note of your Bank Account particulars /ECS Mandates.