



looking forward!



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#### Theme of this Annual Report

This annual report is dedicated to some of the greatest masters from the world of art.

Masters who pushed the frontier. Masters who slaved months after a single canvas. Masters who followed their dream.

Kajaria does not intend to communicate any financial or material interest / ownership in the works of these masters. The showcasing of the works of these masters is only for academic interest and intended to inspire readers

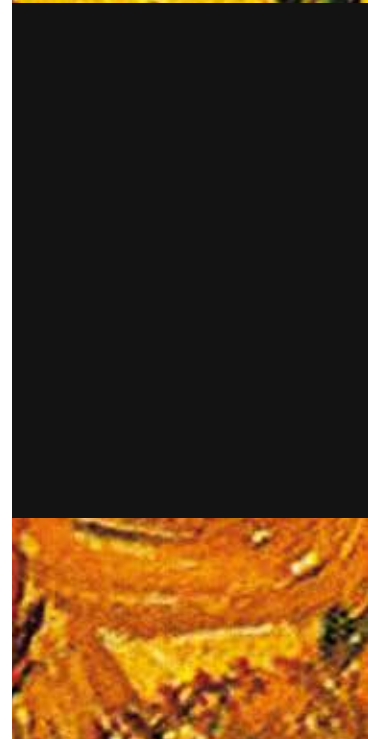


#### Still Life – Vase With Fifteen Sunflowers – Vincent Van Gogh

*In August, 1888 Vincent van Gogh began painting a series of works which, according to experts, suggests, "Perhaps more than any other of his paintings, have made him known throughout the world. They are often the only works with which he is identified." This series is the sunflowers.*

*Van Gogh worked diligently on them in anticipation of the arrival in Arles of his friend Paul Gauguin. Vincent wrote: "I'm thinking of decorating my studio with half a dozen paintings of Sunflowers. A decoration in which harsh or broken yellows will burst against various blue backgrounds - from the palest Veronese to royal blue, framed with thin laths painted in orange lead. Sorts of effects of stained-glass windows of a Gothic church."*

**Born: March 30, 1853, Zundert, Netherlands  
Died: July 29, 1890, Auvers-sur-Oise, France**





## At Kajaria

- ...rather than resting on our past laurels
- ...we are **looking forward** to the future.
- ...rather than just analysing past numbers
- ...we also throw light on the number-drivers for the future.
- ...rather than just detail our past initiatives
- ...we also provide an insight into our plans for the future.
- ...rather than simply looking back
- ...we are increasingly motivated about **Looking Forward!**







continue to **look forward** to healthy business growth.

Kajaria is *looking forward*... 

# by scaling its business even further

*You might think that a company that added 7.50 million square metres to its production capacity in 2014-15 would now begin to quietly use the word 'consolidate'.*

Interestingly, our managers are scratching out the word and over-writing it another... 'accelerate'.

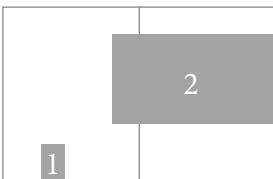
We are implementing a 20.20 MSM capacity addition:

- The 3 MSM ceramic floor tile capacity at the existing location in Gailpur is complete; full-fledged production is expected to commence by September/October 2015.
- Taurus Tiles Private Limited, our joint venture partner, commissioned a 5 MSM polished vitrified tiles facility in June 2015.
- Kajaria is setting up a 6.50 MSM polished vitrified tile greenfield facility in Rajasthan by Q4/FY16.
- Kajaria entered into a joint venture with Floera Ceramics Pvt Ltd., which plans to put up a 5.70 MSM polished vitrified tile facility in Andhra Pradesh by 2016-17.

Even as Kajaria continues to analyse other growth opportunities pan-India.

**To make more. Sell more.  
Earn more.**





**Swaying Dancer (Dancer in Green) - Edgar Degas**

Degas was fascinated by the world of ballet; hence, it figured prominently in many of his paintings. Here, a dancer is depicted in mid-performance. The girl in green is shown full-length, captured as she executes a swift, complicated turn. He felt that the unfinished, transitory nature of reality could only be conveyed using a fragmented technique. Here, the fleeting nature of the movement is captured with rapid pastel strokes, applied with immense skill.

**Born: 19th July, 1834, Paris, France**

**Died: 27th September, 1917, Paris, France**







Kajaria is *looking forward*... □

# by enhancing shelf space and brand visibility

*There are two potent profit drivers at Kajaria: the ability to increase shelf space on the one hand and maximise brand recall on the other. At Kajaria, even as we set a heartening pace in both these areas, we realise that we have quite some distance to go.*

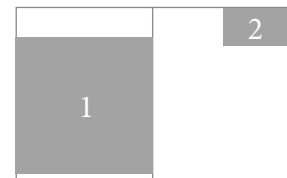
## Adding to our shelf space

- Increasing shelf space by growing the dealer and sub-dealer network, primarily in Tier II and Tier III cities and towns.
- Opening exclusive showrooms for all product segments like Kajaria Galaxy, Kajaria World, Kajaria Star, Kajaria Prima and Kajaria Studio etc. in metros and mini metros.
- Working closer with dealers, sub-dealers, masons and architects towards skill development, thereby graduating them into Kajaria's brand ambassadors.

## Strengthening our recall

- Continuing to invest in television campaigns on select national and regional channels
- Featuring advertisements on TV during on prime sporting events
- Focusing on social and digital media campaigns
- Enhancing brand visibility at dealer and sub-dealer outlets
- Participating in large trade exhibitions, which garnered an encouraging response across India
- Increasing visibility in national and regional newspapers and magazines

**Enhanced visibility.  
Increased aspirations.  
Higher recall.**



*Wheatfield with Crows is a July 1890 painting by Vincent van Gogh. It is commonly stated that this was van Gogh's last painting. The evidence of his letters suggests that Wheatfield with Crows was completed around 10 July and predates such paintings as Auvers Town Hall on 14th July 1890 and Daubigny's Garden.*

**Born:** March 30, 1853, Zundert, Netherlands  
**Died:** July 29, 1890, Auvers-sur-Oise, France

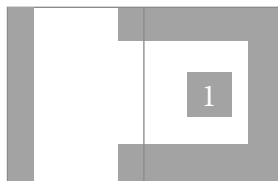
The corporate 

Kajaria.

The largest tile manufacturer in India.

The most respected tile brand in India.

Adjudged the 'Best managed company' in the small cap category by *Asiamoney*, Hong Kong, for 2014.



**The Kiss (Lovers) - Gustav Klimt**

*Painted by the Austrian Symbolist painter Gustav Klimt. A perfect square, the canvas depicts a couple embracing, their bodies entwined in elaborate robes decorated in a style influenced by the linear constructs of the contemporary Art Nouveau style and the organic forms of the earlier Arts and Crafts movement. The work is composed of oil paint with applied layers of gold leaf, an aspect that gives it a strikingly modern, yet evocative appearance. This work is widely considered a masterpiece of the early modern period and Klimt's most popular work.*

**Born: 14th July, 1862, Vienna**

**Died: 6th February, 1918, Vienna**

4

Manufacturing locations

1

mn pieces  
Faucet capacity

49.54%

Promoters' holding

₹6,384 cr

Market capitalisation

8

Manufacturing  
units

54.10

MSM  
Tile capacity

7

lac pieces  
Sanitaryware  
capacity

1,500

SKUs  
Tile designs

65

SKUs  
Sanitaryware designs

950

Dealers in its  
network

28.27%

Institutional holding

2,300+

Team size

₹6,407<sup>cr</sup>

Enterprise value

₹2,404<sup>cr</sup>

Gross sales

₹354<sup>cr</sup>

Operating profit

₹176<sup>cr</sup>

Profit for the year

₹231<sup>cr</sup>

Net cash from  
operations

₹1,126<sup>cr</sup>

Capital employed  
in the business

All figures are as on 31st March, 2015.

‘Looking forward’  
is a relevant  
business  
philosophy.  
Our business  
progress  
in 2014-15  
vindicates its  
effectiveness.

In terms of growth

**19**%  
Growth in net sales  
over 2013-14

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In terms of  
profitability

**69** bps  
Improvement in our  
operating margin  
over 2013-14

---

In terms of  
stronger financials

**₹236**<sub>cr</sub>  
Addition to  
reserves and surplus  
in 2014-15

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**24%**

Growth in operating profit over 2013-14

**41%**

Growth in net profit over 2013-14

**35%**

Growth in cash profit over 2013-14

**128** bps

Improvement in our net margin over 2013-14

**26** bps

Decline in our ROE over 2013-14

**143** bps

Improvement in our ROCE over 2013-14

**28** days

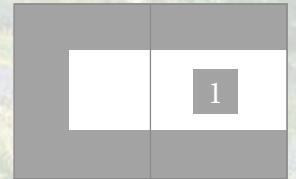
Working capital cycle as on 31st March, 2015

**0.30** x

Debt-equity ratio as on 31st March, 2015

**₹ 221** cr

Addition to the gross block in 2014-15

**The Japanese Footbridge - Monet**

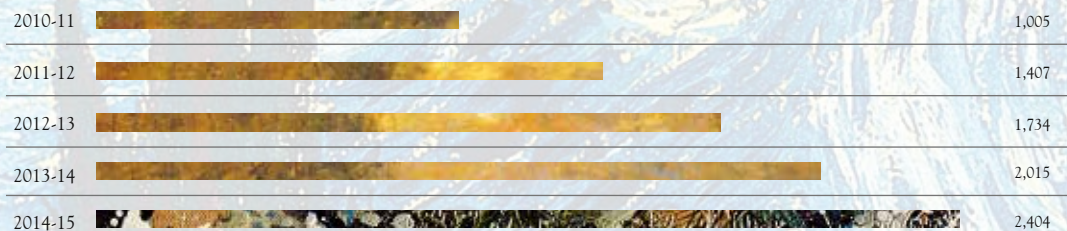
Ten years after moving to Giverny in 1883, Claude Monet envisioned turning a small pond on an adjacent parcel of land into an Asian-influenced water garden. Overcoming the resistance of locals wary of introducing foreign plants into the region, Monet won approval to expand the pond by diverting water from the Epte River. He encircled the basin with a vivacious arrangement of flowers, trees, and bushes, and the next year filled it with water lilies. He added a Japanese-style wooden bridge in 1895, then a few years later started to paint the pond and its water lilies—and never stopped, making them the obsessive focus of his intensely searching work for the next quarter century.

Deeply admiring nature's central role in Japanese culture, Monet here fuses Japanese motifs with his impressionist palette and brushstrokes to posit a hybrid, transcendent understanding of nature's primacy.

"It took me a long time to understand my water lilies.... I grew them without thinking of painting them.... And then, all of a sudden, I had the revelation of the enchantment of my pond. I took up my palette," he wrote.

**Born:** November 14, 1840, Paris  
**Died:** December 5, 1926, Giverny

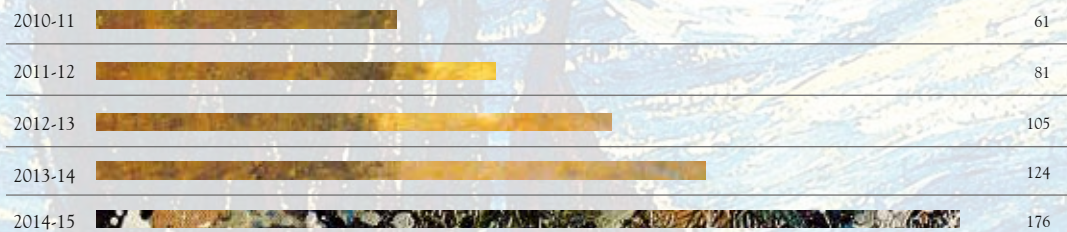
The ability to *look forward* is derived from the robustness of our foundation.



#### Gross sales (₹ crore)



#### EBIDTA (₹ crore)



#### Net profit (₹ crore)



#### Cash profit (₹ crore)

2010-11		15.61
2011-12		15.72
2012-13		15.46
2013-14		15.59
2014-15		16.28

**EBIDTA margin (%)**

2010-11		6.37
2011-12		6.17
2012-13		6.61
2013-14		6.79
2014-15		8.07

**Net profit margin (%)**

2010-11		22.09
2011-12		27.96
2012-13		28.89
2013-14		29.06
2014-15		30.49

**ROCE (%)**

2010-11		1.28
2011-12		0.96
2012-13		0.82
2013-14		0.41
2014-15		0.30


**Debt-equity (x)****Starry Night – Vincent van Gogh**

Vincent van Gogh's *Starry Night* is considered to be his magnum opus. The piece was done from memory and whimsically depicts the view from his room at the sanitarium he resided in at the time.

Born: March 30, 1853, Zundert, Netherlands  
Died: July 29, 1890, Auvers-sur-Oise, France





Management statement 

“At Kajaria, we expect exciting opportunities to unfold over the next five years.”

Mr. Ashok Kajaria, Chairman & Managing Director

*Friends,*

*It was a good year for the Company as we posted a healthy uptick in business and profitability – revenue and net profit grew by 19% and 41% respectively – a consequence of volume-driven and value-led strategies.*

*Rather than recount the achievements of the year gone by, we feel it would be pertinent to explain how we see our business panning out, the opportunities that lie ahead of us and the means by which we may maximise shareholder value.*

**Composition IV– Wassily Kandinsky**

*The paintings he titled Compositions explore the artist's attempts to represent the structure and form of music through the medium of painting. The painting measures 62 7/8 x 98 5/8 inches and it is in the Hermitage Museum in St. Petersburg, Russia. It was made using oil paints on canvas.*

**Born: 16th December, 1866, Moscow, Russia**

**Died: 13th December, 1944, Neuilly-sur-Seine, Nanterre, France**

## Management statement



### Looking forward

In our annual dealer meet, we shared our views with our dealers and concluded that the next five years would be full of opportunities.

- India's domestic consumer market is the most rapidly growing in Asia. The new aspiring middle class in India is expected to touch 267 mn over the next five years, presenting tremendous opportunities to realise economies-of-scale for the fast-moving manufacturing consumer goods sector.
- According to the Census 2011, the urban rental housing stock in India stands at 27.5% of the total housing stock - significantly low compared to global standards. This needs an upward correction to accommodate rapid urbanisation.
- As per the Economic Survey 2014, the proportion of working-age population in India is likely to increase from around 58% in 2001 to more than 64% by 2021.
- The Government's 'Make-in-India' drive with the vision to develop India into a global manufacturing

giant is expected to facilitate investments, foster innovation and build world-class manufacturing infrastructure.

- The Central Government has launched a comprehensive mission 'Housing for All by 2022' – a scheme which will cover all 4041 statutory towns as per Census 2011 with a focus on 500 Class I cities. An estimated six crore houses will be required in India to achieve this goal by 2022.
- The 'Swachh Bharat Abhiyaan' targets to build six crore toilets across the country by 2019.
- The Government has launched the 'Smart City Mission' covering 100 cities in five years (FY16 to FY20) to accelerate urbanisation, improve the quality of life and attract investment. This will require a comprehensive development of physical, institutional, social and economic infrastructure.
- The implementation of Goods and Services Tax (GST) to replace the existing multiple tax regime promises to provide a number of benefits to the



**Mr. Chetan Kajaria**  
Joint Managing Director





manufacturing sector. It will metamorphose India into a single unified market, which is expected to enhance economies-of-scale.

These investment-inducing policies hold significant promise to revitalise the Indian economy and bolster demand in India's real estate sector over the coming years.

### **Kajaria's business strategy**

So how does Kajaria expect to address this emerging reality?

In addition to capacity augmentation and shelf space creation, we are working on strengthening internal systems for seamlessly managing the shop-floor to shelf space journey for significant volume addition.

- Streamlining our business processes for strengthening our systems-based business management.
- Strengthening our IT solutions network for real-time data collection from across multiple locations for better informed and faster decision-making.

- Investing in intellectual capital – skill development being our primary focus – with the aim of empowering our people with adequate authority and responsibility.

- Provided regular training to the sales personnel of our dealers improving their business growth

- Strengthening relationships with masons, transforming them into brand ambassadors. We are accelerating mason interactions on contemporary tile-laying practices, growing their business (and our recall).

### **Message to the shareholders**

At Kajaria, we are aware that it is a highly competitive industry. However, we are optimistic that our proactive initiatives in building capacities and capabilities will translate into healthy profitability, enhancing value in the hands of our shareholders.

Regards,

**The management**

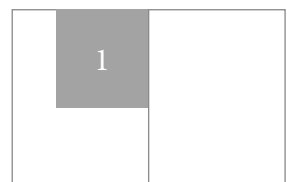


**Mr. Rishi Kajaria**  
Joint Managing Director



# Strengthening shareholder value

Kajaria possesses a credible record in strengthening shareholder value, irrespective of market cycles, achieved through operational efficiency, profit sharing and governance discipline.



## Kandinsky's Composition VII

*Kandinsky's Composition VII is considered to be the apex of his artwork before the First World War. After the painter had finished his long preliminary work, the composition was created in four days only. The main theme, which is an oval form intersected by an irregular rectangle, is perceived like the center surrounded by the vortex of colors and forms. Art historians feel that Composition VII is a combination of several themes, namely Resurrection, Judgment Day, Flood and Garden of Eden.*

**Born:** 16th December, 1866, Moscow  
**Died:** 13th December, 1944, Neuilly-sur-Seine, Nanterre

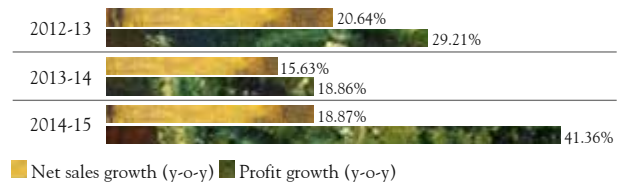
### Tangible value-addition

The Company grew its profits, added assets and maintained dividend payout which was reflected in a healthy growth in market capitalisation.

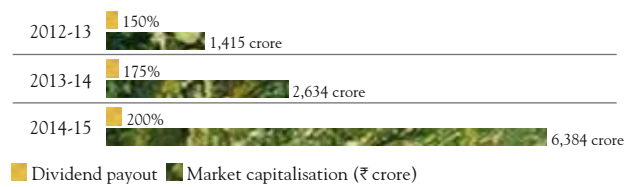
**Business growth:** The Company enhanced production capacity (organic and inorganic), leading to economies-of-scale. It introduced pioneering products and unique designs. These initiatives helped Kajaria emerge as the undisputed leader in the Indian tile industry.

**Financial management:** Even as the Company grew free cash flows through volume and value-driven initiatives, it balanced the need to reinvest and reduce leverage. So, even as capacities increased, the Company's gearing declined, improving stability.

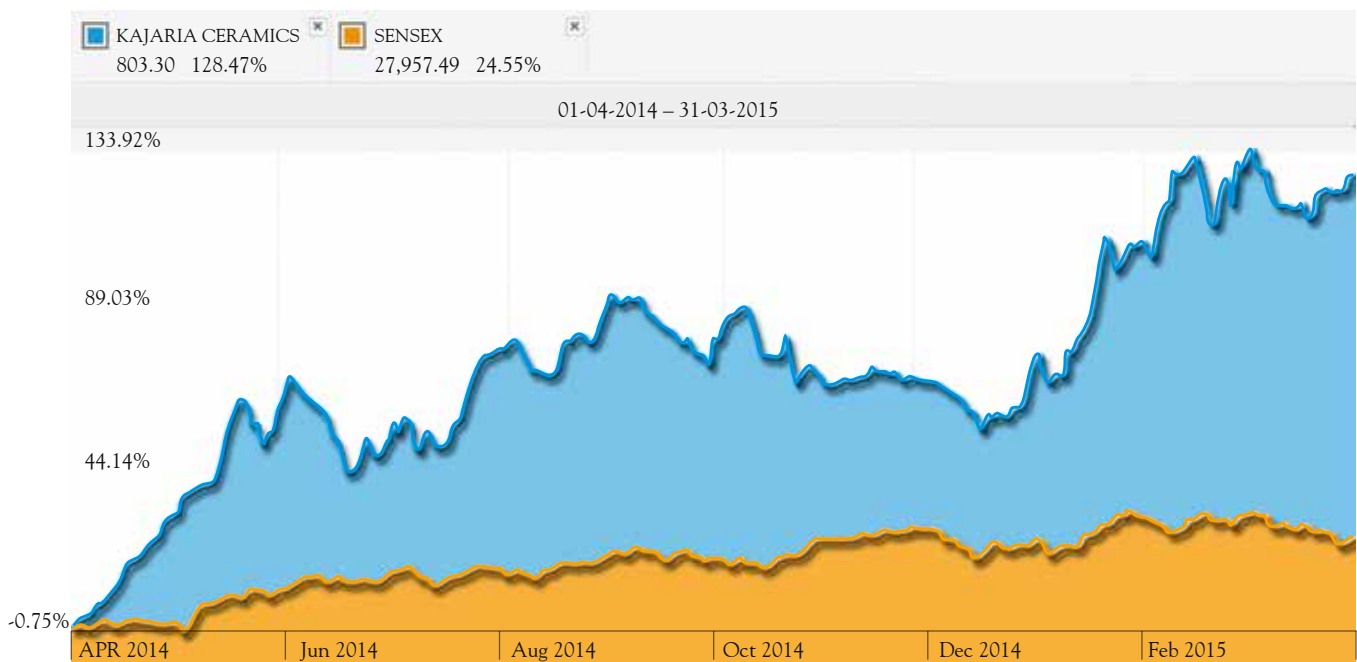
**Business stability:** A combination of robust profit growth and payout resulted in a growth in market capitalisation and enterprise value.



\* Mainly due to increase in equity



### Index outperformance





# Management discussion and analysis

## **The Indian economy**

The full-year GDP growth for the fiscal ending March 2015 settled at 7.3%, up from 6.9% in 2013-14, a bit lower than the official estimate of 7.4% (figures calculated as per the new series of national accounts with base year of 2011-12). This growth was due to an improvement in the performance of services as well as manufacturing sectors. The Gross Value Added (GVA), a new concept introduced by CSO to measure the

economic activity, rose 7.2% in 2014-15 compared to 6.6% in the previous fiscal. The economy remained relatively unshackled of factors generally associated with an economic slowdown.

Average Wholesale Price Index (WPI) inflation declined in 2014-15 to 3.4% (April-December) vis-à-vis 6% in 2013-14, as fuel witnessed a sharp decline in prices. Food price inflation also moderated to 4.8% during April-December 2014 as



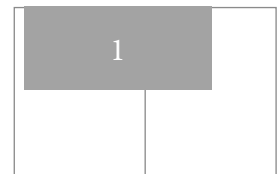
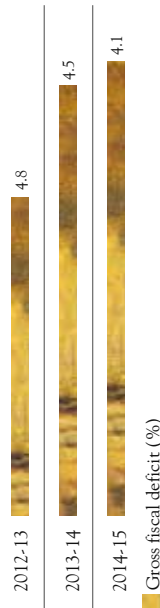
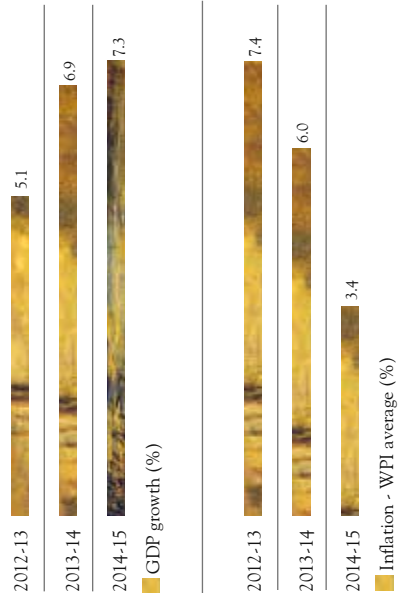
compared to 9.4% in 2013-14. Average retail inflation, measured by Consumer Price Index (CPI), moderated to 6.3% in 2014-15 (April-December) from 9.5% in 2013-14. The country's current account deficit (CAD) narrowed sharply to 1.3% of GDP in 2014-15, primarily on account of a lower trade gap.

One of the heartening features was the emergence of India as a large economy with a promising outlook, amidst

the mood of pessimism and uncertainties that continue to persist in a number of advanced and emerging economies.

**Looking forward**

The Reserve Bank of India projected India's GDP growth for 2015-16 at 7.6%. The International Monetary Fund forecast India's growth to strengthen from 7.2% in 2014 to 7.5% in 2015 and 2016.



**The Creation of Adam - Michelangelo**  
 This is a fresco painting, forming a part of the Sistine Chapel's ceiling, painted circa 1511-1512. It illustrates the Biblical creation narrative from the Book of Genesis in which God breathes life into Adam, the first man. It is the most well-known of the Sistine Chapel fresco panels, and its fame as a masterpiece of art is rivaled only by the Mona Lisa by Leonardo da Vinci.

**Born:** 6th March, 1475  
**Died:** 18th February, 1564.

# The Indian tile industry

Ceramic tiles are hygiene products, evident from their varied use in bathrooms and kitchens in most Indian households as well as in medical centres, labs, milk booths, schools, public convenience spaces, shopping malls, among others.

Technological advancements have strengthened the aesthetic appeal of tiles, leading to their becoming an integral home improvement component. Ceramic tile production makes a reasonable contribution to the country's GDP.

India is ranked #3 in world ceramic tile production (after China and Brazil) and is growing annually at 12-13%, riding urbanisation and replacement of natural stone.

A majority of India's ceramic producers hail from Morbi (Gujarat), accounting for ~60% of the total production from the regional sector. Morbi is possibly the second largest tile cluster in the world.

## Optimism

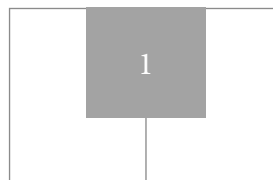
The Indian tile industry is expected to sustain momentum over the medium-term for the following reasons:

### □ Qualitatively superior than other flooring materials

In India, 47% of the population lives in houses with mud flooring, 37% with cement flooring and 11% with mosaic and tile flooring. Nearly 26% of India's urban population lives in houses with tile flooring and 46% lives in houses with cement flooring. On the other hand, only 3.7% of India's rural population lives in houses with tile flooring and 62.6% of population lives in houses with mud flooring – a huge opportunity. As urbanisation intensifies, an increasing number of people will shift from rural pockets to cities, catalysing a demand for flooring materials. (Census 2011)



APPROXIMATELY 594 MILLION PEOPLE, ABOUT HALF OF INDIA'S POPULATION, DO NOT HAVE ACCESS TO TOILETS OR BATHROOMS (CENSUS 2011).



### Mona Lisa – Leonardo da Vinci

*Mona Lisa is a half-length portrait of a woman by Leonardo da Vinci, which has been acclaimed as "the best known, the most visited, the most written about, the most sung about, the most parodied work of art in the world". The painting is in oil on a white Lombardy poplar panel. The subject's expression, which is frequently described as enigmatic, the monumentality of the composition, the subtle modeling of forms and the atmospheric illusionism were novel qualities that contributed to the enduring fascination of the work.*

**Born:** 14th April, 1452  
**Died:** 2nd May, 1519



#### □ Urban India

- About 10 million people are moving to Indian cities each year.
- The per capita income in urban India is expected to treble from US\$2,800 in 2012 to US\$8,300 in 2028.

#### □ Government policies

The Government's progressive policies – Housing for All by 2022, Swachh Bharat Abhiyaan (Sanitisation for All by 2019), Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Smart Cities Mission – should facilitate investment, accelerate construction activities and give a fillip to the economy. These schemes aim to meet the needs of around 40% of India's population and hold significant promise for the real estate sector.

#### □ Younger and smaller families

- The average household size is expected to decline from 4.8 to about 4.4.
- The fall in household size is expected to increase the demand for 10 million new housing units.
- About 35% of India's population is between the 15-35 year age bracket, which is expected to drive housing demand for the next 15 years.

**THE SHARE OF THE REAL ESTATE SECTOR IN THE NATIONAL GDP IS EXPECTED TO INCREASE FROM 6.3% IN 2013 TO 13% BY 2028. IN ABSOLUTE TERMS, THE SIZE OF THE SECTOR IS EXPECTED TO INCREASE SEVEN TIMES TO US\$ 853 BILLION IN 2028 FROM US\$ 121 BILLION IN 2013 – A 13.9% CAGR OVER THE PERIOD.**

### Percentage of households by flooring material (%)

	India			Rural		Urban	
	1991	2001	2011	2001	2011	2001	2011
Mud	67	57	47	72	63	18	12
Stone	-	6	8	5	6	9	12
Cement	21	27	31	18	24	48	46
Mosaic/Floor tiles	4	7	11	2	4	21	26
Others	8	3	4	3	3	4	4

# Ceramic wall and floor tiles



**25.90**

MSM  
Capacity

**1214**

Designs

**11**

Sizes

₹ **220–  
800**

per sqm  
Price range

**29.89**

MSM  
Sales volume in  
2014-15

**41%**

Contribution  
to revenues in  
2014-15



The ceramic tile vertical is the largest product segment for the Company, with a cumulative capacity of 25.90 MSM across four facilities. The Company possesses the largest ceramic wall and floor tile range in India, catering to a wide spectrum of customers.

### 2014-15 in retrospect

- Introduced an exclusive range of wall tiles in a new size of 25x75 cm and more than 200 new designs in existing sizes
- Expanded its dealer network pan-India; it opened 50 large exclusive Kajaria Prima showrooms with state-of-the-art display

### Looking forward

Even as the business environment for this product segment turns competitive, the Company expects to sustain momentum through the following initiatives:

- Deriving increased volumes from the newly commissioned capacity
- Implementing capacity expansion initiatives, leading to cost optimisation
- Widening presence and deepening penetration to carve out a larger share of the market
- Widening the customer choice by introducing new sizes and designs

### About the segment

- Preferred wall-cladding solution
- Increasing affordability, superior aesthetics, multiple applications and enhanced accessibility
- High porosity resulting in a stronger wall bonding
- Used on exterior walls, replacing stone tiles, terracotta tiles and natural stone

**ADDED 3 MILLION SQUARE METRES OF CERAMIC FLOOR TILE CAPACITY WHICH IS EXPECTED TO DELIVER INCREMENTAL REVENUES FROM SEPTEMBER/OCTOBER 2015 ONWARDS**

# Polished vitrified tiles



**18.90**

MSM  
Capacity

**95**

Designs

**3**

Sizes

**₹ 400–  
1000**

per sqm  
Price range

**20.37**

MSM  
Sales volume in  
2014-15

**37%**

Contribution  
to revenues in  
2014-15



### About the segment

- The segment comprises three categories – soluble salts, double charge and full-body vitrified tiles.
- A preferred flooring solution, the product is designed to withstand abrasion, chemical resistance, fire and staining.
- The product possesses a polished surface, high gloss, extraordinary quality and durability.

For Kajaria, polished vitrified tiles comprise the fastest growing product vertical due to two factors:

**Demand perspective:** Polished vitrified tiles are fast replacing natural stone and other flooring solutions.

**Company's perspective:** The Company has focused on increasing capacity of this product through organic and inorganic initiatives.

### 2014-15 in retrospect

- Launched two new sizes (80x80 cm and 80x120 cm) for the first time in India, well-received in the market
- Introduced 48 new designs in existing product sizes
- Strengthened presence in key central Indian states; added a number of new dealers pan-India
- Added 7.8 million square metres per annum capacity which is expected to deliver healthy revenues, going forward

### Looking forward

- Supplement the production of double-charged tiles (value-added variant) over soluble salts; commence production from Taurus, a new joint venture of Kajaria Ceramics
- Increase presence in Tier-II and Tier-III locations
- Strengthen display points across central and eastern India
- Setting up a 6.50 MSM greenfield facility in Rajasthan by Q4/FY16
- Entered into a joint venture with Floera Ceramics Pvt Ltd., which plans to put up a 5.70 MSM polished vitrified tile facility in Andhra Pradesh, to be commissioned in 2016-17

# Glazed vitrified tiles



**9.30**

MSM  
Capacity

**360**

Designs

**7**

Sizes

**₹ 530–  
1,200**

per sqm  
Price range

**8.41**

MSM  
Sales volume in  
2014-15

**20%**

Contribution  
to revenues in  
2014-15



Kajaria, the dominant player of glazed vitrified tiles in India, offers customers the largest product basket in terms of designs and sizes. These high-end products are marketed through Kajaria World, Kajaria Galaxy, Kajaria Studio and other dealers.

### 2014-15 in retrospect

- Launched a new size, 40x80 cm, which strengthened offtake
- Increased sales volumes of large-format tiles (60x120 cm, 20x120 cm and 80x80 cm)
- Increased display points – launched 12 new Kajaria Galaxy showrooms and 25 new Kajaria Studio showrooms
- Stabilised operations at the 3.4 million square metre new production line at Sikandrabad (Uttar Pradesh), which strengthened supplies to dealers
- Initiated exports to key destinations, namely the USA, UK, Germany, Spain, Belgium, Australia, Taiwan and the Middle East

### Looking forward

- The Company intends to enhance capacity and presence in key global markets.
- The Company expects to widen customer choice by introducing new sizes like 13x80 cm and more designs in existing sizes.

## About the segment

- These are vitrified tiles with a glaze coating on the surface.
- They represent the premium segment in the tile value chain, marked a flexibility to impart unique designs and textures.
- The digital printing technology used for these vitrified tiles widened design-related and textural options.
- These products enjoy traction from urban customers.

# Sanitaryware and faucets



Tiles, sanitaryware and faucets are complementary products, positioned as bathroom solutions; hence, they are sold in the same store pan-India. Our dealers mentioned that an increasing number of customers wanted the entire basket of products – an opportunity awaiting Kajaria. We decided to enter the sanitaryware and faucet verticals through our subsidiary Kajaria Bathware Pvt Ltd.

The Company commissioned a 7-lac-piece facility at Morbi, Gujarat, in May 2014, the operations of which will reach the optimum level in the current fiscal. The product range comprises 65 SKUs catering to diverse customer requirements.

The Company put up a 1-million-piece faucet facility at Gailpur (Rajasthan), which commenced commercial production in July 2015.



## Some of our products



# Our tile business partners

<b>5</b> Plants	<b>27.80</b> MSM capacity	<b>19.24</b> MSM Production in 2014-15	<b>₹664<sub>cr</sub></b> Revenue generated from output of joint venture partners	<b>31%</b> Contribution to total revenue in 2014-15
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\*All figures are as on 31st March, 2015.

## Soriso Ceramic Private Limited

<b>Location:</b> Morbi, Gujarat	4.32 million square metres (Output in 2014-15)
<b>Kajaria's ownership:</b> 51%	
<b>Capacity:</b> 4.60 million square metres	
<b>Product:</b> Ceramic floor tiles	94% Capacity utilisation in 2014-15

## Jaxx Vitrified Private Limited

<b>Location:</b> Morbi, Gujarat	7.61 million square metres (Output in 2014-15)
<b>Kajaria's ownership:</b> 61%	
<b>Capacity:</b> 10.20 million square metres	
<b>Product:</b> Polished vitrified tiles	91% Capacity utilisation (annualised) in 2014-15

## Vennar Ceramics Limited

<b>Location:</b> Vijayawada, Andhra Pradesh	2.66 million square metres (Output in 2014-15)
<b>Kajaria's ownership:</b> 51%	
<b>Capacity:</b> 2.30 million square metres	
<b>Product:</b> High-end ceramic tiles	Optimum capacity utilisation in 2014-15

## Cosa Ceramics Private Limited

<b>Location:</b> Morbi, Gujarat	4.64 million square metres (Output in 2014-15)
<b>Kajaria's ownership:</b> 51%	
<b>Capacity:</b> 5.70 million square metres	
<b>Product:</b> Polished vitrified tiles	Optimum capacity utilisation (annualised) in 2014-15

Jaxx, in collaboration with the Italian major LB, commissioned the 'vibrating hopper and belt feeding method' to create the exact, or at least the closest, replica of granite and marble with natural random variation. This is the first installation of its kind in India and the second in the world.

## Taurus Tiles Private Limited

The Company's joint venture partner, Taurus Tiles Pvt. Ltd., has put up a 5 MSM polished vitrified tile capacity at Morbi (Gujarat). The commercial production commenced in June 2015.

# Analysis of financial statements

(Based on consolidated financial statements)

Kajaria's superior performance in an otherwise sluggish housing sector phase is a reflection of its ability to continuously create products that match customer aspirations. What is even more heartening is that the Company maintained its ability to grow its profitability faster than its revenue base – for many years in succession.

## Statement of Profit and Loss

Revenue grew by 18.87% from ₹1829.45 crore in 2013-14 to ₹2174.59 crore in 2014-15. This growth was largely due to capacity expansions - 5.60 million square metres during 2013-14 (full volumes were derived during 2014-15) and 7.50 million square metres during 2014-15. New designs and sizes also made a considerable contribution to revenue growth during the year. The blended average realisation increased from ₹352 per square metre in 2013-14 to ₹371 per square metre during 2014-15.

Cost of material consumed increased by 34% from ₹419.83 crore in 2013-14 to ₹564.15 crore in 2014-15.

This was primarily due to an increase in production and moving towards value-added products.

Power and fuel cost increased by 31% from ₹371.70 crore in 2013-14 to ₹485.35 crore in 2014-15 mainly because of higher production and increase in fuel cost.

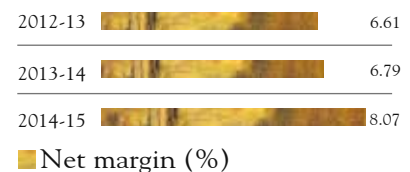
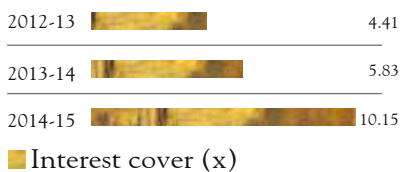
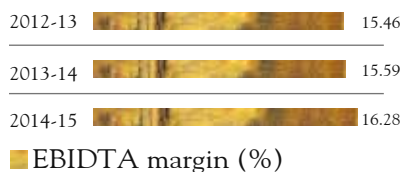
Employee costs increased by 21.06% from ₹171.25 crore in 2013-14 to ₹207.32 crore in 2014-15. This was due to an increase in the team size to manage expanding operations and the annual

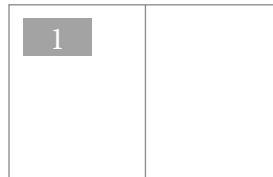
increase in remuneration to team members. The efficiency of the team's performance was reflected in growing revenues and profit.

Other expenses grew by 37% from ₹224.26 crore in 2013-14 to ₹306.70 crore in 2014-15. The primary reasons for the increase were an increase in advertisement and selling expenses.

Finance costs declined from ₹40.82 crore in 2013-14 to ₹29.39 crore in 2014-15, consequent to the debt repaid during the year. The interest cover strengthened from 5.83x in 2013-14 to 10.15x in 2014-15.

EBITDA grew by 24.20% from ₹285.12 crore in 2013-14 to ₹354.13 crore in 2014-15. EBITDA margin stood at 16.28% in 2014-15 against 15.59% in 2013-14. The improvement was owing to superior products, economies-of-scale and streamlined operations. Profit for the year grew by 41.36% from ₹124.22 crore in 2013-14 to ₹175.60 crore in 2014-15. Net margin increased from 6.79% in 2013-14 to 8.07% in 2014-15.





**Still Life with Teapot and Fruit – Paul Gauguin**

One of Gauguin's most treasured possessions was a painting by Cézanne, *Still Life with Fruit Dish* (1879–80, now Museum of Modern Art, New York), which he emulated in this picture. Within a similarly compressed space, Gauguin substituted mangoes for Cézanne's apples and a Tahitian-style printed cloth for a French floral wallpaper design.

One significant departure is the human figure at the upper right, glimpsed through a door or window. The year after he completed this work, Gauguin's finances were so dire that he arranged for the sale of his prized Cézanne.

**Born:** June 7, 1848, Paris, France

**Died:** May 8, 1903, Atuona

## Balance Sheet

In addition to having grown its business and profitability, the Company strengthened its Balance Sheet by reducing its debt and enhancing liquidity.

Capital employed in the business increased by 28.27% from ₹877.77 crore as on 31st March, 2014 to ₹1125.95 crore as on 31st March, 2015. This increase was due to investments in growing capacities. The return on capital employed improved at 30.49% in 2014-15 against 29.06% in 2013-14.

Shareholders' funds increased by 40.02% from ₹529.16 crore as on 31st March, 2014 to ₹740.94 crore as on 31st

March, 2015. This increase was largely due to the growth in the reserves and surplus balance as the majority of the profits earned during the year were ploughed back into the Company to fund growth aspirations and increase in equity due to warrant conversion.

The Company's debt portfolio increased marginally from ₹236 crore as on 31st March, 2014 to ₹243 crore as on 31st March, 2015. This was despite an addition of ₹221 crore to the Gross Block and ₹37.23 crore to the Capital Work-in-Progress. This was primarily due to prudent fund management where the Company deployed accruals

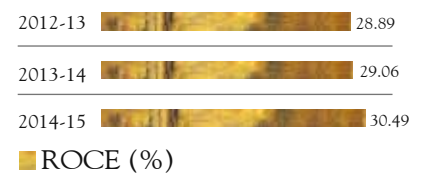
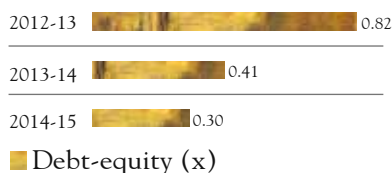
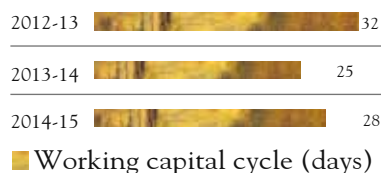
for retiring debt and funding a part of its capital investments. As a result, the Company's debt-equity ratio declined from 0.41 as on 31st March, 2014 to 0.30 as on 31st March, 2015.

The gross block of the Company increased by 22% from ₹1015 crore as on 31st March, 2014 to ₹1236 crore as on 31st March, 2015. This increase was due to the addition of tangible assets consequent to the Company's joint ventures, capacity enhancements at its own operations, JVs and the commissioning of the sanitaryware facility. This resulted in growing the accumulated depreciation

provision – from ₹332 crore in 2013-14 to ₹383 crore in 2014-15.

The capital work-in-progress stood at ₹77.76 crore as on 31st March, 2015 against ₹40.53 crore as on 31st March, 2014. This represented capacities at various phases of construction – the greenfield tile facility at Rajasthan, faucet facility and Taurus. Upon commissioning, this amount will be added to tangible assets.

The working capital cycle increased from 25 days as on 31st March, 2014 to 28 days as on 31st March, 2015 mainly due to an increase in inventory.



# A number of questions answered

Business is about taking and managing risks. A business's risk profile will evolve in line with altering dynamics. The same holds true at Kajaria Ceramics, which has progressively emerged as India's premier tile brand.

## How will the Company continue to sustain profitable growth?

For sustaining its growth momentum, the Company is working on the following initiatives:

**Capacity:** Significant capacity addition has been planned during the current year.

**Reach:** The Company is aiming at deepening its presence by strengthening its dealer and sub-dealer base in Tier II and III cities.

**Value:** The Company will continue to launch larger sizes and improved designs in line with customer aspirations.

**Cost optimisation:** Lower gas prices will facilitate improved business profitability.

## How will the sizeable capacity addition be sold?

Kajaria's sizeable expansion responds to two opportunities.

**Market size growth:** Despite an economic slowdown, India's tile industry reported a healthy double-digit growth over the last decade. This trend is expected to accelerate, even as the recently announced Government policies transform into on-ground initiatives.

**Market share increase:** Kajaria has been gaining market share continuously. Despite being the market leader, Kajaria enjoys only a 10% share of the entire industry. This leaves adequate headroom for the Company to enhance its market share and in doing so, utilise its incremental capacity.

## How will the Company reach its products across consumption centres?

Kajaria's two-pronged strategy will ensure that increased production translates into incremental revenues.

**Network growth:** Kajaria is widening its distribution by extending deeper into Tier-II and Tier-III locations. The Company is creating dealer and sub-dealer opportunities in every consuming centre.

**Visibility:** The Company is making sizeable investments in creating brand awareness through print and electronic media. It invests in television campaigns on select national and regional channels, participates in large trade exhibitions and works towards effective brand recall through novel engagement initiatives at its dealer and sub-dealer outlets. In addition, the Company is also focusing on the social media platform for growing product awareness.

## Does the Company possess the management bandwidth to address business growth?

The Company addressed growth through a disproportionately smaller increase in managerial personnel.

**Business strategy:** Much of the Company's production growth was derived from joint venture agreements wherein operations were managed by partner companies.

**People pipeline:** The Company created a sizeable leadership pipeline for managing growth. The Company identified key performers, grooming them through an extensive training curriculum and structured cross-functional movement. Besides, the Company recruited senior experienced executives to drive Kajaria's growth.

## KAJARIA CERAMICS LIMITED 5 YEAR FINANCIALS

(based on consolidated financial statement)

(₹ in crores)

	2010-11	2011-12	2012-13	2013-14	2014-15
Share Capital	14.72	14.72	14.72	15.12	15.89
Reserves	207.80	267.35	346.16	514.04	725.05
Loan funds	287.97	278.19	320.17	236.43	243.43
Gross Block	717.81	782.66	919.45	1014.51	1235.63
Net Block (Fixed Assets)	491.49	520.92	619.97	691.59	860.08
Capital work-in-progress	0.06	2.36	7.81	40.53	77.76
Investments	3.39	0.08	0.08	0.08	0.08
Current assets	315.25	367.59	419.69	443.42	621.32
Current Liabilities	237.55	259.10	273.36	297.48	433.29
Net Current Assets	77.70	108.49	146.33	145.94	188.03
Deferred tax liabilities	60.32	64.37	65.63	71.32	79.09
Revenue (Net Sales)	952.31	1311.53	1582.17	1829.45	2174.59
Material costs	537.58	650.83	719.78	783.98	833.39
Power costs	93.68	210.68	306.60	371.70	485.35
Employee Cost	76.08	107.19	136.40	171.25	207.32
Other manufacturing expenses	20.33	48.03	68.25	77.47	108.96
Admn & selling exps	76.95	90.11	107.60	146.79	197.74
EBIDTA (Operating Profit)	148.63	206.20	244.64	285.12	354.13
Interest	30.05	48.51	45.35	40.82	29.39
EBDT	118.58	157.69	199.29	244.30	324.74
Depreciation	29.68	39.26	44.62	47.00	55.88
PBT	89.22	119.90	157.71	199.17	270.33
Tax	28.53	38.06	49.88	67.82	85.43
PAT (Before minority interest)	60.69	81.85	107.84	131.35	190.65
Minority Interest	0.07	0.97	3.33	7.13	9.30
PAT (After minority interest)	60.62	80.88	104.51	124.22	175.60
Networth	222.52	282.07	360.88	529.16	740.94
Capital Employed	572.65	631.85	774.19	877.77	1125.95
EPS (Basic) (Rs.)*	0.82	1.10	1.42	16.71	22.74
Book value (Rs.)*	30.24	38.33	49.04	69.99	93.26
Dividend (Rs.)*	2.00	2.50	3.00	3.50	4.00
Debt Equity	1.28	0.96	0.82	0.41	0.30
RONW / ROE (%)	29.44	32.06	32.51	27.91	27.65
ROCE (%)	22.09	27.96	28.89	29.06	30.49

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

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

## Value Added Statement

(₹ in crores)

	2010-11	2011-12	2012-13	2013-14	2014-15
Sales (gross)	1005.13	1407.21	1733.58	2015.00	2404.08
Other income	1.26	2.97	4.15	8.73	19.52
Stock Adjustments	(4.26)	21.80	20.60	(33.73)	91.86
	1002.13	1431.98	1758.32	1990.00	2515.46
Less					
Raw Material consumed	157.38	310.58	371.74	419.83	564.15
Trading goods	375.93	362.05	368.64	330.42	361.10
Manufacturing expenses	114.00	258.71	374.85	449.17	600.06
Other expenses	76.95	90.11	107.60	146.79	197.74
	724.27	1021.45	1222.83	1346.21	1723.05
<b>TOTAL VALUE ADDITION</b>	<b>277.86</b>	<b>410.54</b>	<b>535.49</b>	<b>643.79</b>	<b>792.41</b>

## Distribution of Value-Added

(₹ in crores)

	2010-11	2011-12	2012-13	2013-14	2014-15
To the Government					
Excise duty	52.82	95.68	151.41	185.55	229.49
Dividend tax	2.39	2.98	3.58	4.50	6.36
Current tax	23.20	34.01	48.62	62.13	77.32
	78.41	132.67	203.61	252.18	313.17
To the employees	76.08	107.19	136.40	171.25	207.32
To providers of finance	30.05	48.51	45.35	40.82	29.39
To shareholders	14.72	18.40	22.08	26.45	31.79
Depreciation	29.68	39.26	44.62	47.00	55.88
Deferred tax	5.32	4.05	1.26	5.69	8.11
Minority Interest	0.07	0.97	3.33	7.13	9.30
Profit ploughed back	43.52	59.50	78.85	93.27	137.45
Retained in business	78.59	103.77	128.05	153.09	210.74
<b>TOTAL VALUE ADDED DISTRIBUTED</b>	<b>277.86</b>	<b>410.54</b>	<b>535.49</b>	<b>643.79</b>	<b>792.41</b>

# Corporate Information

## BOARD OF DIRECTORS

Mr. Ashok Kajaria	(Chairman & Managing Director)
Mr. Chetan Kajaria	(Joint Managing Director)
Mr. Rishi Kajaria	(Joint Managing Director)
Mr. Dev Datt Rishi	(Director- Technical )
Mr. Basant Kumar Sinha	(Director- Technical)
Mr. Raj Kumar Bhargava	(Independent Director)
Mr. Ram Ratan Bagri	(Independent Director)
Mr. Debi Prasad Bagchi	(Independent Director)
Mr. H. Rathnakar Hegde	(Independent Director)
Mr. Sandeep Singhal	(Independent Director )
Mrs. Sushmita Shekhar	(Independent Director)

## KEY MANAGERIAL PERSONNELS

Mr. Ram Chandra Rawat	Executive VP (A&T) & Co Secretary
Mr. Sanjeev Agarwal	CFO

## COMMITTEE OF THE BOARD

### AUDIT COMMITTEE

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

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Ram Ratan Bagri	Chairman
Mr. Ashok Kajaria	Member
Mr. Chetan Kajaria	Member

### NOMINATION AND REMUNERATION COMMITTEE

Mr. Debi Prasad Bagchi	Chairman
Mr. Ashok Kajaria	Member
Mr. H. Rathnakar Hegde	Member
Mr. Ram Ratan Bagri	Member

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

## REGISTERED OFFICE

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

## CORPORATE OFFICE

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

## WORKS

1. A-27 to 30, Industrial Area, Sikandrabad,  
Distt. Bulandshahr, (U.P.).
2. 19 km Stone, Bhiwadi - Alwar Road, Village Gailpur,  
Distt Alwar (Rajasthan)

## SUBSIDIARIES

1. Soriso Ceramics Private Limited
2. Jaxx Vitrified Private Limited
3. Vennar Ceramics Limited
4. Cosa Ceramics Private Limited
5. Taurus Tiles Private Limited
6. Kajaria Bathware Private Limited
7. Kajaria Ceramics Kazakhstan LLP

## AUDITORS

O.P.BAGLA & CO., Chartered Accountants

## SECRETARIAL AUDITORS

Chandrasekaran Associates, Company Secretaries

## BANKERS

State Bank of India  
IDBI Bank  
HDFC Bank Limited  
Canara Bank

## REGISTRAR & SHARE TRANSFER AGENT

M/s MCS Share Transfer Agent Limited  
F-65, Okhla Industrial area, Phase-1,  
New Delhi-110020  
Ph. No.: 91-11-41406149-52 Fax No.: 91-11-51709881

## SHARES LISTED AT

National Stock Exchange Of India Limited  
BSE Limited



# Directors' Report

*Dear shareholders,*

Your Directors are pleased to present the 29th Annual Report together with the audited financial statements of your Company for the financial year ended 31st March, 2015.

## FINANCIAL RESULTS

The Company's financial performance for the year ended on 31st March, 2015 is summarised below :

(₹ Crore)

Particulars	Standalone		Consolidated	
	Year ended 31st March 2015	Year ended 31st March 2014	Year ended 31st March 2015	Year ended 31st March 2014
Revenue (Net Sales)	2224	1875	2175	1829
EBIDTA (Operating Profit)	286	237	354	285
Profit before Tax	243	177	270	199
Tax Expense	75	60	85	68
Profit After Tax (before Minority interest)	168	117	185	131
Minority Interest	-	-	9	7
Profit After Tax (after Minority interest)	168	117	176	124
Balance of Profit & Loss brought forward from previous year	263	207	274	211
Profit available for appropriation	431	324	450	335
<b>APPROPRIATIONS</b>				
Proposed Dividend	32	26	32	26
Dividend Distribution Tax	6	4	6	4
Transferred to General Reserve	40	30	40	30
Surplus Credited to Balance Sheet	353	263	372	274

## Financial Highlights and State of Affairs of the Company

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

Your Company reported an industry-beating performance in an otherwise sluggish housing sector. The Company's net sales grew by 19% from ₹1875 crore in 2013-14 to ₹2224 crore in 2014-15.

The team's efforts in raising shop-floor efficiencies and marketing effectiveness facilitated in improving business profitability despite inflationary headwinds. EBIDTA grew by 20% from ₹237 crore in 2013-14 to ₹286 crore in 2014-15 and the EBIDTA margin stood at 12.86% in 2014-15 against 12.66% in 2013-14.

Profit after tax grew by 44% from ₹117 crore in 2013-14 to ₹168 crore in 2014-15. The earnings per share (basic) increased from ₹15.70 in 2013-14 to ₹21.80 in 2014-15; the book value per share grew from ₹68.46 in 2013-14 to ₹90.89 in 2014-15.

No material change have incurred after close of the year till the date of this report, which have effect the financial position of the Company. The Company has an adequate internal financial control commensurate with the size, scale and complexity of operations. State of Affairs of the Company is disclosed in the management discussion analysis section which forms part of this report.

## Outlook

The Indian tile Industry is expected to witness better days over the medium-term. This optimism is based on important realities.

**Increasing urbanisation:** Over the last two decades, India's urban population increased from 217 million to 377 million and this is expected to reach 600 million, or 40% of the population by 2031. By then, India is expected to have 68 cities with population of more than one million – driving housing demand.

**Interest rate reduction:** The recent reduction in interest rates augurs well for the housing sector. Beside, declining commodity prices are expected to reduce inflationary pressure on the Indian economy, creating a foundation for further interest rate reduction. This should improve housing demand.

**Cost reduction:** Reduction in international crude prices should optimise the energy bill strengthening business profitability.

**Policy-driven growth:** The Government's decision to develop, Housing for all by 2022, Swachh Bharat campaign (Sanitisation for all by 2019), Smart City Mission is expected to create an interesting growth opportunity for the Indian ceramic tile industry.

## Growth Drivers

**Capacity augmentation:** The Company is increasing its operational capacity in a phased manner facilitating seamless absorption of the additional volumes:

Our joint venture partner Taurus commissioned its 5 MSM facility in June 2015. Our brownfield expansion of 3 MSM of ceramic floor tiles is scheduled to commence operations in September/October 2015. We raised the capacity of our greenfield facility at Rajasthan from the initially budgeted 5 MSM to 6.5 MSM - this unit will kickstart operations in Q4 of this fiscal. We also forged a joint venture alliance with Floera Tiles Private limited, which will add 5.7 MSM vitrified tile capacity in Andhra Pradesh – this unit is expected to come on stream in 2016-17.

**Shelf-space increase:** We are increasing shelf space with existing dealing and progressively adding new dealers and sub-dealers, largely in Tier-II and Tier-III locations for wider reach and deeper penetration into demand pockets pan-India.

## Consolidated Financial Statements

The Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards (AS) viz. AS-21, AS-23 and AS-27 issued by the Institute of Chartered Accountants of India form part of this Annual Report.

## Holding, Subsidiaries, Associate Companies and their Performance

During the year under review, following companies have become the subsidiaries of the Company:

1. Taurus Tiles Private Limited
2. Kajaria Ceramics Kazakhstan, LLP
3. Kajaria Bathware Private Limited

During the year under review Kajaria Sanitaryware Private Limited ceases to be the subsidiary of the Company and become the step down subsidiary of the Company i.e (subsidiary of Kajaria Bathware Private Limited).

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

## Dividend

Your Directors have recommended a dividend of ₹4 (i.e 200%) on equity shares (previous year ₹3.50 per equity share) of face value of ₹2 each for the financial year ended on 31st March 2015. The total pay-out will be ₹38.15 Crore (including dividend distribution tax of ₹6.36 Crore).

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

## Share Capital

The Authorised Share Capital of the Company is ₹35 Crore comprising of 12.50 crore of equity shares of ₹2 each and 10 lakh preference shares of ₹100 each. The paid up capital of the Company as on 31st March 2014 was ₹15.12 Crore divided into 75583580 equity shares of ₹2 each. As per the resolution passed by the shareholders in general meeting held on 6th November 2013 authorising the Board to issue the shares after conversion

of warrants on preferential basis, during the year under review, on exercising the option, the Company has issued 3885420 equity shares to M/s WestBridge Crossover Fund, LLC. These shares would be pari passu with the existing equity shares of the Company. The Equity Share capital of the Company as on 31st March 2015 was ₹15.89 Crore divided into 79469000 equity shares of ₹2 each.

During the year under review, the Company has neither issued shares with differential voting rights nor granted stock options/sweat equity. As on 31st March 2015, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

### Transfer to Reserves

A sum of ₹40 Crore has been transferred to the Company's General Reserve account and the balance has been carried to surplus in statement of profit and loss which now has a balance of ₹352.81 Crore.

### Directors' Responsibility Statement

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

- i) In the preparation of the annual accounts for the year ended on March 31, 2015, the applicable accounting standards had been followed and that no material departures have been made from the same.
- ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2015 and the profit and loss and cash flow of the Company for the period 31st March 2015.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.
- v) The Company is following up the proper internal financial controls laid down by the Directors of the Company and such internal financial controls are adequate and are operating effectively and

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

### Corporate Governance

The Company has complied with the Corporate Governance requirements as stipulated under the Listing Agreement with the Stock Exchanges. A separate section on corporate governance, along with a certificate from the Practicing Company Secretary confirming the compliance, is annexed and forms part of the Annual Report.

### Management Discussion and Analysis Report

Management discussion and analysis on matters related to the business performance as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges is given as a separate section in the Annual Report.

### Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

For all related party transactions prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature and such approval is in the interest of the Company. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval. All transactions entered with related parties during the year under review were on arm's length basis and in ordinary course of business. All related parties transactions are disclosed in Note number 42 to the financial statements. Material related party transactions which are at arm's length are disclosed in form AOC-2 annexed as "Annexure-2".

The Company has developed a related party transactions policy for purpose of identification and monitoring of such related party transactions, which may be accessed on the Company's website at weblink i.e. <http://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf>

## Corporate Social Responsibility Initiatives

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

The CSR policy may be accessed on the Company's website i.e [http://www.kajariaceramics.com/pdf/CSR\\_Policy.pdf](http://www.kajariaceramics.com/pdf/CSR_Policy.pdf)

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

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

The Annual Report on CSR activities as required under the Company's (Corporate Social Responsibility Policy) Rules 2014 is set out as annexure-3 forming part of this Report. Being the initial year, the Company has incurred CSR expenditure of ₹109.66 lacs (as against ₹297.14 lacs) during the current financial year. The Company is in process of identifying the projects/activities for the benefit of the Public in general and neighbourhood of the manufacturing facilities in the best possible manner into various projects in future.

## Risk Management

In terms of provisions of Section 134(3)(n) of the Companies Act, 2013, the Company, during the year under review, have framed and put in place a Risk Management policy to mitigate the risks, both internal and external, which the Company is exposed to.

Business Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with the Corporate Policies. The Company manages, monitors and reports on the principal risks and uncertainties that can impact the ability to achieve the objectives. This is an ongoing process to track the evaluation of risks and delivery of mitigating action plans. The risk management policy of the Company is uploaded on the website of the Company i.e [www.kajariaceramics.com](http://www.kajariaceramics.com).

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

## Internal Control and their adequacy

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Program. To maintain its objectivity and independence, the internal auditors report to the Chairman of the Audit Committee of the Board.

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

## Directors and Key Managerial Personnel

- i. Mr. Chetan Kajaria (DIN: 00273928) and Mr. Rishi Kajaria (DIN: 00228455) - Joint Managing Directors of the Company were re-appointed as Joint Managing Directors of the Company by the Board of Directors in its meeting held on 30th March 2015 on the recommendation of Nomination and Remuneration Committee and subject to the approval of the members.
- ii. Mr. Dev Datt Rishi (DIN: 00312882) was appointed as an additional director of the Company by the Board of Directors in its meeting held on 14th January 2015 on the recommendation of Nomination and Remuneration Committee, upto the conclusion of the ensuing Annual General Meeting of the Company. He has been appointed as Director -Technical of the Company by the Board of Directors and subject to the approval of the members.
- iii. Mrs. Sushmita Shekhar (DIN: 02284266) was appointed as an additional Independent Director by the Board of Directors in its meeting held on 30th March 2015 on the recommendation of Nomination and Remuneration Committee, upto the conclusion of the ensuing Annual General Meeting of the Company. The appointment of Mrs. Sushmita Shekhar, as an Independent Director of the Company, is subject to the approval of the members.
- iv. Mr. H. Rathnakar Hegde (DIN: 05158270), and Mr. Ram Ratan Bagri (DIN: 00275313) Directors of the Company, will be appointed as the Independent Directors of the Company w.e.f 1st April 2014 subject to the approval of the members.

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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

No director has resigned during the year under review.

At the Board Meeting held on 1st August 2014, Mr. Ram Chandra Rawat - Executive V.P. (A&T) & Company Secretary has been given the additional charge of CFO of the Company and he later on resigned from the post of CFO and Mr. Sanjeev Agarwal was appointed as CFO of the Company in accordance with the resolution passed by the Board in its meeting held on 29th April 2015.

### Board Evaluation

The Board has carried out an annual performance evaluation of its own performance, the Directors, including Chairman individually as well as the evaluation of the working of its Committees.

The manner in which the evaluation has been carried out and the details of familiarisation programme has been explained in the Corporate Governance Report.

### Remuneration Policy

On the recommendation of the Nomination & Remuneration Committee, the Board has framed a policy for selection and appointment of Directors, senior management and their remuneration. Nomination and Remuneration Policy including criteria for determining qualification, positive attributes & independence is also placed on the website of the Company i.e [http://www.kajariaceramics.com/pdf/Nomination\\_Remuneration\\_Policy.pdf](http://www.kajariaceramics.com/pdf/Nomination_Remuneration_Policy.pdf) and is also stated in the "Annexure-4" to this report.

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

### Statutory Audit

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

Auditors from the conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting.

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

### Secretarial Audit

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

There is no qualification, reservation, adverse remark or disclaimer given by Secretarial Auditor in their report.

### Disclosures:

#### Audit Committee:

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

### Vigil Mechanism

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

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

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

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. We have not received any sexual harassment complaints during the year 2014-15.

### Meetings of the Board

The details of the number of Meetings of the Board held during the financial year 2014-2015 forms part of the Corporate Governance report.

### Particulars of Loans, Guarantee and Investments

Particulars of Loans, Guarantees and Investments, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes 13, 14, 27 & 42 to the Financial Statements.

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

The particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required to be disclosed under the Act are provided in “Annexure-6” to this report.

### Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as “Annexure-7”.

### Particulars of employees

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

### Fixed Deposits

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

### Significant and Material Orders passed by the Regulators or Courts

Regional Director –North has approved the transfer of registered office of the Company from the state of Uttar Pradesh to the state of Haryana vide its order dated 9th June 2015. Besides this, there are no material and significant orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

### Cautionary Statement

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

### Appreciation and Acknowledgment

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

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

Your Directors express their deep sense of gratitude to the banks, Central and State governments and their departments and the local authorities for their continued support.

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

For and on behalf of the Board

**Ashok Kajaria**

*Chairman & Managing Director*

DIN: 00273877

Place: New Delhi

Date: 29th July 2015

## Annexure-1 □

## AOC-1 (Annual Performance of Subsidiaries)

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

Name of the Subsidiary Company	Soriso Ceramics P Ltd (CIN U26930GJ2006PTC 048010)		Jaxx Vitrified Pvt. Ltd (CIN U26933GJ2010PTC 062933)		Vennar Ceramics Ltd (CIN U26919TG1994PLC 031858)		Cosa Ceramics Pvt. Ltd (CIN U26933GJ2010PTC 063444)		Kajaria Bathware Pvt. Ltd. (CIN U26943DL2013PTC 252495)		Kajaria Ceramics, Kazakhstan, LLP (UIN KAWAZ20140481)		Taurus Tiles Pvt. Ltd (CIN U26933GJ2014PTC 078487)		
	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15
AS AT	3.00	3.00	14.95	8.15	15.00	15.00	15.00	9.10	9.10	15.00	-	1.51	-	13.83	-
Capital	3.00	3.00	14.95	8.15	15.00	15.00	15.00	9.10	9.10	15.00	-	1.51	-	13.83	-
Reserves	11.05	7.13	27.81	14.52	12.66	8.46	8.46	30.44	22.02	4.35	-	(0.84)	-	-	-
Total Assets	40.79	40.47	219.21	90.58	82.84	78.92	130.30	75.09	75.09	79.84	-	3.60	-	53.26	-
Total Liabilities	26.74	30.35	176.54	67.99	55.18	55.46	90.76	43.96	43.96	60.50	-	2.93	-	39.44	-
Investments	-	-	0.08	0.08	-	-	-	-	-	-	-	-	-	-	-
Gross Turnover	122.69	104.17	226.16	145.95	79.65	75.47	173.69	119.69	16.24	-	-	3.76	-	-	-
Profit before Taxation	6.08	4.05	3.07	5.37	6.45	2.17	14.38	10.81	(0.00)	-	-	(0.84)	-	-	-
Provision for Taxation	2.16	1.37	(0.02)	1.78	2.25	0.77	5.96	3.84	0.01	-	-	-	-	-	-
Profit After Taxation	3.92	2.68	3.09	3.59	4.20	1.40	8.41	6.97	(0.01)	-	-	(0.84)	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	51%	51%	61%	51%	51%	51%	51%	51%	100%	100%	-	100%	-	51%	-

## Note :

- As on 31.03.2015, IINR = 2.98 Kazakhstan Tenge.
- There is no other Associate or JV Company other than those mentioned above.
- As on 31st March 2015, Taurus Tiles Private Limited had not commenced operations. Its commercial production started on 27th June 2015.
- During the year under review Kajaria Sanitaryware Private Limited ceases to be the subsidiary of the Company and become the step down subsidiary of the Company (i.e subsidiary of Kajaria Bathware Private Limited).

For and on behalf of the Board

For O. P. Bagla &amp; Co.

Chartered Accountants

Ashok Kajaria (DIN: 00273877)

Chairman &amp; Managing Director

Raj Kumar Bhargava (DIN: 00016949)

Debi Prasad Bagchi (DIN: 00061648)

Ram Ratan Bagri (DIN: 00275313)

H. Rathnakar Hegde (DIN: 05158270)

Dev Datt Rishi (DIN: 00312882)

Sushmita Shekhar (DIN: 02284266)

Directors

Ram Chandra Rawat

Ex. Vice President (A &amp; T) &amp;

Company Secretary (FCS No. 5101)

Atul Bagla


Partner

Membership No.: 91885

Jt. Managing Directors

Sanjeev Agarwal

CFO

Annexure-2 

## Form No. AOC-2

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

## 1. Details of Contracts/ Arrangements / transactions not at arm's length as on 31st March 2015

Name(s) of the Related Party and Nature of Relationship	Nature of Contract	Duration of the Contract	Salient terms of contract	Justification for entering into such contract	Date of Approval by the Board	Amount paid as advance	Date on which the Special Resolution was passed
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NIL

## 2. Details of material contracts or arrangement or transactions at arm's length basis as on 31st March 2015

Name(s) of the Related Party and Nature of Relationship	Nature of Contract	Duration of the Contract	Salient terms of contract	Date of Approval by the Board	Amount paid as advance	Amount (₹ in Crore)
Jaxx Vitrified Private Limited (Subsidiary)	Purchase of tiles	continuous in nature and not for a specific period	In ordinary course of business	1.08.14	NIL	229.97
	Sale of Raw Material / stores	One time transaction	In ordinary course of business	1.08.14	NIL	0.07

**Ashok Kajaria**

Chairman &amp; Managing Director

DIN: 00273877

Place: New Delhi

Date: 29th July 2015



Annexure-3 

## Annual Report on CSR Activities

1. A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the weblink to CSR policy and project and programs: In compliance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, the Company has framed a CSR Policy which is uploaded on the website of the Company i.e [http://www.kajariaceramics.com/pdf/CSR\\_Policy.pdf](http://www.kajariaceramics.com/pdf/CSR_Policy.pdf). As a part of initiative of CSR drive, the Company has undertaken the project of building/renovation of sanitation facilities in the schools near the manufacturing facilities. The Company has also taken steps for preventive health care by organising the camps through various agencies / trusts, contributing to the education and social economic development of under privileged children and for slum area / rural area development. These projects are in accordance with Schedule VII of the Companies Act, 2013.
2. The composition of CSR Committee : Please refer to the Corporate Governance report for the composition of CSR Committee
3. Average net profit of the Company for the last three financial years - ₹14857 Lacs
4. Prescribed CSR expenditure (two per cent. of the amount as in item 3 above) - ₹297.14 Lacs
5. Details of CSR spent during the financial year. (In ₹)
  - a) Total amount to be spent for the financial year; 297.14 Lacs
  - b) Total amount spent during the financial year 109.66 Lacs
  - c) Amount unspent, if any; 187.48 Lacs
  - d) Manner in which the amount spent during the financial year is detailed below.

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other, (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs, (2) overheads:	Cumulative expenditure up to the reporting period.	Amount spend direct or through implementing agency
1	Construction/renovation of toilets in schools	Cl i.- Preventive Health Care and Sanitation	Sikandrabad (UP), Gailpur (Rajasthan)	26.05	26.05	26.05	Directly
			Coimbatore	6.09	6.09	6.09	PurnaVidya Trust
			Delhi NCR	1.50	1.50	1.50	Lions Club
			Delhi NCR	3.50	3.50	3.50	Roco Cancer Trust
			Kolkatta	1.66	1.66	1.66	Ektara

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other, (2) Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) direct expenditure on projects or programs, (2) overheads:	Cumulative expenditure up to the reporting period.	Amount spend direct or through implementing agency
2	Child Education	Cl-ii – Promoting Education	PAN India	30.50	30.50	30.50	Through Multi Devi Kajaria foundation
			Kolkatta	10.00	10.00	10.00	Ektara,
			Delhi NCR	6.00	6.00	6.00	A.K.Middle School
			Delhi NCR	6.62	6.62	6.62	Lions club
			Delhi NCR	5.55	5.55	5.55	Various agencies
3	Medicine	cl-viii- Prime Minister Relief Fund	J&K	4.31	4.31	4.31	Directly
4	Conservation of natural resources	cl-iv conservation of natural resources	Delhi NCR	2.00	2.00	2.00	PHD Chamber of Commerce
5.	Providing clothes & household items	cl-iii – for reducing inequalities faced by socially and economically backward groups	Delhi NCR	3.80	3.80	3.80	Vichakshan Shree Netra Jyoti
6	Other Initiatives		PAN India Basis	2.08	2.08	2.08	Various agencies
<b>Grand Total</b>				<b>109.66</b>	<b>109.66</b>	<b>109.66</b>	

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

6. Reason for not spending the prescribed 2% amount : Being the initial year, the Company has incurred CSR expenditure of ₹109.66 Lacs during the current financial year. The Company is in process of identifying the projects/activities for the benefit of the Public in general and neighbourhood of the manufacturing facilities in the best possible manner into various projects in future.


7. Responsibility Statement :

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

Place: New Delhi  
Date: 29th July 2015

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

**Mrs. Sushmita Shekhar**  
CSR Committee, Chairperson  
(DIN: 02284266)

Annexure-4 

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

- i. Ratio of remuneration of each Executive Director to the median remuneration of Employees of the Company for the financial year 2014-15, the percentage increase in remuneration of Chairman & Managing Director, Joint Managing Directors, Executive Directors, Company Secretary and CFO during the financial year 2014-15 and Comparison on the Remuneration of KMP against performance of the Company

S. No.	Name of Director / KMP	Designation	Ratio of Remuneration of each director to median remuneration of employees	Percentage increase in Remuneration	Comparison on the Remuneration of KMP against performance of the Company
1	Mr. Ashok Kajaria (DIN: 00273877)	Chairman & Managing Director	87:1	15%	
2	Mr. Chetan Kajaria (DIN: 00273928)	Joint Managing Director	142:1	24%	
3	Mr. Rishi Kajaria (DIN: 00228455)	Joint Managing Director	142:1	24%	
4	Mr. Dev Datt Rishi* (DIN: 00312882)	Director -technical	30:1	NA	The Company's Revenue has increased by 19 % and PAT has increase by 44% on year to year basis
5	Mr. Basant Kumar Sinha (DIN: 03099241)	Director -technical	14:1	14%	
6	Mr. Ram Chandra Rawat@ (FCS 5101)	Executive V.P.(A&T) & Company Secretary	29:1	22%	

**Note:**

@ Mr. Ram Chandra Rawat ceased to be the as CFO w.e.f. 29th April 2015.

\*Mr. Dev Datt Rishi was appointed w.e.f 14th January 2015 and accordingly the ratio is calculated on annualised basis.

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

ii.

S. No.	Particulars	Details
1	% increase in the median remuneration of employee for the financial year.	25%
2.	Total number of employees of the Company as on 31st March 2015	2303
3	Explanation on the relationship between average increase in remuneration and Company performance	The revenue growth during the financial year 2015 over the financial year 2014 was 19% and net profit growth was 44%. The Average increase in remuneration of employees excluding Executive Directors During the Financial Year was 10%.
4	Key parameters for any variable component of remuneration availed by the Directors	Variable component of remuneration (i.e Commission) paid to the Directors are directly linked to the overall Company's Performance.
5	i. Variation in market capitalisation of the Company. ii. Variation in price earning (PE) ratio  iii. Percentage increase over decrease in the market quotation of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	i. Market Capitalisation of the Company has been increased from 2634 Crore as on 31st March 2014 to 6384 Crore as on 31st March 2015. ii. PE ratio was 36.85 at 31st March 2015 as compared to 22.20 at 31st March 2014. iii. The Closing price of the Company's Equity share on NSE and BSE as on 31st March 2015 was 807.20 and 803.30 representing approx. 400 times increase over IPO Price.
6	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2015 and comparison with the percentile increase in remuneration of Executive Directors and justification thereof.	Average percentile increase in the salaries of employees excluding managerial personnel during financial year 2015 was 10%. Whereas average increase in remuneration of Executive Directors was 20%. The increased remuneration to the Directors was owing to their qualification, responsibilities and experience .

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

iv. Affirmation that the remuneration is as per the remuneration policy of the Company: Remuneration is as per the Nomination and Remuneration policy of the Company.

## Nomination and Remuneration Policy

### 1. Preamble

As per Section 178 of the Companies Act, 2013 and Rules made thereunder and Clause 49 of the Listing Agreement, the Nomination and Remuneration Policy of Kajaria Ceramics Ltd. (the "Company") is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

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

### 2. Objectives

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

### 3. Definitions

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

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

- iii. Director means Directors appointed to the Board of the Company
- iv. Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013 and clause 49 of the Listing Agreement
- v. Key Managerial Personnel in relation to a Company means
  - a. The Managing Director and Joint Managing Director
  - b. Whole time Director
  - c. Chief Financial Officer
  - d. Company Secretary
  - e. Such other officer as may be prescribed
- vi. Nomination and Remuneration Committee or Committee shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement
- vii. Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

### 4. Applicability

The Policy is applicable to

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

### 5. Constitution of Committee

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

The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013, Listing Agreement and other applicable statutory requirements.

## 6. Roles and Powers of the Nomination and Remuneration Committee

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

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
3. To formulate the criteria for evaluation of Independent Directors and the Board.
4. To ensure that—
  - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
  - (c) Remuneration to Directors, Key Managerial Personnel and Senior Management (one level below the functional heads) involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
5. To devise a policy on Board Diversity
6. To formulate the detailed terms and conditions of the ESOP schemes which shall include the provisions as specified by Board in this regard.
7. To frame suitable policies and procedures of ESOP to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company and its employees, as applicable
8. To approve the list of employees to whom the scheme is to be granted.
9. To determine the procedure for winding up of the scheme

## 7. Policy for Appointment and Removal of Director, KMP and Senior Management

Appointment criteria and qualifications:

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

### Term / Tenure:

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

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

#### 2. Independent Director:

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

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

### 3. KMP / Senior Management Employees

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

#### Performance Evaluation:

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

#### The criteria for performance evaluation are as follows:

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

#### Removal

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

#### Retirement

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

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

## 8. Policy Relating to the Remuneration for the Whole-Time Director, KMP and Senior Management Personnel

#### General:

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

#### Remuneration to Whole-Time Director, KMP and Senior Management Personnel

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

1. Salary & Perquisites:
 

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

2. Commission

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

3. Minimum Remuneration:

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

4. Provisions for excess remuneration:

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

5. Stock Options:

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

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

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

1. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One lakh per meeting of the Board or

Committee or such amount as may be prescribed under the Companies Act, 2013 from time to time.

2. Stock Options:

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

**9. Severance Arrangements**

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

There will not be any severance fees.

**10. Disclosure of Information**

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

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

**11. Review**

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

For and on behalf of the Board

**Ashok Kajaria**


*Chairman & Managing Director*

DIN: 00273877

Place: New Delhi

Date : 29th July 2015



Annexure-5 

## Secretarial Audit Report

### For the financial year ended March 31, 2015

The Members,  
Kajaria Ceramics Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; Not Applicable
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Not Applicable
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable
- (vi) As confirmed and certified by the management, there is no sectoral law specifically applicable to the Company based on their industry.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. Not applicable for financial year 2014-15
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

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

We further report that

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

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

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

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

We further report that during the audit period the company has following specific events / actions that having a major bearing

on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. Special resolution is passed by the shareholders through postal ballot for Shifting of the Registered office of the Company from State of Uttar Pradesh to State of Haryana.
2. Divestment of its 64% shareholding in equity shares of Kajaria Sanitaryware Private Limited, subsidiary company.

**Rupesh Agarwal**

*Partner*

**For Chandrasekaran Associates**

*Company Secretaries*

Membership No. A16302

Certificate of Practice No. 5673

Date: 17th July 2015

Place: New Delhi

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

## Annexure-A

The Members

**Kajaria Ceramics Limited**

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

**Rupesh Agarwal**

*Partner*

**For Chandrasekaran Associates**

*Company Secretaries*

Membership No. A16302

Certificate of Practice No. 5673

Date: 17th July 2015

Place: New Delhi

Annexure-6 

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

### 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's and machineries are carried out to ensure optimum efficiency. The energy conservation measures and alternate source of energy for utilisation are as under :-

- 1) Continuously maintain power factor for effective utilisation of grid power and reduction of apparent energy consumption and in conjunction with reduction of harmonics.
- 2) Installation & commissioning of 132 KV grid system with sanctioned load of 12 MVA power grid at Gailpur plant to optimise the load on grid thus reduce the running of gensets and substantial savings are achieved with effective utilisation of grid and reduction in specific fuel consumption of gensets.
- 3) Installation of latest generation Energy Efficient lighting, LED and BEE (Bureau of Energy Efficiency) certified electrical equipments resulting in savings of Power consumptions.
- 4) Also extensively installed variable frequency devices (VFD) at Gailpur plant to optimise the energy requirement/ consumption resulting in considerable saving in power.
- 5) Heat recovery system is installed at Gailpur plant and connected to vertical dryer by which considerable fuel saving is achieved with utilisation of waste heat of the Kiln.
- 6) Adapted waste heat recovery co-generation system by utilising gas based generator exhaust heat in spray dryers at Sikandrabad plant.

**Capital Investment on Energy Conservation Equipment's:**  
₹86.42 Lacs

### Technology Absorption

Kajaria focuses on (i) new product development, processes and catalyst development to support existing business (ii) advance trouble shooting and (iii) support to profit by way of reduction in the cost and quality improvement in the manufacturing plant.

### i) Major efforts made towards technology absorption

- 1) A new size digital wall tiles has been developed in 25 X 75 cm available in glossy, wooden and silk satin finish, ideal for any kind of interior. A new product has been developed i.e. in polished vitrified category (60 X 60cm). Technical series available in high matt finish. Also new digital tiles were developed in dimensions of 20 X 120cm, 40 X 80cm, 60 X 60cm, 80 X 80cm & 60 X 120 cm 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. E Shield, Lappato, Rustic Stone, Wooden finish & Nanotech high gloss.
- 2) New digital tiles were developed with new dimensions based on different themes and concepts. Some Products are self designed. The designs were created keeping in mind the ultra-modern luxury lifestyles and other concepts. These products are combination of interior or exterior design. The series follows concept where the floor and wall designs are similar. These designs have been in demand in the market for quite some time and have been appreciated by the customers.
- 3) A new Automatic packing has been introduced with Thermocole, Cartons, Strapping & Palletizing machine introduced for ceramic (Wall & Floor) finished goods.
- 4) A new Automatic packing has been introduced with Corner, Cartons and Strapping & Palletizing machine introduced for polished / glazed Vitrified tiles.
- 5) The Company has fully adopted and further updating the latest technology available for producing ceramic tiles in tune with European / Chinese market of tiles.
- 6) Our R & D / Technical experts visits international markets to adopt and update the latest technology available.
- 7) During the year, the R & D unit at Gailpur plant has received the recognition certificate from Department of Scientific & Industrial Research (DSIR).

- 8) During the year R & D at Gailpur Plant has received the recognition in Ceramic Wall tiles, tests was carried out as per procedures based on JIS Z 2801: 2010 regulation “Quantitative determination of Antibacterial efficacy of treated surfaces” from Sophisticated Industrial Materials Analytic Labs. Pvt. Ltd. New Delhi.
- 9) During the year at Gailpur Plant has received the recognition of CE marking on the polished / glazed vitrified tiles finished goods from Saint Gobain Global Sourcing organisation for producing tiles for exports to Europe.

#### 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.
- 3) Introduced new type of decorated tiles.
- 4) Maintain the advance infrastructures available in the tile industry and educate the R & D team with new ceramic (wall and floor) and polished/glazed vitrified tiles.

#### iv) Utilising alternative resources of energy

- 1) 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 efficient use of fuel in both the Plants (at Sikandrabad / Gailpur), and innovation in controlling the Natural Mineral Resources by using recycled waste.
- 2) Company has already utilised the renewable energy source of Wind and Solar. Wind turbines are installed in Jaisalmer, Rajasthan and Dhulle, Maharashtra. Solar

system already installed in Canteen. Exhaust heat of Kilns are being utilised in Vertical Driers, thus reduce the consumption of fuel.

#### v) Expenditure on (R&D)

(₹ Crore)

Particulars	2014-15	2013-14
a) Capital	0.19	0.24
b) Recurring	6.28	4.66
<b>Total</b>	<b>6.47</b>	<b>4.90</b>
c) Total R& D expenditure as a percentage of total turnover	0.27%	0.24%

#### Technology Imported

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

No technology has been imported during the year 2014-15.

#### Foreign Exchange Earnings and Outgo during the year

Details of earnings accrued and expenditure incurred in foreign currency are given in Notes No. 30 to 32 of the Notes to the financial statements. The Company continues its efforts to improve its earnings from exports.

For and on behalf of the Board

**Ashok Kajaria**

Chairman & Managing Director

DIN: 00273877

Place : New Delhi

Date : 29th July 2015

Annexure-7 **Form No. MGT 9****Extract of Annual Return**

As on financial year ended on 31-03-2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management & Administration) Rules, 2014.**I. Registration & Other Details:**

1.	CIN	L26924HR1985PLC056150
2.	Registration Date	20th December 1985
3.	Name of the Company	Kajaria Ceramics Limited
4.	Category/Sub-category of the Company	Public Company Limited by Shares
5.	Address of the Registered office & contact details	Kajaria Ceramics Ltd SF-11, Second floor, JMD Regent Plaza, Mehrauli-Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon, Haryana-122001 Telephone No.: 0124-4081281 E-mail id: investors@kajariaceramics.com
6.	Whether listed Company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited F-65, Okhla Industrial Area, Phase-1, New Delhi- 110020 Ph. No. 011-41406149-52; e-mail id : admin@mcsdel.com Fax No.: 011-41709881

**II. Principal Business Activities of the Company**

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

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacturing & trading of Ceramics, Polished and Glazed Vitrified Tiles.	320.1 & 320.6	100%

### III. Particulars of Holding, Subsidiary and Associate Companies.

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of Shares Held	Applicable Section
1	M/s Soriso Ceramics Private Limited S.No 809-810, Lakhdirpar Road, at Ghuntu, Tal Morbi, Dist. Rajkot, Gujarat- 363642	U26930GJ2006PTC048010	Subsidiary	51%	2(87)
2	M/s. Jaxx Vitrified Private Limited S.No 72/P1 & 72/P2, Near Max Ceramic Morbi, G'Dham Highway, Tal Morbi, Timbdi, Gujarat- 363642	U26933GJ2010PTC062933	Subsidiary	61%	2(87)
3	M/s. Cosa Ceramics Private Limited S.No. 774P1, Near GSPC Gas Terminal Lakhdirpar Road, Ghuntu, Gujarat- 363642	U26933GJ2010PTC063444	Subsidiary	51%	2(87)
4.	M/s. Vennar Ceramics Limited Sitha Nilayam, no. 6-3-347/21, Dwarkapuri Colony, Panjagutta, Hyderabad- 500082, Telangana	U26919TG1994PLC031858	Subsidiary	51%	2(87)
5.	M/S. Taurus Tiles Private Limited, S.No. 466p1, Opp. Kajaria Sanitaryware Tal. Morbi, Dist. Morbi, Jashmatgarh, Gujarat- 363641	U26933GJ2014PTC078487	Subsidiary	51%	2(87)
6	Kajaria Bathware Private Limited J-1/B-1 (Extn), Mohan Co-Operative Industrial Estate, Mathura Road, New Dlehi- 110044	U26943DL2013PTC252495	Subsidiary	64%	2(87)
7	M/S Kajaria Ceramics Kazakhstan LLP (WOS Abroad), Office 403 188, Dostyk Avenue, Almaty City Republic of Kazakhstan 050051	UIN No. KAWAZ20140481	WOS Abroad	100%	2(87)

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

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

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April 2014]				No. of Shares held at the end of the year [As on 31st March 2015]				% Change during the year*
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	7337740	0	7337740	9.71	7309286	0	7309286	9.20	-0.51
b) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Bodies Corp.	32034075	0.00	32034075	42.38	32062529	0.00	32062529	40.34	-2.04
e) Banks / FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Any other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trust	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Society	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Educational Institute	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total shareholding of Promoter (A)</b>	<b>39371815</b>	<b>0.00</b>	<b>39371815</b>	<b>52.09</b>	<b>39371815</b>	<b>0.00</b>	<b>39371815</b>	<b>49.54</b>	<b>-2.55</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	2897720	50650	2948370	3.90	3451487	48650	3500137	4.40	0.50
b) Banks / FI	1100	27710	28810	0.04	14795	26710	41505	0.05	0.01
c) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Insurance Co.	0.00	0.00	0.00	0.00	99774	0.00	99774	0.13	0.13
g) FIs	19295812	0.00	19295812	25.53	18927452	0.00	18927452	23.82	-1.71
h) Foreign Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>22194632</b>	<b>78360</b>	<b>22272992</b>	<b>29.47</b>	<b>22493508</b>	<b>75360</b>	<b>22568868</b>	<b>28.40</b>	<b>-1.07</b>



Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April 2014]				No. of Shares held at the end of the year [As on 31st March 2015]				% Change during the year*
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Indian	2062818	23915	2086733	2.76	1773228	23915	1797143	2.26	-0.50
ii) Overseas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Individual shareholders holding nominal share capital upto ₹1 lakh	4937085	1727977	6665062	8.82	5123075	1497737	6620812	8.33	-0.49
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	2358638	0.00	2358638	3.12	2307766	0.00	2307766	2.90	-0.22
c) Others (specify)									
Non Resident Indians	736681	42880	779561	1.03	749635	41380	791015	1.00	-0.04
Overseas Corporate Bodies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Companies	2000000	0.00	2000000	2.65	5885420	0.00	5885420	7.41	4.76
Foreign Nationals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Clearing Members	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trusts	48779	0.00	48779	0.06	126161	0.00	126161	0.16	0.09
Foreign Bodies - D R	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub-total (B)(2):-</b>	<b>12144001</b>	<b>1794772</b>	<b>13938773</b>	<b>18.44</b>	<b>15965285</b>	<b>1563032</b>	<b>175283175</b>	<b>22.06</b>	<b>3.62</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>34338633</b>	<b>1873132</b>	<b>36211765</b>	<b>47.91</b>	<b>38458793</b>	<b>1638392</b>	<b>40097185</b>	<b>50.46</b>	<b>2.55</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>73710448</b>	<b>1873132</b>	<b>75583580</b>	<b>100.00</b>	<b>77830608</b>	<b>1638392</b>	<b>79469000</b>	<b>100.00</b>	<b>00.00</b>

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

S. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April 2014)			Shareholding at the end of the year (As on 31st March 2015)			% change in shareholding during the year*
		Demat	Physical	% of Total Shares	Demat	Total	% of Total Shares	
1	Kajaria Exports Limited	15283545	20.22	0.00	15311999	19.27	0.00	-0.95
2	Kajaria Securities Private Limited	6581905	8.71	0.00	6581905	8.28	0.00	-0.43
3	Cheri Ceramics Private Limited	5088385	6.73	0.00	5088385	6.40	0.00	-0.33
4	Pearl Tile Marketing Private Limited	5080240	6.72	0.00	5080240	6.39	0.00	-0.33
5	Ashok Kajaria	2053500	2.72	0.00	2053606	2.59	0.00	-0.13
6	Versha Devi Kajaria	1200007	1.59	0.00	1200007	1.51	0.00	-0.08
7	A.K Kajaria (HUF)	940375	1.24	0.00	955375	1.20	0.00	-0.04
8	Rishi Kajaria	902858	1.19	0.00	902858	1.14	0.00	-0.06
9	Chetan Kajaria	670000	0.88	0.00	669940	0.84	0.00	-0.04
10	Rasika Kajaria	300000	0.40	0.00	285000	0.36	0.00	-0.02
11	Shikha Kajaria	300000	0.40	0.00	300000	0.38	0.00	-0.04
12	Kartik Kajaria	225000	0.30	0.00	225000	0.28	0.00	-0.01
13	Parth Kajaria	225000	0.30	0.00	225000	0.28	0.00	-0.01
14.	Raghav Kajaria	225000	0.30	0.00	225000	0.28	0.00	-0.01
15.	Vedant Kajaria	225000	0.30	0.00	225000	0.28	0.00	-0.01
16.	Rishi Kajaria (HUF)	50000	0.06	0.00	21500	0.03	0.00	-0.04
17.	Chetan Kajaria (HUF)	21000	0.03	0.00	21000	0.03	0.00	0.00
	<b>Total</b>	<b>39371815</b>	<b>52.09</b>	<b>0.00</b>	<b>39371815</b>	<b>49.54</b>	<b>0.00</b>	<b>-2.55</b>

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

S. No.	Name of Promoters & person belongs to Promoter Group	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Demat	% of Total Shares	Demat	% of Total Shares
	At the beginning of the year	39371815	52.09	39371815	52.09
	Date wise increase/Decrease in promoter's shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc.)	#	#	#	#
	At the end of the year	39371815	49.54	39371815	49.54

\*Note: The allotment of additional 3885420 Equity shares (Conversion of Warrants into equity shares of ₹2/- each) to M/s WestBridge Crossover Fund, LLC, on preferential allotment basis, which increases the total no. of shares in the Company.

## # Date Wise increase/Decrease in promoter's shareholding during the year specifying the reason for increase/decrease

S. No.	Name	Shareholding No. of shares at the beginning (1st April 2014)/ end of the year (31st March 2015)	% of total shares of the Company	Date of Change in Shareholding	Increase / Decrease in Shareholding	Reason	Cumulative shareholding during the year (1st April 2014 to 31st March 2015)	% of total Shares of the Company
1.	Kajaria Exports Limited	15283545	20.22	31-03-2014				
				28-09-2014	28454	transfer	15311999	20.26
		15311999	20.26	31-03-2015				
2.	Ashok Kajaria	2053500	2.72	31-03-2014				
				30-12-2014	106	transfer	2053606	2.58
		2053606	2.58	31-03-2015				
3.	A.K Kajaria (HUF)	940375	0.00	31-03-2014				
				03-06-2014	15000	transfer	955375	1.26
		955375	1.20	31-03-2015				
4.	Rasika Kajaria	300000	0.40	31-03-2015				
				03-06-2014	-15000	transfer	285000	0.38
		285000	0.36	31-03-2015				
5.	Chetan Kajaria	670000	0.89	31-03-2014				
				29-09-2014	-60	transfer	669940	0.84
		669940	0.84	31-03-2015				
6.	Rishi Kajaria (HUF)	50000	0.07	31-03-2014				
				08-09-2014	-28500	transfer	21500	0.03
		21500	0.03	31-03-2015				

**D) Shareholding Pattern of top ten Shareholders:**

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

S. No.	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Shareholding at the end of the year (As on 31st March 2015)	
		No. of shares at the beginning (1st April 2014)/ end of the year (31st March 2015)	% of total shares of the Company				No. of shares	% of total Shares of the Company
1.	HSBC Bank (Mauritius) Limited A/C Jwalamukhi Investment Hold (IN300142/10713562)	7252005	9.59	01-04-2014				
				16-05-2014	-931000	Transfer	6321005	8.36
				30-09-2014	-76000	Transfer	6245005	8.26
		6245005	8.26	31-03-2015				
2.	WestBridge Crossover Fund, LLC (IN300142/10724452)	2000000	2.65	31-03-2014				
				27-10-2014	3885420	Preferential Allotment	5885420	7.41
		5885420	7.41	31-03-2015				
3.	Government Pension Fund Global (In303438/10004781)	18500000	2.45	31-3-2014				
				16-05-2014	118309	Transfer	1968309	2.60
				23-05-2014	531691	Transfer	2500000	3.31
				21-11-2014	-2500000	Transfer	0.00	0.00
		0.00	0.00	31-03-2015				
4.	Goldman Sachs India Fund Limited (IN300167/10044058)	581123	0.73	21-11-2014				
				05-12-2014	29034	Transfer	610157	0.77
				23-01-2015	45711	Transfer	655868	0.82
				30-01-2015	44067	Transfer	699935	0.88
				06-02-2015	56848	Transfer	756783	0.95
				20-02-2015	74611	Transfer	831394	1.05
				27-02-2015	106458	Transfer	937852	1.18
				20-03-2015	57196	Transfer	995048	1.25
	995048	1.25	31-03-2015					

S. No.	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Shareholding at the end of the year (As on 31st March 2015)	
		No. of shares at the beginning (1st April 2014)/ end of the year (31st March 2015)	% of total shares of the Company				No. of shares	% of total Shares of the Company
5.	Swiss Finance Corporation (Mauritius) Limited (In 301524 / 30034884)	3090238	4.09	31-03-2014				
				09-05-2015	109290	Transfer	3199528	4.23
				16-05-2014	49396	Transfer	3248924	4.30
				23-05-2014	8614	Transfer	3257538	4.31
				28-11-2014	-371093	Transfer	2886445	3.63
				05-12-2014	-516907	Transfer	2369538	2.98
				12-12-2014	-65000	Transfer	2304538	2.90
				31-12-2014	-464000	Transfer	1331538	1.68
				09-01-2015	-468000	Transfer	863538	1.09
				16.01.2015	-696238	Transfer	167300	0.21
				23-01-2015	14200	Transfer	181500	0.02
				20-02-2015	-7733	Transfer	173767	0.22
				27-02-2015	-19338	Transfer	154429	0.19
				13-03-2015	-5919	Transfer	148510	0.19
		20-03-2015	-10300	Transfer	138210	0.17		
		138210	0.17	31-03-2015				
6.	HDFC Trustee Company Limited - HDFC Equity Fund (IN300054 / 10009095)	2324896	2.92	31-03-2014				
				25-07-2014	36000	Transfer	2360896	3.12
				05-09-2014	-100000	Transfer	2260896	2.99
				12-09-2014	-100000	Transfer	2160896	2.86
				31-10-2014	-162700	Transfer	1998196	2.51
				07-11-2014	-12500	Transfer	1985696	2.50
				14-11-2014	-51000	Transfer	1934696	2.43
				21-11-2014	-325000	Transfer	1609696	2.02
				28-11-2014	-124000	Transfer	1485696	1.87
				05-12-2014	-164000	Transfer	1321696	1.66
				12-12-2014	-144100	Transfer	1177596	1.48
				19-12-2014	-650000	Transfer	527596	0.66
		31-12-2014	-527596	Transfer	00.00	0.00		

S. No.	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Shareholding at the end of the year (As on 31st March 2015)	
		No. of shares at the beginning (1st April 2014)/ end of the year (31st March 2015)	% of total shares of the Company				No. of shares	% of total Shares of the Company
7.	Citigroup Global Markets Mauritius Private Limited (IN300054/10009054)	2103396	2.78	31-03-2014				
				23-05-2014	-236716	Transfer	1866680	2.47
				30-06-2014	-300000	Transfer	1566680	2.07
				12-09-2014	-100000	Transfer	1466680	1.94
				19-09-2014	-100000	Transfer	1366680	1.81
				30-09-2014	-1354754	Transfer	11926	0.16
				10-10-2014	-11926	Transfer	0.00	0.00
				28-11-2014	125000	Transfer	125000	0.16
				31-12-2014	65000	Transfer	190000	0.24
				23-01-2015	46416	Transfer	236416	0.30
				13-03-2015	16368	Transfer	252784	0.32
		27-03-2015	-16368	Transfer	236416	0.30		
		236416	0.30	31-03-2015				
8.	Macquarie Bank Limited (IN300054 / 10013305)	1925118	2.55	31-03-2014				
				17-10-2014	-91356	Transfer	1833762	2.43
				27-10-2014	-128422	Transfer	1705340	2.15
				31-10-2014	-334391	Transfer	1370949	1.72
				07-11-2014	-225166	Transfer	1145783	1.44
				14-11-2014	-116749	Transfer	1029034	1.29
				21-11-2014	-536754	Transfer	492280	0.62
				28-11-2014	-492280	Transfer	0.00	0.00
		0.00	0.00	31-03-2015				
9.	Wasatch International Opportunities Fund (IN300167 / 10024339)	753242	0.99	31-03-2014				
				25-04-2014	-116052	Transfer	637190	0.84
				09-05-2014	-184100	Transfer	453090	0.60
				20-06-2014	-13000	Transfer	440090	0.58
				30-06-2014	-35665	Transfer	404425	0.53
				19-09-2014	-23000	Transfer	381425	0.50
				30-09-2014	-55348	Transfer	326077	0.43
				17-10-2014	-49457	Transfer	276620	0.37
				27-10-2014	-94000	Transfer	182620	0.23
		31-10-2014	-26000	Transfer	156620	0.20		
		156620	0.20	31-03-2015				

S. No.	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Shareholding at the end of the year (As on 31st March 2015)	
		No. of shares at the beginning (1st April 2014)/ end of the year (31st March 2015)	% of total shares of the Company				No. of shares	% of total Shares of the Company
10.	Kotak Mahindra Old Mutual Life Insurance Limited (IN301524 / 30026774)	584464	0.77	31-03-2014				
				11-04-2014	-50000	Transfer	534464	0.71
				18-04-2014	-54000	Transfer	480464	0.64
				25-04-2014	-62000	Transfer	418464	0.55
				02-05-2014	-100797	Transfer	317667	0.42
				09-05-2014	-21000	Transfer	296667	0.39
				16-05-2014	-1506	Transfer	298173	0.39
				23-05-2014	-50000	Transfer	248173	0.33
				06-06-2014	-60430	Transfer	187743	0.25
				20-06-2014	75	Transfer	187818	0.25
				11-07-2014	-32745	Transfer	155073	0.20
				18-07-2014	-28081	Transfer	126992	0.17
				01-08-2014	-10000	Transfer	116992	0.15
				30-09-2014	-279	Transfer	116713	0.15
				10-10-2014	2400	Transfer	119113	0.16
				17-10-2014	25000	Transfer	144113	0.19
				27-10-2014	75000	Transfer	219113	0.27
				31-10-2014	19000	Transfer	238113	0.30
				07-11-2014	25000	Transfer	263113	0.33
				14-11-2014	69831	Transfer	332944	0.42
				28-11-2014	50000	Transfer	422944	0.53
		19-12-2014	-60000	Transfer	362944	0.46		
		23-01-2015	40000	Transfer	402944	0.51		
		06-02-2015	-426	Transfer	402518	0.51		
		13-02-2015	-185449	Transfer	217069	0.27		
		06-03-2015	-14000	Transfer	203069	0.25		
		13-03-2015	-172	Transfer	202897	0.25		
		202897	0.25	31-03-2015				
11.	ICG Q Limited (IN303786 / 10000650)	428936	0.57	31-03-2014				
				20-05-2014	-90000	Transfer	338936	0.45
				14-08-2014	-16408	Transfer	322528	0.43
				22-08-2014	-10969	Transfer	311559	0.41
				05-09-2014	-8724	Transfer	302835	0.40
		302835	0.40	31-03-2015				

S. No.	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Shareholding at the end of the year (As on 31st March 2015)	
		No. of shares at the beginning (1st April 2014)/ end of the year (31st March 2015)	% of total shares of the Company				No. of shares	% of total Shares of the Company
12.	Government Pension Fund Global (IN300054 / 10076881)	2500000	3.15	21-11-2014				
				19-12-2014	500000	Transfer	3000000	3.78
		3000000	3.78	31-03-2015				
13	L And T Mutual Fund Trustee Ltd- L And T Equity Fund (IN300054 / 10064524)	393003	0.50	19-12-2014				
				31-12-2014	129072	Transfer	522075	0.66
				16-01-2015	368000	Transfer	890075	1.12
				23-01-2015	9925	Transfer	900000	1.13
				27-03-2015	-19262	Transfer	880738	1.11
		880738	1.11	31-03-2015				
14.	SBI Magnum Global Fund (IN303786 / 10000916)	700000	0.93	30-09-2014				
		700000	0.88	31-03-2015				
15.	Steadview Capital Mauritius Limited (IN303173 / 20012164)	535374	0.71	10-10-2014				
				28-11-2014	-10160	Transfer	535374	0.67
		535374	0.67	31-03-2015				

Note: Not in the list of Top 10 shareholders as on 1st April 2014, the same has been reflected since the shareholder was one of the Top 10 shareholders as on 31st March 2015.



**E) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Name	Shareholding		Date	Increase/ decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2014 to 31st March 2015)	
		No. of shares at the beginning (1st April 2014)/end of the year (31st March 2015)	% of total shares of the Company				No. of shares	% of total Shares of the Company
1.	Sh. Ashok Kajaria Chairman & Managing Director (DIN: 00273877)	2053500	2.72	30-12-2014	160	Transfer	2053606	2.58
2.	Sh. Chetan Kajaria Joint Managing Director (DIN: 00273928)	670000	0.89	29-09-2014	-60	Transfer	669940	0.84
3.	Sh. Rishi Kajaria, Joint Managing Director (DIN: 00228455)	902858	1.19	-	00.00	00.00	902858	1.14
4.	Sh. Dev Datt Rishi Director- Technical (DIN: 00312882)	200	00.00	14-01-2015	00.00	00.00	00.00	00.00
5.	Sh. Basant Kumar Sinha Director- Technical (DIN: 03099241)	00.00	00.00	-	00.00	00.00	00.00	00.00
6.	Sh. Raj Kumar Bhargava Independent Director (DIN: 00016949)	6296	0.01	31-03-2014				
		8296	0.01	07-11-2014	2000	Transfer	8296	0.01
7.	Sh. Ram Ratan Bagri Independent Director (DIN: 00275313)	20000	0.03	31-03-2014				
				04-04-2014	1000	Transfer	21000	0.03
				09-05-2014	-2000	Transfer	19000	0.03
				30-06-2014	1500	Transfer	20500	0.03
				22-08-2014	-500	Transfer	20000	0.03
		21000	0.03	31-03-2015	1000	Transfer	21000	0.03
8.	Sh. Debi Prasad Bagchi Independent Director (DIN: 00061648)	00.00	00.00	-	00.00	00.00	00.00	00.00
9.	Sh. H.Rathnakar Hegde Independent Director (DIN: 05158270)	00.00	00.00	-	00.00	00.00	00.00	00.00

S. No.	Name	Shareholding		Date	Increase/decrease in shareholding	Reason	Cumulative shareholding during the year (1st April 2014 to 31st March 2015)	
		No. of shares at the beginning (1st April 2014)/end of the year (31st March 2015)	% of total shares of the Company				No. of shares	% of total Shares of the Company
10.	Sh. Sandeep Singhal Independent Director (DIN: 00040491)	00.00	00.00	-	00.00	00.00	00.00	00.00
11.	Smt. Sushmita Shekhar Independent Director (DIN: 02284266)	00.00	00.00	-	00.00	00.00	00.00	00.00
12.	Mr. Ram Chandra Rawat Executive V.P (A & T) & Co. Secretary & CFO* (FCS No. 5101)	00.00	00.00	-	00.00	00.00	00.00	00.00

\* resigned as CFO w.e.f 29.04.2015.

**F) Indebtedness -Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	88.80	00.00	00.00	88.80
ii) Interest due but not paid	00.00	00.00	00.00	00.00
iii) Interest accrued but not due	00.00	00.00	00.00	00.00
<b>Total (i+ii+iii)</b>	<b>88.80</b>	<b>00.00</b>	<b>00.00</b>	<b>88.80</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	00.00	25.51	00.00	25.51
* Reduction	32.84	00.00	00.00	-34.07
<b>Net Change</b>	<b>-32.84</b>	<b>25.51</b>	<b>00.00</b>	<b>-8.56</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	55.96	25.51	00.00	81.47
ii) Interest due but not paid	00.00	00.00	00.00	00.00
iii) Interest accrued but not due	00.00	00.00	00.00	00.00
<b>Total (i+ii+iii)</b>	<b>55.96</b>	<b>25.51</b>	<b>00.00</b>	<b>81.47</b>

## XI. Remuneration of Directors and Key Managerial Personnel

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

S. No.	Particulars of Remuneration MD/WTD	Name of MD/WTD/Manager					Total amount per annum (in Lacs)
		Ashok Kajaria	Chetan Kajaria	Rishi Kajaria	Basant Kumar Sinha	Dev Datt Rishi (w.e.f 14th January 2015)	
1	Gross salary (p.a)						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	166.80	220.80	220.80	44.01	14.86	667.27
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	55.85	25.55	25.55	5.63	1.55	114.13
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	00.00	00.00	00.00	00.00	00.00	00.00
2	Stock Option	00.00	00.00	00.00	00.00	00.00	00.0
3	Sweat Equity	00.00	00.00	00.00	00.00	00.00	00.00
4	Commission - as % of profit - others, specify...	00.00	242.00	242.00	00.00	00.00	484.00
5	Others, please specify	00.00	00.00	00.00	00.00	00.00	00.00
	<b>Total (A)</b>	<b>222.65</b>	<b>488.35</b>	<b>488.35</b>	<b>49.64</b>	<b>16.41</b>	<b>1265.40</b>
	Ceiling as per act : ₹2447 lacs (being 10% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013)						

### B. Remuneration to other Directors

S. No.	Particulars of Remuneration Independent Directors	Name of MD/WTD/Manager					Total amount per annum (in Lacs)	
		Raj Kumar Bhargava	Ram Ratan Bagri	Debi Prasad Bagchi	H. Rathnakar Hegde	Sandeep Singhal		Sushmita Shekhar
1	Fee for attending board committee meetings	1.80	3.40	1.60	2.00	00.00	00.00	8.80
	Commission	00.00	00.00	00.00	00.00	00.00	00.00	00.00
	Others, please specify	00.00	00.00	00.00	00.00	00.00	00.00	00.00
	<b>Total (1)</b>	<b>1.80</b>	<b>3.40</b>	<b>1.60</b>	<b>2.00</b>	<b>00.00</b>	<b>00.00</b>	<b>8.80</b>
2	Other Non-Executive Directors							
	Fee for attending board committee meetings	00.00	00.00	00.00	00.00	00.00	00.00	00.00
	Commission	00.00	00.00	00.00	00.00	00.00	00.00	00.00
	Others, please specify	00.00	00.00	00.00	00.00	00.00	00.00	00.00
	<b>Total (2)</b>	<b>00.00</b>	<b>00.00</b>	<b>00.00</b>	<b>00.00</b>	<b>00.00</b>	<b>00.00</b>	<b>00.00</b>
	<b>Total (B)=(1+2)</b>	<b>1.80</b>	<b>3.40</b>	<b>1.60</b>	<b>2.00</b>	<b>00.00</b>	<b>00.00</b>	<b>8.80</b>
	Total Managerial Remuneration {(A)+(B)}	₹1274.20 Lacs						
	Overall Ceiling as per the Act	₹2692 Lacs (being 11% of the net profit of the Company calculated as per section 198 of Companies Act, 2013.)						

**C. Remuneration to key managerial personnel other than MD /Manager / WTD**

S. No.	Particulars of Remuneration	Key Managerial Personnel	
		Ram Chandra Rawat (Executive V.P (A&T) & Company Secretary)	Total (in Lacs) per annum
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	99.05	99.05
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	02.40	02.40
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	00.00	00.00
2	Stock Option	00.00	00.00
3	Sweat Equity	00.00	00.00
4	Commission - as % of profit - others, specify...	00.00	00.00
5	Others, please specify	00.00	00.00
	Variable Pay/ incentive	00.00	00.00
	<b>Total (₹ In Lacs)</b>	<b>101.45</b>	<b>101.45</b>

**XII. Penalties / Punishment/ Compounding of Offences:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty					
Punishment					
Compounding					
<b>Other Officers in Default</b>			NIL		
Penalty					
Punishment					
Compounding					

For and on behalf of the Board


**Ashok Kajaria**

Chairman & Managing Director

DIN: 00273877

Place : New Delhi

Date : 29th July 2015

Annexure-8 

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

S. No.	Name	Age	Designation	Qualification	Exp	Date of commencement of employment	Remuneration received during the year (₹ In lacs)	Particular of Last Employment
1	Mr. Ashok Kajaria	67	Chairman & Managing Director	B.SC, BSME, UCLA (California), USA	39	01.01.1987	297.46	Managing Director - Kajaria Exports Limited
2	Mr. Chetan Kajaria	40	Joint Managing Director	BE (Petrochem), Pune University, MBA from Boston College (USA)	15	15.01.2000	488.10	Managing Director - Kajaria Plus Limited
3	Mr. Rishi Kajaria	37	Joint Managing Director	B.Sc. in Business Administration from Boston University (USA)	11	26.07.2003	488.10	Director - Kajaria Infotech Limited
4	Mr. Ram Chandra Rawat	59	Exec. V P (A&T) & Company Secretary	M Com. FCA, FCS	35	14.07.1987	101.20	Chief Accounts Officer RCS Vanaspathi Ltd
5	Dr. Rajveer Chaudhary	61	Chief Operating Officer (Gailpur plant)	M.A., PH.D	33	03.08.1998	99.73	VP - Venus Sugars Limited
6.	Mr. Sanjeev Agarwal	51	CFO	B.Com, FCA	28	09.02.1994	94.91	Dy.Manager-Finance Orissa Synthetics Ltd
7.	Mr. Gyan Prakash Nirmal	54	Sr. VP-Import & Export	B.Com (Hons)	29	01.08.1997	67.49	Manager Kajaria Exports Ltd
8	Mr. Pankaj Sethi	44	VP (marketing)	BE - Civil Engg	23	01.04.2003	88.26	Regional Manager Kajaria Infotech Ltd
9.	Mr. Sarat Chandak	44	VP (Marketing)	MBA - Marketing	21	01.07.2006	122.95	AGM - Bell Granito Ceramics Ltd.
10.	Mr. Gautam Seth	41	AVP (Marketing)	BE-Mech Engg	16	01.09.2009	104.05	VP - Marketing Kajaria Plus Ltd
11	Mr. Vivek Goyal	46	AVP (Marketing)	PGDBA - Marketing	24	01.05.2000	131.46	DGM- Marketing - Kajaria Plus Limited
12	Mr. M. G. Renukananda	54	AVP-Marketing	MBA-Marketing	24	30.09.2009	71.37	GM-Sales Asisan Granito India Ltd
13	Mr. Jayant Bhagwat Shrinivas	52	GM-marketing	MBA-Marketing	23	02.08.1999	70.05	Assistant Manager Amogh Plastopack Pvt. Ltd

- Note:**
1. Remuneration includes salary, allowances, and incentives but excludes Company's Contribution to PF, Gratuity Fund and Personal Accident Insurance as the same is paid for the Company as whole.
  2. All above mentioned employees are on the rolls of the Company and nature of employment is as per the appointment letter given by the Company. None of the above mentioned employees except Mr. Ashok Kajaria, Mr. Chetan Kajaria and Mr. Rishi Kajaria, hold equity shares of the Company and are not relative of any Directors of the Company. Shares held by Mr. Ashok Kajaria, Mr. Chetan Kajaria and Mr. Rishi Kajaria are disclosed in "Annexure-VI" of Directors Report.
  3. No employee was in receipt of remuneration exceeding ₹5 Lacs Per Month for any part of financial year 2014-15.

For and on behalf of the Board

**Ashok Kajaria**

*Chairman & Managing Director*

DIN: 00273877

Place : New Delhi

Date : 29th July 2015

# Report on Corporate Governance

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## The Company's Philosophy on Corporate Governance

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

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

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

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

- i. Appropriate composition of the Board of Directors.
- ii. Timely disclosure of material and financial information to the Board of Directors and stakeholders.
- iii. Systems and processes are in place to ensure financial control and compliance of laws and
- iv. Proper business conduct by the Board, Committees, senior management and employees.

## Board of Directors

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

### Selection of the Board:

In terms of the requirement of the provisions of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, the Nomination and Remuneration Committee has been designated to evaluate the need for change in the composition and size of the Board of the Company and to select members to fill Board vacancies and nominating candidates for election by the shareholders at the Annual General Meeting.

### Composition

The Board comprises of such number of Executive and Independent Director as required under the applicable legislations. The Board consists of eminent individuals from the Industry, management, technical, financial and marketing. The Company is managed by the Board of Directors in coordination with the senior management team. As on 31st March 2015 the Company has 11 Directors on its Board including 6 Independent Directors. The Board periodically evaluates the need for change in its composition and size.

The details of composition of the Board, nature of Directorship, Number of Directorships in other companies, Chairmanship/Membership of the Committee of each director in other Companies, attendance of the Directors at Board Meeting and last Annual General Meeting as on 31st March 2015 are given below:

Name	Category of Director	Board Meetings attended	Last Annual General Meeting attended (held on 1st August 2014)	Directorship* in other companies	Chairman of other Boards	Committee Chairmanship of other Boards	Committee Membership**
Mr. Ashok Kajaria (DIN: 00273877)	Chairman & Managing Director (Promoter)	5	Yes	3	0	0	0
Mr. Chetan Kajaria (DIN: 00273928)\$	Joint Managing Director	5	Yes	2	0	0	0
Mr. Rishi Kajaria (DIN: 00228455)\$	Joint Managing Director	5	Yes	3	0	0	0
Mr. Dev Datt Rishi (DIN: 00312882)@	Director – Technical (Executive)	1	NA	0	0	0	0
Mr. Basant Kumar Sinha (DIN: 03099241)	Director- Technical (Executive)	2	Yes	0	0	0	0
Mr. Raj Kumar Bhargava (DIN: 00016949)	Director (Independent Non Executive)	5	Yes	4	1	4	4
Mr. Ram Ratan Bagri (DIN: 00275313)	Director (Independent Non-Executive)	5	Yes	2	0	1	3
Mr. Debi Prasad Bagchi (DIN: 00061648)	Director (Independent Non-Executive)	5	Yes	7	0	1	5
Mr. H. Rathnakar Hegde (DIN: 05158270)	Director (Independent Non- Executive)	4	Yes	4	0	2	2
Mr. Sandeep Singhal (DIN: 00040491)	Independent Director- (Independent Non- Executive)	1	No	1	0	0	0
Mrs. Sushmita Shekhar (DIN: 02284266)#	Additional Director (Independent Non- Executive)	0	NA	1	0	0	0

\$ Promoter Group

\* Excluding the Directorship & Chairmanship held in private limited companies, foreign companies and companies incorporated under section 8 of the Companies Act, 2013.

\*\* Included only the Membership / Chairmanship in Audit Committee and stakeholders relationship Committee in all Public Limited Companies.

@ Appointed as an additional director w.e.f 14th January 2015

# Appointed as an additional director w.e.f 30th March 2015.

The Number of Directorships, Chairmanships and committee memberships of each director is in compliance with the relevant provisions of the Companies Act, 2013 and Listing Agreement.

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

There is no relationship between any of the Independent Directors.

As mandated by the Clause 49, none of the Directors of the Company are members of more than ten Board level committees nor are they Chairman of more than five Board level committee's in other companies in which they are Directors.

## Appointment / Re-Appointment of Directors

Pursuant to the provisions of section 161 (1) of the Companies Act, 2013 and Articles of Association of the Company, Board of Directors had appointed the following Directors as an Additional Directors during the financial year 2014-15 :

- i. On 14th January 2015 : Mr. Dev Datt Rishi was appointed as an additional director and designated as Director - Technical and
- ii. On 30th March 2015: Mrs. Sushmita Shekhar was appointed as an additional Independent director.

The appointment of Mr. Dev Datt Rishi and Mrs. Sushmita Shekhar, as the Director of the Company, is subject to the approval of the members in the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Mr. Dev Datt Rishi and Mrs. Sushmita Shekhar for appointment as the Director of the Company.

Mr. Chetan Kajaria and Mr. Rishi Kajaria have been re-appointed as Joint Managing Directors of the Company for a period of 3 years w.e.f 1st April 2015, subject to the approval of the shareholders in the ensuing Annual General Meeting.

Mr. Ram Ratan Bagri and Mr. H. Rathnakar Hegde, Directors of the Company, will be re-appointed w.e.f 1st April 2014 for a period of 5 years in the ensuing Annual General Meeting.

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

The terms & conditions of appointment of Independent Directors have also been posted on the website of the Company.

The Company has received declarations from all Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and under clause 49 of the Listing Agreement.

## Board Meetings

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

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

During the financial year ended 31st March 2015, 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:

7th May 2014, 1st August 2014, 27th October 2014, 14th January 2015 and 30th March 2015

## Post meeting follow up Mechanism

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

## Board Support

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

## Separate Meeting for Independent Directors

The Independent Directors of the Company meet at least once in a year without the presence of Executive Directors and Management Personnel. Such shall review the performance of Non- Independent Directors and the Board as a whole, review the performance of Chairman of the Board, access the quality, quantity and timeliness of the flow of information between management and the Board that is necessary for it to effectively and reasonably perform its duties.

One meeting of Independent Director was held during the year on 14th January 2015

## Familiarisation Programme for Independent Directors

At the time of appointing a Director, a formal letter of appointment is given, which inter-alia explains the role, functions, duties and responsibilities expected from the director of the Company. The Director is also explained in detail the compliance required from him under the Companies Act 2013, Clause 49 of the Listing Agreement and other relevant rules & regulations. The Chairman & Managing Director also has one to one discussion with the newly appointed director to familiarise him with the Company's operations. The Board Members are provided with necessary documents, reports and policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Committee meetings business on and performance update of the Company.

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



## Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of the Board Committees. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning.

The performance evaluation of the Chairman & Managing Director and the non-Independent Directors was carried out by the Independent Directors. Performance evaluation of Independent Directors was carried out by the Board (excluding the Directors being evaluated). The Directors express their satisfaction with the evaluation process.

## Audit Committee

During the year under review, the Audit Committee met four times i.e. 7th May 2014, 1st August 2014, 27th October 2014 and 14th January 2015

As on date, the Audit Committee comprises of following members:

Name	Status	No. of Meetings Attended
Mr. Raj Kumar Bhargava	Chairman	4
Mr. Ashok Kajaria	Member	4
Mr. Ram Ratan Bagri	Member	4
Mr. H. Rathnakar Hegde	Member	4
Mr. Debi Prasad Bagchi	Member	Appointed w.e.f 29th April 2015

The Committee's composition meets the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Members of the committee possess sound knowledge of accounts, audit, banking, finance and internal controls.

Mr Ram Chandra Rawat, Executive V P (A&T) & Company Secretary is the Secretary of the Audit Committee. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company held on 1st August 2014.

## Terms of Reference of Audit Committee

The Terms of reference of Audit Committee as per Provisions of Companies Act, 2013 read with Clause 49 of the Listing Agreement inter alia includes the following:

a) Overseeing the Company's financial reporting process and

disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- b) Recommending to the Board, the appointment/ re-appointment, and if required, replacement or removal of the statutory auditors, fixation of audit fee and approving payments for any other service rendered by statutory auditors.
- c) Discussion with the statutory auditors about the nature and scope of audit as well as post audit discussion to ascertain areas of concern, if any.
- d) Recommending to the Board of Directors, the appointment / re-appointment of Cost Auditor of the Company.
- e) Reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to :
  - i. Matter required to be included in the Directors Responsibility Statement to be included In the Board's Report in terms of Clause 134 (3) (c) of the Companies Act, 2013.
  - ii. Changes, if any, in accounting policies and practices and reasons of the same.
  - iii. Major accounting entries involving estimates based on exercise of judgement by management.
  - iv. Significant adjustments made in financial statements arising out of Audit.
  - v. Compliances with the listing and other legal requirements relating to financial statements.
  - vi. Disclosure of related party transactions.
  - vii. Qualification in draft audit report.
- f) Reviewing with the management, the quarterly, half yearly and annual financial statements before submission to the Board.
- g) Reviewing with the internal auditor and statutory auditors, the adequacy of internal controls and steps taken for strengthening the areas of weakness in internal controls.
- h) Reviewing the adequacy of internal audit function in the Company and discussing the findings and follow up with the internal auditors.
- i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- j) Evaluation of internal control and risk management system

- k) Reviewing with the management, the statements of uses/ application of funds raised through an issue.
- l) Review and monitor the Auditor's independence and performance and effectiveness of audit process.
- m) Approval or any subsequent modification of transaction of the Company with related parties.
- n) Scrutiny of inter-corporate loans and investments
- o) Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividend) and creditors.
- p) Reviewing the Management discussion and analysis of financial condition and results of Operations.
- q) Valuation of undertakings or assets of the Company, whenever it is necessary
- r) Approval of Appointment of CFO after assessing the qualifications, experience and background etc. of the candidate.
- s) Reviewing the functioning of the Whistle Blower mechanism.
- t) Carrying out such other functions as mentioned in the terms of reference to the Audit Committee.

### Nomination and Remuneration Committee

It comprises of four Directors. During the year under review, the Committee met two times on 14th January 2015 and 30th March 2015. The details of the meeting attended by the Directors are as follows:

Name of the Director	Category	No. of Meetings Attended
Mr. Debi Prasad Bagchi	Chairman	2
Mr. Ashok Kajaria	Member	2
Mr. Ram Ratan Bagri	Member	2
Mr. H. Rathanakar Hegde	Member	1

The Chairman of the Nomination and Remuneration Committee was present in the last Annual General Meeting of the Company.

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

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

- attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
3. Formulating the criteria for evaluation of Independent Directors and the Board.
  4. Ensuring that—
    - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
    - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
    - (c) Remuneration to Directors, key managerial personnel and senior management (one level below the functional heads) involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
  5. Devising a policy on Board diversity
  6. Formulating the detailed terms and conditions of the ESOP schemes which shall include the provisions as specified by Board in this regard.
  7. Framing suitable policies and procedures of ESOP to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company and its employees, as applicable
  8. To approve the list of employees to whom the scheme is to be granted.
  9. To determine the procedure for winding up of the scheme

### Remuneration

#### A. Remuneration to Independent Directors

The Independent Directors are paid remuneration by way of sitting fees for each meeting of the Board and Committee of directors attended by them. The total amount of sitting fees paid during the financial year 2014-15 was ₹8.80 Lakhs. The Independent Directors do not have any pecuniary relationship or transactions with the Company. The criteria of making payment to non-executive directors is disclosed in the remuneration policy of the Company which is given as Annexure- VII to the Directors Report and is also disclosed on the website of the Company [http://www.kajariaceramics.com/pdf/nomination\\_remuneration\\_policy.pdf](http://www.kajariaceramics.com/pdf/nomination_remuneration_policy.pdf).

The details of remuneration paid to Independent Directors during the financial year ended 31st March 2015 is as under:

S. No.	Name of Non- Executive Director	Sitting fees (₹ in Lakhs)	No. of Shares held as at 31st March 2015
1	Mr. Raj Kumar Bhargava	1.80	8296
2	Mr. Ram Ratan Bagri	3.40	20000
3	Mr. Debi Prasad Bagchi	1.60	-
4	Mr. H. Rathnakar Hegde	2.00	-
5	Mr. Sandeep Singhal	-	-
6	Mrs. Sushmita Shekhar	-	-

Presently the Company does not have a scheme for grant of stock options to its Directors.

#### B. Remuneration to Executive Directors

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

The details of remuneration paid to Executive Directors during the financial year ended 31st March 2015 is as under:

S. No.	Name of Directors	Fixed Component			Performance Linked Incentive	Total
		Salary	Perquisites & other Benefits	Commission	(₹ in Lakhs)	
1	Mr. Ashok Kajaria	166.80	130.66	~	297.46	
2	Mr. Chetan Kajaria	138.00	108.10	242.00	488.10	
3	Mr. Rishi Kajaria	138.00	108.10	242.00	488.10	
4	Mr. Basant Kumar Sinha	29.35	20.04	~	49.39	
5	Mr. Dev Datt Rishi	9.29	7.28	~	16.57	

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

#### Stakeholders' Relationship Committee

The Committee is responsible for the satisfactory redressal of investor's grievances and recommends measures for overall improvement in the quality of investors services. During the year, the Committee met six times on 30th April 2014, 28th July 2014, 1st August 2014, 10th October 2014, 31st December 2014 and 30th March 2015. The details of the meetings attended by the Directors are as follows:

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

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

During the year 40 complaints were received. All the queries and complaints received during the financial year ended 31st March 2015 were duly addressed and no queries are pending for reply on that date except where the Registrar & Share Transfer Agent is

constrained by dispute or legal impediment or due to incomplete or non-submission of documents by the shareholders.

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

1. Review, on periodic basis, status of grievances relating to transfer, transmission of shares, issue of duplicate shares.
2. Monitor expeditious redressal of investor's grievances
3. Review instances of non-receipt of Annual Report and declared dividend.

### Corporate Social Responsibility Committee

Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee has been constituted.

The Corporate Social Responsibility Committee comprises of following members:

Name	Status	No. of Meetings Attended
Mr. Ram Ratan Bagri	Chairman	1 (resigned w.e.f 29th April 2015)
Mrs. Sushmita Shekhar	Chairperson	- (Appointed w.e.f. 29th April 2015)
Mr. Ashok Kajaria	Member	2 (resigned w.e.f 29th April 2015)
Mr. Chetan Kajaria	Member	2
Mr. Rishi Kajaria	Member	2

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

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

### CSR Policy of the Company

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

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

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

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

### Management Committee

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

### Ethics / Governance Policies

#### 1. Code of Business Conduct and Ethics

In compliance with the Clause 49 of the Listing Agreement and the Companies Act, 2013, the Company has framed and adopted a Code of Business conduct and Ethics ('the code'). The Company has in place a comprehensive Code of Conduct applicable to all employees and Non-Executive Directors including independent Directors. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The code gives guidance and support needed for ethics conduct of business and compliance of laws. The Code reflects the values of the Company viz. Company value, Ownership Mind-set, Respect, Integrity, One team and excellence.

A copy of the Code has been put on the Company website <http://www.kajariaceramics.com/pdf/CodeofBusinessConductEthics.pdf>. The code has been circulated to Directors and management personnel.

All members of the Board, the Executive officers and senior financial officers have affirmed compliance to the Code as on 31st March, 2015.

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

## 2. Insider Trading Code

The Company has adopted the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices in accordance with the Securities and Exchange Board of India (Insider Trading) Regulations, 2015 w.e.f 15th May 2015. The code is applicable to Promoters, Promoters Group, all Directors, Key Managerial Persons and such other designated employees who are expected to have access to unpublished Price Sensitive Information relating to the Company. The Company secretary is the Compliance officer for monitoring the adherence to the said regulations.

## 3. Policy on Material Subsidiary:

The Company has adopted a policy in Line with the requirements of the Listing Agreement. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy on material subsidiaries is available on the website of the Company <http://www.kajariaceramics.com/pdf/MaterialSubsidiaryPolicy-Kajaria.pdf>

## 4. Policy on related party transactions

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

## General Body Meetings

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

Year	Date	Time	Venue
2011-12	13th July 2012	12.00 Noon	A- 27 & 28 , Sikandrabad Indl. Area, Sikandrabad, Distt Bulandshahr (U P)
2012-13	4th June 2013	12.00 Noon	-do-
2013-14	1st August 2014	12.00 Noon	A-27 to 30, Industrial Area, Sikandrabad, Distt. Bulandshahr (U.P.)

No special resolution was passed in the Annual General Meetings held in last 3 years

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

### Procedure for postal ballot

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

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appeared on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice was sent to members in electronic form to the e-mail addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding). The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date.

The Board had appointed Mr. Chetan Gupta, Practicing Company Secretary, (Membership No. FCS- 6496 C.P. No.7077) as the

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

The results of the Postal Ballot were declared on 15th December 2014. Details of voting pattern were as under:

Description of Resolution	No. of total valid Postal Ballot Forms / E-votes received	Votes Cast (No. of Shares)	
		For	Against
To shift the registered office of the Company from the state of Uttar Pradesh to the State of Haryana	223	46472680	101
To amend and adopt the new Articles of Association of the Company	222	45774847	697451
To provide security u/s 180 (1) (a) of the Companies Act, 2013 in connection with the borrowings of the Company	220	46115758	356463
To approve Related Party Transactions u/s 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement	220	46470359	1397

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

- c) **Special Resolution proposed to be conducted** : It is proposed to pass the following special resolutions through Postal Ballot :
- Change in the object clause of the Company
  - Change in the Liability Clause of the Company.
- d) Except as stated above, the Company did not hold Extra-Ordinary General Meeting of the Shareholders during the FY 2014-15.

## Disclosures

### a) Compliance with the Governance Framework

The Company is in compliance with all the mandatory requirements of Clause 49 of the Listing Agreement.

### b) 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 (AS-18) has been made under note no. 42 of the annual accounts.

- c) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or

SEBI or any Statutory Authority during last three years

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

### c) Whistle Blower Policy

Pursuant to Section 177 (9) and (10) of Companies 2013 and clause 49 of the Listing Agreement, the Company has formulated Whistle Blower policy with vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. No complaint has been received during the year 2014-15.

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

**d) 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) **The Board:** The Company has appointed an executive chairman, being the promoter of the Company.
  - ii) **Shareholders’ Right:** As the quarterly and half yearly performance are published in the newspapers and are also posted on the Company’s website, the same are not being sent separately to each household of the shareholders.
  - iii) **Audit Qualification :** The Company’s financial statement for the year 2015 does not contain any audit qualification
  - iv) **Separate Posts of Chairman & CEO / Managing Director:** as per the Articles of Association of the Company and in accordance with the provisions of the Companies Act, 2013, the Company continues to appoint one person as Chairman & Managing Director of the Company.
  - v) **Reporting of Internal Auditor:** Independent Internal Auditor has been appointed and is reporting directly to the Audit Committee.
- e) **CEO / CFO Certificate**  
Chairman & Managing Director and CFO of the Company have given the “annual certification on the financial reporting and internal controls to the Board of Directors in accordance with Clause 49 of the Listing Agreement. The Chairman & Managing Director and CFO of the Company also give quarterly certification on financial results while placing the financial results before the Board in terms of clause 41 of the Listing Agreement. The Annual Certificate given by Chairman & Managing Director and CFO of the Company is published in this report.

## Means of Communication

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

The quarterly, half yearly and annual financial results of the Company are sent to the Stock Exchange immediately through e-mail and their e-portal NSE NEAPS and BSE Listing Center after these have been approved by the Board. These are widely published in the Economic Times, The Financial Express / Business Standard (both English & Hindi), Jansatta.

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

### Investor Release

The official press release and presentation made to institutional Investors / Analysts, if any, are sent to the stock exchanges and also available on the Company’s website.

### Financial Year

April 1 to March 31

### Financial Calendar

First Quarter Results	20th July 2015
Second Quarter/ Half Yearly Results	3rd week of October 2015
Third Quarter / Nine Months Results	3rd week of January 2016
Fourth Quarter / Annual Results for the year	1st week of May, 2016

## General Share Holders Information

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

### Annual General Meeting (Financial Year 2014-15):

#### Date

7th September 2015

#### Time

3.30 P.M

#### Venue

Crown Plaza Today, Sector-29, National Highway-8, Gurgaon, Haryana - 122001

### Dates of Book closure

27th August 2015 to 7th September 2015 (Both days inclusive)

### Dividend

The Board of Directors at its meeting held on 29th April 2015 recommended a dividend of ₹4.00 per share subject to the approval of the shareholders at the ensuing Annual General Meeting, 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 Crore)
2009-10	50	₹1.00	7.36
2010-11	100	₹2.00	14.72
2011-12	125	₹2.50	18.40
2012-13	150	₹3.00	22.08
2013-14	175	₹3.50	26.45

#### Unpaid / Unclaimed Dividend:

All the unpaid / unclaimed dividend upto the financial year 2006-07 have been transferred to Investor Education and Protection Fund (IEPF). No claims will lie against the Company or the Fund in respect of unclaimed amount so transferred.

The unclaimed dividend declared in respect of the financial year 2007-08 is due to be transferred to the investor education and protection fund.

#### Listing on Stock Exchanges:

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

BSE/NSE listing fees for the financial year 2015-16 has been paid.

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

**ISIN NO. :** INE 217B01028

**Market Price Data:** Monthly High and Low quotation of shares traded on Bombay /National Stock Exchange during the year 2014-15: -

Months	B S E		N S E	
	High	Low	High	Low
April, 2014	450.00	345.05	450.00	345.05
May, 2014	591.00	448.90	590.95	448.25
June, 2014	602.00	501.10	602.90	499.00
July, 2014	628.75	524.55	628.90	520.30
August, 2014	657.00	587.00	658.00	585.00
September, 2014	690.05	600.15	686.50	579.00
October, 2014	687.65	525.55	686.10	590.00
November, 2014	623.95	585.65	620.00	587.00
December, 2014	602.30	540.80	604.00	535.00
January, 2015	742.00	579.85	744.00	575.00
February, 2015	829.90	713.20	829.80	709.00
March, 2015	840.00	745.00	832.40	743.75

#### Registrar & Share Transfer Agent

The name of the share transfer agent of the Company has been changed from MCS Limited to MCS Share Transfer Agent Limited. The correspondence address of MCS Share Transfer Agent Limited is as follows:

MCS Share Transfer Agent Ltd

F- 65, Okhla Industrial Area, Phase- 1

New Delhi - 110020

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

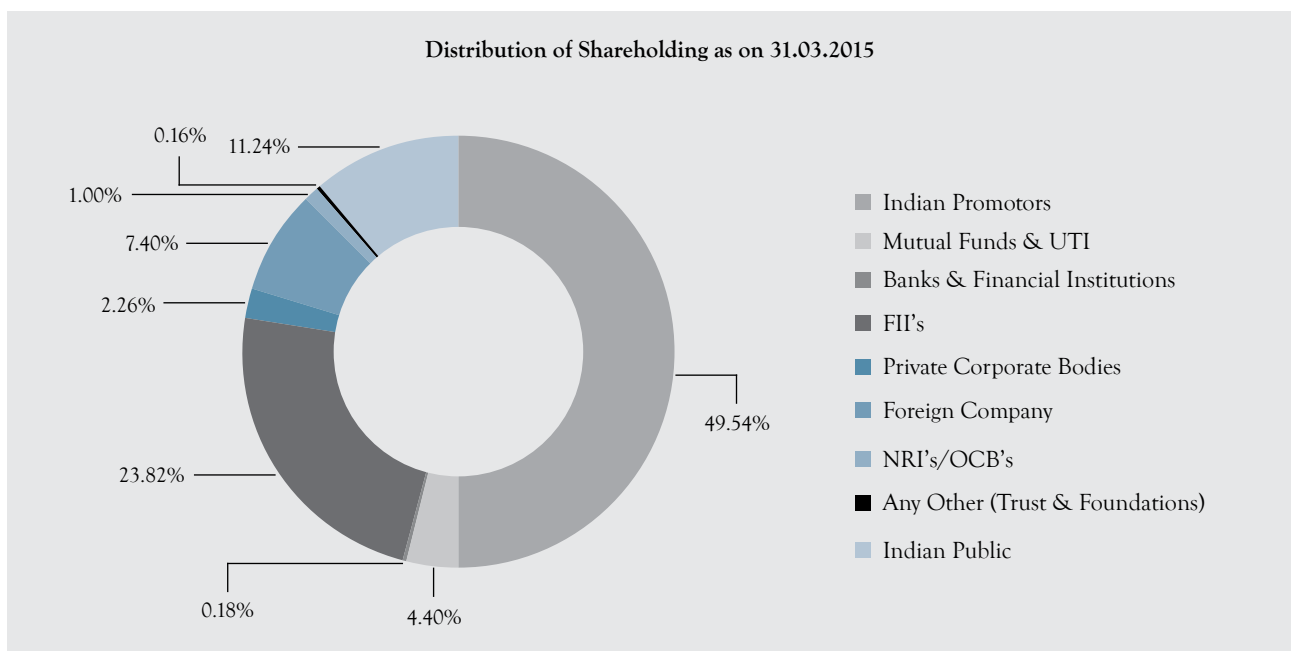


### Share Transfer System

M/s MCS Share Transfer Agent Limited is the Registrar and Share 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 the transfer of shares held in physical form are processed and the share certificate for the same are sent to the transferee within the stipulated period. A Summary of all the transfers, transmissions, deletion requests etc. approved by the stakeholders relationship committee is placed before the Board of Directors from time to time.

### Distribution of Shareholding as on 31st March 2015

S. No.	Category	No. of Shares Held	Percentage of Shareholding
1	Indian Promoters	39371815	49.54
2	Mutual Funds & UTI	3500137	4.40
3	Banks & Financial Institutions	141279	0.18
4	FII's	18927452	23.82
5	Bodies Corporate	1797143	2.26
6	Foreign Company	5885420	7.40
7	NRI's / OCB's	791015	1.00
8	Any Other (Trust & Foundations)	126161	0.16
9	Indian Public	8928578	11.24
<b>Total</b>		<b>79469000</b>	<b>100</b>



### Shareholding Pattern by size as on 31st March 2015

Range	No. of Shareholders		No. of Shares	
	Total	% of shareholders	Total	% of share capital
1-500	14841	83.14	1830897	2.30
501-1000	1455	8.15	1156097	1.45
1001-2000	751	4.21	1097121	1.38
2001-3000	228	1.28	568538	0.72
3001-4000	114	0.64	400270	0.50
4001-5000	97	0.54	457010	0.58
5001-10000	129	0.72	906406	1.14
10001 and above	235	1.32	73052661	91.93
<b>Total</b>	<b>17850</b>	<b>100.00</b>	<b>79469000</b>	<b>100.00</b>

### Bifurcation of shares in physical and Demat form as on 31st March 2015

Particulars	No. of Shares	%
Physical Segment	1638392	2.06
NSDL	76803656	96.65
CDSL	1026952	1.29
<b>Total</b>	<b>79469000</b>	<b>100.00</b>

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

The Company has not issued any GDR/ADR / Warrants or other convertible instruments during the FY 14-15.

### Other Information

- Corporate Identification Number (CIN) - L26924HR1985PLC056150
- Secretarial Audit for Share Capital Reconciliation - As on 31st March 2015

Secretarial Audit for Share 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 dematerialised form (held with NSDL and CDSL) and in physical form.

### Plant Locations

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

- A-27 to 30, Industrial Area, Sikandrabad, Distt Bulandshahr (U P)-203205.
- 19 Km Stone, Bhiwadi - Alwar Road, Village Gailpur, Distt Alwar (Rajasthan).

### 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 2015, the Company has following subsidiary Companies which do not fall in the category of material non-listed Company:

- Kajaria Bathware Private Limited**  
**Registered Office**  
J-1/B-1 (Extension), Mohan Cooperative Industrial Estate  
Mathura Road, New Delhi 110044
- Soriso Ceramic Private Limited**  
**Registered Office**  
8-A, National Highway, Lakhdhipar Road,  
Morbi, Gujarat, 363642
- Jaxx Vitrified Private Limited**  
**Registered office**  
SN-72/P1 & 72/P2, Timbdi, Morbi  
Gujarat - 363642

- iv. **Vennar Ceramics Limited**  
**Registered Office**  
 Plot No. 153, Sitha, Nilayam,  
 Dwarakapuri Colony, Panjagutta, Hyderabad 500082
- v. **Cosa Ceramics Private Limited**  
**Registered Office**  
 Lakhdirpar Road, Nr GSPC Gas Terminal,  
 Morbi, Gujarat- 363 642
- vi. **Taurus Tiles Private Limited**  
**Registered Office**  
 S.No. 466P1, Opp. Kajaria Sanitaryware, Tal. Morbi,  
 District Morbi, Jashmathgarh, Gujarat -363641
- vii. **Kajaria Ceramics Kazakhstan LLP (WOS Abroad)**  
**Registered Office**  
 Office, 403,188, Dostyk Avenue, Almaty City  
 Republic of Kazakhstan, 050051

**Address for Correspondence**

**Registered Office:**

Kajaria Ceramics Ltd  
 SF-11, Second floor, JMD Regent Plaza, Mehrauli-Gurgaon Road,  
 Village Sikanderpur Ghosi, Gurgaon, Haryana-122001  
 Telephone: 0124 - 4081281

**Corporate Office:**

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

**Email for Investors**

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

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.**

Place: New Delhi  
 Date: 29th July 2015

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

## CEO & CFO Certificate

To  
Board of Directors  
**Kajaria Ceramics Limited**  
New Delhi

Dear Sir,

We have reviewed financial statements and the cash flow statement of the Company for the year ended 31st March 2015 and that to the best of their knowledge and belief we state that:

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

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

**Sanjeev Agarwal**  
*Chief Financial Officer*

Place: New Delhi  
Date: 20th July 2015

## Certificate on Compliance with the Conditions of Corporate Governance under Clause 49 of the Listing Agreement (s)

To  
The Members  
**Kajaria Ceramics Limited**  
New Delhi

We have examined the compliance of conditions of Corporate Governance by Kajaria Ceramics Ltd. for the year ended 31st March 2015, 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 Chandrasekaran Associates**  
*Company Secretaries*

**Dr. S. Chandrasekaran**  
*Senior Partner*  
FCS 1644 CP 715

Place: New Delhi  
Date: 20th July 2015

## Directors' Profile

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

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

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

In his career spanning over 39 years, his vision and foresightedness as an entrepreneur, dynamic leadership, steadfast determination, and global marketing acumen has seen the rise of Kajaria from what started as a 1 MSM tile fledging in 1988 into an industry leader and most respected tile brand in India.

He is the Chairman and Managing Director of Kajaria Ceramics Limited and is a member of Audit Committee, stakeholder's relationship committee and Nomination and Remuneration Committee.. Mr. Kajaria has held several important industry positions including currently acting as Chairman of the Indian Council of Ceramic Tile and Sanitaryware. He is also a member of the management committee of the PHD Chamber of Commerce and was earlier the President of the Chamber. He is presently holding Directorships in various other Limited Companies.

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

He is currently holding 2053606 shares as on 31st March 2015.

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

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

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

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

Mr. Kajaria is spearheading the ceramic tile vertical. He is responsible for the first ever acquisition in the Company's history- acquiring a ceramic tile plant in Gujarat for better feeding the Western and Southern markets in Feb'2011, which has become the trend in the industry.

He spread the concept of value added tiles in the ceramic tile vertical using digital technology from Spain by displaying at dealers' showroom across the country in the last 2 years. He had also led the acquisition of a ceramic tile plant in Vijayawada, Andhra Pradesh in April 2012, marking the Company's entry into South India. He has played a key role in making Kajaria Ceramics Limited a leading manufacturer of ceramic tiles in India.

He is holding 669940 shares as on 31st March 2015

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

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

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

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

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

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

He is holding 902858 shares as on 31st March 2015

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

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

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

He is an eminent technical professional having wide experience in tile industry. He was associated with Kajaria Ceramics for more than 20 years. He joined Kajaria Group in January 1987 when the first tile plant was conceived at Sikandrabad. He managed all operations meticulously. Under his dynamic leadership, the Company has successfully carried out various expansions. His knowledge and techniques have contributed to produce international standards quality tiles. He has rich experience in the field of tiles production, quality control, R&D, technology transfer, standardisation, projects, training and organisation development etc. He was on the Board of the Company w.e.f. 14th May 1993 and he has resigned from the Board of the Company on 30th April 2010. Considering his vast knowledge, experience and expertise, he is again appointed on the Board w.e.f. 14th January 2015.

He is holding 200 shares in the Company as on 31st March 2015.

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

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

He started his career as Graduate Engineer with Hindustan Sanitaryware and Industries Ltd. and subsequently served with Orient Ceramic Industries Ltd., as General Manager with Somany Tiles, as Senior Vice President with Asian Granito Ltd. and as Technical Director with Kaneria Granito Ltd. before joining Kajaria Ceramics. He has rich experience of about 45 years in the management of production, quality control, R &

D, technology transfer, standardisation, projects, outsourcing, training and organisation development etc. in the field of Tiles & Sanitary ware.

He does not hold any shares in the Company as on 31st March 2015.

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

He is a retired IAS officer, is BA (Hon.) and M.A.

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

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

He is holding Directorships in various other public Limited companies.

He is holding 8,296 shares of the Company as on 31st March 2015.

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

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

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

He is co-founder and Managing Director of WestBridge Capital India. Prior to that he was also a co-founder and Managing Director of Sequoia Capital India and has 18 years of work experience that includes 13 years of investing and 5 years of operating/consulting experience in India. He started his career from Hindustan Unilever limited, where he headed new product development for SURF and RIN, two of their largest consumer franchisees.

He also serves on the Boards of several Companies.

He does not hold any shares in the Company as on 31st March 2015.

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

Mr. H. Rathnakara Hegde is a qualified BSc.

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

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

He also serves on the Boards of several Companies.

He does not hold any share in the Company as on 31st March 2015.

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

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

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

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

He also serves on the Boards of several Companies.

He is holding 20000 shares of the Company as on 31st March 2015.

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

Mr. Debi Prasad Bagchi, retired IAS officer, MA (Economics)

and M.Phil in Public Administration.

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

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

He also serves on the Boards of several companies.

He does not hold any share of the Company as on 31st March 2015.

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

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

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

She has over 27 years of experience in the industry, international organisations and development sector. She has held various posts / assignments in various organisations including PHD Chamber of Commerce and Industry, Sulabh International Social Service Organisation and took various assignments for Government of India.

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

She is member of many Internal Committee for handling policy matters and other corporate issues. She is a life member of INTACH.

She does not hold any share in the Company as on 31st March 2015.



# Independent Auditor's Report

To the members of

KAJARIA CERAMICS LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of KAJARIA CERAMICS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

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

## Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to

obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2015;
- (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, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law

have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending

litigations on its financial position in its financial statements – Refer Note 27 to the financial statements.

- ii. In our opinion and as per the information and explanations provided to us, the Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For O. P. BAGLA & CO.  
 CHARTERED ACCOUNTANTS  
 Firm Regn No. 000018N

(ATUL BAGLA)  
 PARTNER  
 M No. 91885

PLACE : NEW DELHI

Date : April 29, 2015

## Annexure to Independent Auditors' Report

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2015

1.
  - a) The company is maintaining proper records showing 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.
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, the procedures of physical verification of
- inventory followed by the management are 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 have been properly dealt with in the books of account.
3. As informed to us the company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, except loans of Rs. 146.58 Crores given to five subsidiaries and one step subsidiary. Receipt of the principal amount and interest are regular and there are no overdue amounts.
4. In our opinion there is an adequate internal control system

commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for 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.

5. According to the information and explanations given to us the company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
6. In respect of business activities of the company, maintenance of cost records has not been specified by the Central Government under sub-section (l) of section 148 of the Companies Act.
7. a) As per information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There are no outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.  
b) We have been informed that following unpaid disputed demands of Rs. 0.52 Crores in respect of VAT, Service Tax, and Income Tax are pending in appeals as per details below:

Particulars	Amt Demanded (₹ Crores)	Remarks
Service Tax	0.23	Appeal pending with Commissioner (Appeals)
VAT	0.11	Appeal pending before Commissioner (Appeals)
Income Tax	0.18	Appeal pending before Commissioner (Appeals)

- c) In our opinion, and according to the information and

explanations given to us, amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder have been transferred to such fund within time.

8. 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.
9. 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.
10. 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.
11. In our opinion term loans were applied for the purpose for which the loans were obtained by the company.
12. 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 31.03.2015.

For O. P. BAGLA & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn No. 000018N

(ATUL BAGLA)

PARTNER

M No. 91885

PLACE : NEW DELHI

Date : April 29, 2015

## Balance Sheet as at 31st March, 2015

(₹ in crores)

	Notes	As at 31.03.2015	As at 31.03.2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	15.89	15.12
Reserves and Surplus	3	706.24	477.47
Money received against share warrants		0.00	25.00
		<b>722.13</b>	<b>517.59</b>
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	1.23	1.59
Deferred tax liabilities	5	69.54	66.30
Long-term provisions	6	10.09	8.76
		<b>80.86</b>	<b>76.65</b>
<b>Current Liabilities</b>			
Short-term Borrowings	7	78.63	59.38
Trade payables	8	178.63	144.12
Other current liabilities	9	87.29	116.91
Short-term provisions	10	47.76	37.44
		<b>392.31</b>	<b>357.85</b>
<b>TOTAL</b>		<b>1,195.30</b>	<b>952.09</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed assets			
Tangible assets	11	512.45	501.82
Intangible assets	12	1.78	2.26
Capital Work-in-Progress		3.71	11.94
Non-current investments	13	79.19	44.95
Long-term loans and advances	14	108.73	38.61
		<b>705.86</b>	<b>599.58</b>
<b>Current Assets</b>			
Inventories	15	201.96	151.81
Trade receivables	16	191.78	158.32
Cash and bank balances	17	6.05	3.95
Short-term loans and advances	18	88.94	38.14
Other current assets	19	0.71	0.29
		<b>489.44</b>	<b>352.51</b>
<b>TOTAL</b>		<b>1,195.30</b>	<b>952.09</b>
<b>Significant Accounting Policies</b>	1		

The accompanying Notes 1 to 48 form an integral part of these financial statements.

In terms of our report of even date annexed

For and on behalf of the Board

For O. P. Bagla & Co.  
Chartered Accountants

Ashok Kajaria (DIN: 00273877)  
Chairman & Managing Director

Raj Kumar Bhargava (DIN: 00016949)  
Debi Prasad Bagchi (DIN: 00061648)  
Ram Ratan Bagri (DIN: 00275313)  
H. Rathnakar Hegde (DIN: 05158270)

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

Atul Bagla  
Partner  
Membership No.: 91885

Chetan Kajaria (DIN: 00273928)  
Rishi Kajaria (DIN: 00228455)  
Jt. Managing Directors

Dev Datt Rishi (DIN: 00312882)  
Sushmita Shekhar (DIN: 02284266)  
Directors

Sanjeev Agarwal  
CFO

Place: New Delhi  
Dated: 29th April 2015

## Statement of Profit and Loss for the year ended 31st March, 2015

(₹ in crores)

	Notes	Year ended 31.03.2015	Year ended 31.03.2014
<b>REVENUE:</b>			
Revenue from Operations	20	2,378.20	2,007.87
Less : Excise Duty		145.06	125.56
		2,233.14	1,882.31
Other Income	21	8.49	2.07
<b>Total Revenue</b>		<b>2,241.63</b>	<b>1,884.38</b>
<b>EXPENSES:</b>			
Cost of Materials Consumed	22	334.65	274.87
Purchases of Stock in Trade		967.54	778.79
Changes in Inventories	23	-45.56	25.40
Employee benefits Expense	24	169.20	148.44
Finance costs	25	5.97	26.27
Depreciation and amortization expense	11 & 12	39.38	36.49
Other Expenses	26	521.26	417.32
<b>Total Expenses</b>		<b>1,992.44</b>	<b>1,707.58</b>
<b>Profit before exceptional and extraordinary items &amp; tax</b>		<b>249.19</b>	<b>176.80</b>
Exceptional items			
Litigation Settlement - Entry Tax (Refer Note 38)		5.75	0.00
<b>Profit before tax</b>		<b>243.44</b>	<b>176.80</b>
<b>Tax expense:</b>			
Current tax			
Current year		72.00	54.67
Earlier years		(0.50)	2.95
Deferred tax			
Current year		3.58	2.44
<b>Profit for the Period</b>		<b>168.36</b>	<b>116.74</b>
Basic Earnings per equity share (₹)		21.80	15.70
Diluted Earnings per equity share (₹)		21.80	15.68
Significant Accounting Policies	1		

The accompanying Notes 1 to 48 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: 29th April 2015

Ashok Kajaria (DIN: 00273877)  
Chairman & Managing Director

Chetan Kajaria (DIN: 00273928)  
Rishi Kajaria (DIN: 00228455)  
Jt. Managing Directors

For and on behalf of the Board

Raj Kumar Bhargava (DIN: 00016949)  
Debi Prasad Bagchi (DIN: 00061648)  
Ram Ratan Bagri (DIN: 00275313)  
H. Rathnakar Hegde (DIN: 05158270)  
Dev Datt Rishi (DIN: 00312882)  
Sushmita Shekhar (DIN: 02284266)  
Directors

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

Sanjeev Agarwal  
CFO

## Notes on Accounts

### Note : 1 SIGNIFICANT ACCOUNTING POLICIES

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

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP), the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in crore.

#### II. Use of estimates:

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

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

- a) Tangible assets are stated at their original cost of acquisition inclusive of inward freight, duties and expenditure incurred in the acquisition, construction/installation less accumulated amortization and impairment loss, if any. CENVAT/ VAT credit availed on capital equipment is accounted for by credit to respective fixed assets.
- b) 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) Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/ depletion and impairment loss, if any.

#### IV. Depreciation and amortization:

Depreciation / amortization on tangible and intangible fixed assets is provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except on some assets, where useful life has been taken based on external / internal technical evaluation.

#### V. Impairment:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

#### VI. Investments:

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

#### VII. Inventories:

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

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 net realizable value.
- e) Stock in trade - at lower of cost or net realizable value.
- f) Material in Transit – at cost.

#### VIII. Revenue Recognition:

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

## Notes on Accounts

### Note : 1 SIGNIFICANT ACCOUNTING POLICIES

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

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

#### IX. Excise Duty:

Excise duty is accounted on the basis of both, payments made in respect of goods cleared and provision made for goods lying in bonded warehouses.

#### X. 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.

#### XI. Government grants and subsidies:

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

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

#### XII. Employee Benefits:

- 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) Long term employee benefits : Liability towards Gratuity and unavailed leaves has been provided on the basis of actuarial valuation.

#### XIII. Borrowing costs:

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

#### XIV. Research & Development:

Revenue Expenditure on research and development is charged to 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.

#### XV. 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.

#### XVI. Income Tax:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflects the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/ period. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same. Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

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

## Notes on Accounts

## Note No : 2 SHARE CAPITAL

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Equity Share Capital</b>		
<b>Authorised</b>		
125,000,000 (125,000,000) Equity Shares of par value of ₹2/- each	25.00	25.00
10,00,000 (10,00,000) Preference of Shares of par value of ₹100/- each	10.00	10.00
	<b>35.00</b>	<b>35.00</b>
<b>Issued, Subscribed &amp; Paid up</b>		
79,469,000 ( Previous year 75,583,580) Equity Shares of par value of ₹2/- each fully paid up in cash	15.89	15.12
	<b>15.89</b>	<b>15.12</b>

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

Particulars	As at 31.03.2015	As at 31.03.2014
Number of shares outstanding as at the beginning of the year	7,55,83,580	7,35,83,580
Shares issued during the year	38,85,420	20,00,000
<b>Number of shares outstanding as at the closing of the year</b>	<b>7,94,69,000</b>	<b>7,55,83,580</b>

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	As at 31.03.2015	
	No. of Shares	% of Shareholding
Kajaria Exports Ltd.	1,53,11,999	19.27%
Kajaria Securities Pvt. Ltd	65,81,905	8.28%
Pearl Tile Marketing Pvt. Ltd.	50,80,240	6.39%
Cheri Ceramics Pvt. Ltd	50,88,385	6.40%
HSBC Bank (Mauritius) Ltd. A/c Jawalamukhi Investments Holdings	62,45,005	7.86%
Westbridge Crossover Fund LLC	58,85,420	7.41%

Name of Shareholder	As at 31.03.2014	
	No. of Shares	% of Shareholding
Kajaria Exports Ltd.	1,52,83,545	20.22%
Kajaria Securities Pvt. Ltd	65,81,905	8.71%
Pearl Tile Marketing Pvt. Ltd.	50,80,240	6.72%
Cheri Ceramics Pvt. Ltd	50,88,385	6.73%
HSBC Bank (Mauritius) Ltd. A/c Jawalamukhi Investments Holdings	72,52,005	9.59%

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

### Note No : 3 RESERVES AND SURPLUS

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Securities Premium Reserve</b>		
As per last Balance Sheet	63.84	14.24
Add : Amount received on issue of shares	99.22	49.60
	<b>163.06</b>	<b>63.84</b>
<b>General Reserve</b>		
Balance b/f	146.03	116.03
Less: Amount withdrawn from reserve (See Note45)	-0.66	0.00
Add : Transferred During the Year	40.00	30.00
	<b>185.37</b>	<b>146.03</b>
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	5.00	5.00
<b>Surplus</b>		
As per last balance sheet	262.60	206.80
Add : Net Profit after Tax tfrd from Statement of Profit & Loss	168.36	116.74
Less : Proposed Dividend on Equity Shares [Dividend per share ₹4 (Previous year ₹3.5)]	31.79	26.45
Less : Corporate Dividend Tax	6.36	4.49
Less : Transfer to General Reserve	40.00	30.00
	<b>352.81</b>	<b>262.60</b>
<b>Total</b>	<b>706.24</b>	<b>477.47</b>

### Note No : 4 LONG-TERM BORROWINGS

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>TERM LOANS</b>		
Vehicle Loan from banks		
- Secured	1.23	1.59
<b>Total</b>	<b>1.23</b>	<b>1.59</b>

#### NOTES :

1 Vehicle Loans are secured against respective assets financed.

### Note No : 5 DEFERRED TAX LIABILITY

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
As At 1st April 2014	66.30	63.86
Add : Additional adjustment for current year	3.24	2.44
<b>Total</b>	<b>69.54</b>	<b>66.30</b>

Out of the net increase during the year in the deferred tax liability, ₹3.58 Crores (previous year 2.44 Crores) has been debited to the Statement of Profit & Loss.

## Notes on Accounts

**Note No : 6 LONG TERM PROVISIONS**

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
Provision for Gratuity Obligation		
As per last balance sheet	8.76	8.74
Add: Additions during the year	3.86	2.53
Less : Paid during the year	2.53	2.51
<b>Total</b>	<b>10.09</b>	<b>8.76</b>

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

**Note No : 7 SHORT-TERM BORROWINGS**

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
LOANS REPAYABLE ON DEMAND		
Working Capital Facilities		
- From Banks (Secured)	53.12	59.38
Short Term Loans		
- From Banks (Unsecured)	25.51	0.00
<b>Total</b>	<b>78.63</b>	<b>59.38</b>

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

**Note No : 8 TRADE PAYABLES**

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
Trade Payables - Micro & Small Enterprises	14.30	11.01
- Others	164.33	133.11
<b>Total</b>	<b>178.63</b>	<b>144.12</b>

**Note No : 9 OTHER CURRENT LIABILITIES**

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
Current maturities of long term debts	1.61	27.83
Amount payable to capital creditors	6.68	27.61
Unpaid Dividends	0.94	0.73
Provision for expenses	25.11	19.24
Deposits Received	10.76	8.80
Advance from Customers	10.17	9.67
Statutory Dues Payable	32.02	23.03
<b>TOTAL</b>	<b>87.29</b>	<b>116.91</b>

## Notes on Accounts

### Note No : 10 SHORT TERM PROVISIONS

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
Provision for employee benefits		
Unavailed leave	7.39	6.16
Others		
Proposed Dividend	31.79	26.45
Provision for :		
Income Taxes *	2.22	0.33
Tax on Dividend	6.36	4.50
<b>Total</b>	<b>47.76</b>	<b>37.44</b>

\* Net of Income Tax Advances ₹69.75 Crores (P.Y. 54.37 Crores)

### Note No : 11 TANGIBLE ASSETS

(₹ in crore)

Particulars	Gross block			Depreciation				Net block		
	As at 01.04.2014	Additions	Sale/ Transfer	As at 31.3.2015	Upto 31.3.2014	For the Year	Sale/ Transfer	Upto 31.3.2015	As at 31.3.2015	As at 31.3.2014
Land :										
(including development expenses)										
- Freehold	7.49	0.00	0.00	7.49	0.00	0.00	0.00	0.00	7.49	7.49
- Leasehold	3.12	0.00	0.00	3.12	0.76	0.03	0.00	0.80	2.33	2.36
Building	160.57	6.29	1.61	165.20	44.33	4.24	0.11	48.45	116.75	116.24
Plant and machinery	588.86	41.28	5.86	624.28	238.07	29.60	2.51	265.17	359.11	350.79
Furniture and fixtures	6.24	0.33	0.38	6.19	3.37	0.60	0.34	3.63	2.56	2.87
Vehicles	17.44	4.35	1.53	20.26	4.07	2.46	0.67	5.86	14.40	13.37
Office equipment	4.82	0.70	0.55	4.97	2.06	0.95	0.45	2.56	2.41	2.76
Computers	5.96	0.36	0.31	6.01	4.63	0.60	0.29	4.95	1.06	1.32
Other Equipments	13.96	3.14	0.39	16.77	9.35	1.40	0.35	10.42	6.35	4.61
<b>Current Year</b>	<b>808.46</b>	<b>56.45</b>	<b>10.63</b>	<b>854.29</b>	<b>306.64</b>	<b>39.88</b>	<b>4.72</b>	<b>341.84</b>	<b>512.45</b>	<b>501.82</b>
Previous Year	748.14	80.31	19.99	808.46	285.14	36.07	14.57	306.64	501.82	463.00

### Note No : 12 INTANGIBLE ASSETS

(₹ in crore)

Particulars	Gross block			Depreciation				Net block		
	As at 01.04.2014	Additions	Sale/ Transfer	As at 31.3.2015	Upto 31.3.2014	For the Year	Sale/ Transfer	Upto 31.3.2015	As at 31.3.2015	As at 31.3.2014
Software	3.37	0.02	0.02	3.37	1.11	0.50	0.02	1.59	1.78	2.26
<b>Current Year</b>	<b>3.37</b>	<b>0.02</b>	<b>0.02</b>	<b>3.37</b>	<b>1.11</b>	<b>0.50</b>	<b>0.02</b>	<b>1.59</b>	<b>1.78</b>	<b>2.26</b>
Previous Year	2.41	0.96	0.00	3.37	0.70	0.41	0.00	1.11	2.26	1.71

## Notes on Accounts

**Note No : 13** NON CURRENT INVESTMENTS

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Long Term Investments (At Cost)</b>		
(Other than trade)		
<b>IN SUBSIDIARIES</b>		
<b>Unquoted Equity Instruments (fully paid up)</b>		
1,530,000 (P.Y. 15,30,000) Equity Shares of M/s Soriso Ceramic Pvt. Ltd. of ₹10/- each.	5.62	5.62
9,119,500 (P.Y. 4,156,500) Equity Shares of M/s Jaxx Vitriified Pvt. Ltd. of ₹10/- each.	24.75	10.87
7,650,000 (P.Y. 76,50,000) Equity Shares of M/s Vennar Ceramics Ltd. of ₹10/- each.	13.65	13.65
4,642,040 (P.Y. 46,42,040) Equity Shares of M/s Cosa Ceramics Pvt Ltd. of ₹10/- each.	11.61	11.61
Nil (P.Y. 3,200,000) Equity Shares of M/s Kajaria Sanitaryware Pvt Ltd. of ₹10/- each.	0.00	3.20
15,000,000 (P.Y. Nil) Equity Shares of M/s Kajaria Bathwares Pvt Ltd. of ₹10/- each.	15.00	0.00
7,050,800 (P.Y. Nil ) Equity Shares of M/s Taurus Tiles Pvt. Ltd. of ₹10/- each.	7.05	0.00
<b>Limited Liability Partnership</b>		
M/s Kajaria Ceramics Kazakhstan LLP	1.51	0.00
<b>Total</b>	<b>79.19</b>	<b>44.95</b>
<b>Unquoted Investments</b>		
Book Value	79.19	44.95

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

**Note No : 14** LONG TERM LOANS AND ADVANCES *(Unsecured Considered good, unless otherwise stated)*

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
CAPITAL ADVANCES	7.48	0.06
SECURITY DEPOSITS	8.87	8.31
LOANS		
- To Subsidiaries	92.38	30.24
<b>Total</b>	<b>108.73</b>	<b>38.61</b>

**Note No : 15** INVENTORIES *(As certified by the Management)*

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
Raw Materials	27.59	24.79
Work-in-Process	4.00	5.14
Finished Goods	126.26	81.07
Stock In Trade	16.07	14.55
Stores and Spares	28.04	26.26
<b>Total</b>	<b>201.96</b>	<b>151.81</b>

## Notes on Accounts

**Note No : 16 TRADE RECEIVABLES** (Unsecured Considered good, unless otherwise stated) (₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>a) Debts outstanding for a period exceeding six months</b>		
- Considered Good	0.86	1.16
- Considered Doubtful	2.19	1.73
Less: Provision for Doubtful Debts	0.20	0.20
	<b>2.85</b>	<b>2.69</b>
<b>b) Other Debts</b>		
- Considered Good	188.93	155.63
- Considered Doubtful	0.00	0.00
	<b>188.93</b>	<b>155.63</b>
<b>Total</b>	<b>191.78</b>	<b>158.32</b>

**Note No : 17 CASH AND BANK BALANCES** (₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Cash &amp; Cash Equivalents</b>		
Balance with Banks		
- in current account	4.56	2.28
Cash in hand	0.38	0.46
	<b>4.94</b>	<b>2.74</b>
<b>Other Bank Balances</b>		
Unpaid dividend accounts	0.94	0.73
Margin money / Deposit against bank guarantee	0.17	0.48
<b>Total</b>	<b>6.05</b>	<b>3.95</b>

**Note No : 18 SHORT TERM LOANS AND ADVANCES** (Unsecured Considered good, unless otherwise stated) (₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Loans</b>		
- To Subsidiaries	54.19	0.50
- To Others	0.49	1.87
Advances recoverable in cash or in kind	23.83	23.23
Balance With Excise Authorities	9.07	11.18
Advance to gratuity trust	0.02	0.02
Prepaid Expenses	1.31	1.31
Income Tax Advances	0.03	0.03
<b>Total</b>	<b>88.94</b>	<b>38.14</b>

## Notes on Accounts

<b>Note No : 19 OTHER CURRENT ASSETS</b> (Unsecured Considered good, unless otherwise stated) <span style="float: right;">(₹ in crore)</span>		
Particulars	As at 31.03.2015	As at 31.03.2014
Exports Benefit Accrued	0.71	0.29
<b>Total</b>	<b>0.71</b>	<b>0.29</b>

<b>Note No : 20 REVENUE FROM OPERATIONS</b> <span style="float: right;">(₹ in crore)</span>		
Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>Sale of Products</b>		
Tiles	2,367.82	1,999.23
Power	3.02	3.69
Less : Inter division sales of power	1.44	1.89
	<b>2,369.40</b>	<b>2,001.03</b>
<b>Other operating revenue</b>		
Sale of scrap	1.56	1.27
Export incentives received	1.12	1.14
VAT Subsidy	3.20	3.13
Handling charges	2.92	1.30
<b>Total</b>	<b>2,378.20</b>	<b>2,007.87</b>

<b>Note No : 21 OTHER INCOME</b> <span style="float: right;">(₹ in crore)</span>		
Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Miscellaneous Income	0.03	0.37
Rent Received	0.29	0.12
Sundry Balances Written Off	0.04	0.17
Interest Received	8.13	1.41
<b>Total</b>	<b>8.49</b>	<b>2.07</b>

<b>Note No : 22 COST OF MATERIAL CONSUMED</b> <span style="float: right;">(₹ in crore)</span>		
Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>Raw Material &amp; Packing Material Consumed</b>		
Body Material	133.82	110.54
Glaze, Frits And Chemicals	130.94	113.71
Packing Material	69.89	50.62
<b>Total</b>	<b>334.65</b>	<b>274.87</b>

## Notes on Accounts

### Note No : 23 CHANGES IN INVENTORIES

(₹ in crore)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>Stock as on 1.4.2014</b>		
Work-in-process	5.14	6.07
Finished Goods	81.07	91.59
Stock In Trade	14.55	28.50
<b>'A'</b>	<b>100.76</b>	<b>126.16</b>
<b>Stock as on 31.03.2015</b>		
Work-in-process	4.00	5.14
Finished Goods	126.25	81.07
Stock In Trade	16.07	14.55
<b>'B'</b>	<b>146.32</b>	<b>100.76</b>
<b>Total</b>	<b>A-B</b>	<b>-45.56</b>
		<b>25.40</b>

### Note No : 24 EMPLOYEE BENEFITS EXPENSE

(₹ in crore)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Salaries and wages	156.66	138.43
Contribution to provident and other funds	9.86	7.84
Staff welfare expenses	2.68	2.17
<b>Total</b>	<b>169.20</b>	<b>148.44</b>

### Note No : 25 FINANCE COSTS

(₹ in crore)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>Interest on:</b>		
Term loans	1.92	6.46
Others	4.32	14.49
<b>Other Borrowing costs:</b>		
Processing Fees	1.39	1.66
Net gain/loss in foreign currency transactions & translations	-1.66	3.66
<b>Total</b>	<b>5.97</b>	<b>26.27</b>

## Notes on Accounts

Note No : 26 OTHER EXPENSES

(₹ in crore)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>Other Manufacturing Expenses</b>		
Stores and Spares Consumed	43.20	35.11
Power and Fuel	288.13	243.80
Excise Duty on Stocks	8.67	-1.09
	340.00	277.82
<b>Repairs &amp; maintenance</b>		
- Building	4.24	4.30
- Machinery	6.33	4.82
- Others	2.43	2.21
	13.00	11.33
<b>Administrative Expenses</b>		
Printing , Stationery & EDP Expenses	1.07	0.93
Rent	8.13	7.76
Rates & Taxes	0.59	0.50
Vehicle Expenses	2.95	2.80
Communication Expenses	3.23	3.17
Traveling & Conveyance Expenses	23.64	19.90
Insurance Charges	1.66	1.58
Legal & Professional Charges	2.45	1.68
Directors Sitting Fees	0.10	0.10
<u>Auditors' Remuneration :</u>		
- As Audit Fees	0.27	0.22
- For Tax Audit, Certification & Tax Representations	0.09	0.07
- For Other Matters	0.07	0.12
- For Reimbursement of Exp	0.00	0.00
Miscellaneous Expenses	5.31	5.11
Security Charges	1.72	1.39
Electricity & Water Charges	1.41	1.26
Bank Charges	0.16	0.15
	52.85	46.74
<b>Selling &amp; Distribution Expenses</b>		
Packing Freight & Forwarding Expenses	36.29	32.05
Advertisement, Publicity & Sales Promotion	53.33	32.07
Commission	17.09	11.73
	106.71	75.85
<b>Others</b>		
Loss on Sale / Scrapping of Fixed Assets	1.32	0.92
CSR Expenses	1.10	0.00
Research & Development Expenses	6.28	4.66
	8.70	5.58
<b>Total</b>	<b>521.26</b>	<b>417.32</b>



## Notes on Accounts

### Note No : 27 CONTINGENT LIABILITIES

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
(excluding matters separately dealt with in other notes):		
a) In respect of Bills discounted With the Company's Bankers	8.29	3.79
b) Counter guarantees issued in respect of guarantees issued by company's bankers	1.12	0.05
c) Guarantees issued on behalf of subsidiaries	223.23	145.75
d) In respect of Excise Duty, VAT, Service Tax, Entry Tax & Custom Duty Demands pending before various authorities and in dispute	0.92	9.46
e) In respect of pending income tax demands	0.18	0.72
f) In respect of Consumer Cases	2.02	2.52

### Note No : 28 COMMITMENTS

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	8.83	1.06
b) Letters of Credit opened in favour of inland/overseas suppliers (Net)	64.19	61.90

### Note No : 29 PARTICULARS OF SALES & STOCKS

(₹ in crore)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
a) Opening Stock		
Tiles	95.62	120.09
b) Purchases		
Tiles	967.92	778.79
c) Sales		
Tiles (Manufactured)	1225.24	1068.36
Tiles (Trading)	1142.58	930.87
Power	1.58	1.80
d) Closing Stock		
Tiles	142.32	95.62

### Note No : 30 VALUE OF IMPORTS ON CIF BASIS

(₹ in crore)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Capital Goods	26.13	47.47
Raw Materials	3.18	3.95
Spares and Consumables	18.57	14.52
Traded Goods	73.49	100.49

## Notes on Accounts

<b>Note No : 31</b>		(₹ in crore)	
Particulars	Year ended 31.03.2015	Year ended 31.03.2014	
<b>A. Expenditure in Foreign Currency (on accrual basis)</b>			
a) Commission of Export Sales	0.44	0.09	
b) Others including travel etc.	3.15	2.74	
<b>B. Payment of Dividend in Foreign Currency pertaining to</b>			
• No of persons	15	15	
• No of shares	31830	31830	
• Amount in ₹	111404	95490	

<b>Note No : 32 EARNINGS IN FOREIGN CURRENCY</b>		(₹ in crore)	
Particulars	Year ended 31.03.2015	Year ended 31.03.2014	
FOB Value of Exports (₹)	45.95	34.79	

<b>Note No : 33</b>					
Particulars	Year ended 31.03.2015		Year ended 31.03.2014		
	%	(Rs Crores)	%	(Rs Crores)	
Value of imported and indigenous raw material consumed and the percentage of each to total consumption:					
Imported	1.30%	4.37	1.89%	5.19	
Indigenous	98.70%	330.29	98.11%	269.68	

<b>Note No : 34 DUES TO SMALL, MICRO &amp; MEDIUM ENTERPRISES #:</b>		(₹ in crore)	
Particulars	Year ended 31.03.2015	Year ended 31.03.2014	
1. Principal amount outstanding	14.30	11.01	
2. Interest due on (1) above and the unpaid interest	0.00	0.00	
3. Interest paid on all delayed payments under MSMED Act	0.00	0.00	
4. Payment made beyond the appointed date during the year	0.00	0.00	
5. Interest due and payable for the period of delay other than (3) above	0.00	0.00	
6. Interest accrued and remaining unpaid	0.00	0.00	
7. Amount of further interest remaining due and payable in succeeding years	0.00	0.00	

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

### **Note No : 35**

As per policy of the Company for Directors and other senior employees, the Company has, during the year, paid a sum of ₹0.5 Crores 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.

### **Note No : 36**

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

## Notes on Accounts

### Note No : 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.

### Note No : 38

A demand of ₹5.74 Crores for entry tax relating to earlier years was outstanding as on 31st March, 2014 and ₹2.87 Crores, paid against the same was shown under current assets, since the Company was contesting the demand raised by the department. In the current year, the Rajasthan state government announced an amnesty scheme offering waiver of interest and penalty. The Company decided to settle the demand under the scheme by paying a further ₹2.87 Crores. Accordingly, the total amount of ₹5.74 crores has been charged to the statement of profit and loss and shown under the head 'exceptional items'.

### Note No : 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 ₹21.12 Crores (previous year 13.53 Crores) has been included in the value of inventories as on 31.03.2015 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.

### Note No : 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)

Particulars	₹ in crore)	
	March 31, 2015	March 31, 2014
Current Service cost	1.85	1.55
Interest cost on benefit obligation	1.09	1.00
Net actuarial loss recognized in the year	1.38	0.31
Past service cost	0	0
Expected Return on Plan Assets	-0.46	-0.32
Net benefit expense	3.86	2.53

#### Balance Sheet

Details of provision for Gratuity

Particulars	₹ in crore)	
	March 31, 2015	March 31, 2014
Fair Value of Plan Assets at the end of the period	6.99	4.82
Liability at the end of the period	17.07	13.57
Difference	10.08	8.76
Less: Unrecognised past service cost	NIL	NIL
Amount recognized in the Balance Sheet	10.09	8.76

## Notes on Accounts

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

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Defined benefit obligation as at April 2014	13.57	11.12
Interest Cost	1.09	1.00
Current service cost	1.85	1.55
Benefit paid	(0.45)	(0.30)
Past Service Cost – Vested Benefit	0.00	0.00
Actuarial losses on obligation	1.02	0.20
Defined benefit obligation as at 31st March 2015	17.07	13.57

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

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Fair value of plan assets as at April 1 2014	4.82	2.39
Return on Plan Assets	0.46	0.32
Contributions by employer	2.53	2.51
Benefits paid	(0.45)	(0.30)
Actuarial Gains / (losses)	(0.37)	(0.11)
Fair value of plan assets as at March 31, 2015	6.98	4.82

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

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Discount rate	8.00%	9.00%
Expected rate of return on plan assets	7.75%	9.00%
Salary Escalation	7.75%	8.50%
Attrition Rate	1%	1%
Retirement Age	60 Years	60 Years

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

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

## Notes on Accounts

### Note No : 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 ₹72.00 Crores has been made on regular income.

#### b) Deferred Tax

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

Particulars	Opening as at 1.4.2014 (₹ Crores)	Charge/(credit) during the year (Rs. Crores)	Closing as at 31.3.2015 (₹ Crores)
<b>Deferred Tax Liability</b>			
Depreciation	66.66	5.59	72.25
<b>Deferred Tax Asset</b>			
Disallowances u/s 43B	0.36	2.35	2.71
<b>Net Deferred Tax Liability</b>	<b>66.30</b>	<b>3.24</b>	<b>69.54</b>

### Note No : 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
Mr. Ashok Kumar Kajaria	Chairman & Managing Director
Mr. Chetan Kajaria	Joint Managing Director
Mr. Rishi Kajaria	Joint Managing Director
Mr. Dev Datt Rishi	Director Technical
Mr. Basant Kumar Sinha	Director Technical

##### II. Relatives of Key Management Personnel

Smt. Versha Devi Kajaria

##### III. Subsidiaries & Step Subsidiaries:

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

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

Dua Engineering Works Pvt Ltd  
Malti Devi Kajaria Foundation

## Notes on Accounts

Note No : 42 RELATED PARTY DISCLOSURES (contd.)

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

Related Party Transactions	Key Management Personnel & their relatives	Subsidiaries	Others
<b>Purchase of Goods</b>			
Soriso Ceramic Pvt Ltd	-	100.31	-
	(-)	(87.34)	(-)
Jaxx Vitrified Pvt Ltd	-	229.97	-
	(-)	(148.33)	(-)
Cosa Ceramics Pvt Ltd	-	177.56	-
	(-)	(121.80)	(-)
Vennar Ceramics Limited	-	81.96	-
	(-)	(75.20)	(-)
<b>Sale of Fixed Asset</b>			
Dua Engineering Works Pvt Ltd	-	-	-
	(-)	(-)	(0.01)
Cosa Ceramics Pvt Ltd	-	1.34	-
	(-)	(-)	(-)
<b>Sale of Raw Material /Stores</b>			
Jaxx Vitrified Pvt Ltd	-	0.07	-
	(-)	(0.39)	(-)
Vennar Ceramics Limited	-	-	-
	(-)	(0.01)	(-)
Kajaria Bathwares Pvt Ltd	-	0.21	-
	(-)	(-)	(-)
<b>Rent Paid</b>			
Dua Engineering Works Pvt Ltd	-	-	1.53
	(-)		(1.40)
Vennar Ceramics Limited	-	0.06	-
	(-)	(0.07)	(-)
Kajaria Bathwares Pvt Ltd	-	0.23	-
	(-)	(-)	(-)
<b>Service Charges Paid</b>			
Dua Engineering Works Pvt Ltd	-	-	1.55
	(-)	(-)	(1.35)
<b>Directors' Remuneration</b>			
Mr. Ashok Kumar Kajaria	2.97	-	-
	(2.59)	(-)	(-)
Mr. Chetan Kajaria	4.88	-	-
	(3.94)	(-)	(-)
Mr. Rishi Kajaria	4.88	-	-
	(3.94)	(-)	(-)
Mr. Basant Kumar Sinha	0.49	-	-
	(0.43)	(-)	(-)
Mr. Dev Datt Rishi	0.17	-	-
	(-)	(-)	(-)

## Notes on Accounts

Note No : 42 RELATED PARTY DISCLOSURES (contd.)

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

Related Party Transactions	Key Management Personnel & their relatives	Subsidiaries	Others
<b>Donation Paid</b>			
Malti Devi Kajaria Foundation	-	-	0.31
	(-)	(-)	(0.43)
<b>Rent Received</b>			
Kajaria Sanitaryware Pvt. Ltd	-	0.21	-
	(-)	(-)	(-)
<b>Interest Received</b>			
Soriso Ceramic Pvt Ltd	-	0.01	-
	(-)	(0.34)	(-)
Vennar Ceramics Limited	-	1.02	-
	(-)	(0.42)	(-)
Cosa Ceramics Pvt Ltd	-	1.86	-
	(-)	(0.19)	(-)
Kajaria Sanitaryware Pvt. Ltd	-	0.26	-
	(-)	(0)	(-)
Taurus Tiles Pvt Ltd	-	0.27	-
	(-)	(-)	(-)
Kajaria Bathwares Pvt Ltd	-	0.42	-
	(-)	(-)	(-)
Jaxx Vitrified Pvt Ltd	-	7.38	-
	(-)	(-)	(-)
<b>Purchase / subscription of shares of subsidiary company</b>			
Jaxx Vitrified Pvt Ltd	-	13.88	-
	(-)	(4.59)	(-)
Kajaria Bathwares Pvt Ltd	-	15.00	-
	(-)	(-)	(-)
Taurus Tiles Pvt Ltd	-	7.05	-
	(-)	(-)	(-)
Kajaria Ceramics Kazakhstan LLP	-	1.51	(-)
	(-)	(-)	(-)
<b>Sale of shares of subsidiary company</b>			
Kajaria Sanitaryware Pvt. Ltd	-	3.20	-
	(-)	(-)	(-)
<b>Loan Given</b>			
Jaxx Vitrified Pvt Ltd	-	100.36	-
	(-)	(4.83)	(-)
Vennar Ceramics Limited	-	-	-
	(-)	(-)	(-)
Kajaria Sanitaryware Pvt. Ltd	-	6.73	-
	(-)	(10.20)	(-)
Taurus Tiles Pvt Ltd	-	8.00	-
	(-)	(-)	(-)

## Notes on Accounts

Note No : 42 RELATED PARTY DISCLOSURES (contd.)

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

Related Party Transactions	Key Management Personnel & their relatives	Subsidiaries	Others
<b>Sale of shares of subsidiary company (contd.)</b>			
Cosa Ceramics Pvt Ltd	-	13.50	-
	(-)	(-)	(-)
Kajaria Bathwares Pvt Ltd	-	24.37	-
	(-)	(-)	(-)
<b>Loan Repaid</b>			
Soriso Ceramic Pvt Ltd	-	0.75	-
	(-)	(3.93)	(-)
Jaxx Vitrified Pvt Ltd	-	25.88	-
	(-)	(-)	(-)
Vennar Ceramics Limited	-	2.50	-
	(-)	(-)	(-)
Cosa Ceramics Pvt Ltd	-	-	-
	(-)	(4.0)	(-)
Kajaria Sanitaryware Pvt. Ltd	-	7.50	-
	(-)	(5.24)	(-)
<b>Security Deposit received back</b>			
Dua Engineering Works Pvt Ltd	-	-	-
	(-)	(-)	(2.90)

(Figures in brackets are for previous year)

C. Net Outstanding Balance :- (₹ in crore)

Related Party Transactions	Key Management Personnel & their relatives	Subsidiaries	Others
<b>Long term loans</b>			
Soriso Ceramic Pvt Ltd	-	-	-
	(-)	(0.75)	(-)
Jaxx Vitrified Pvt Ltd	-	87.79	-
	(-)	(13.31)	(-)
Vennar Ceramics Limited	-	5.22	-
	(-)	(8.22)	(-)
Cosa Ceramics Pvt Ltd	-	17.00	-
	(-)	(3.50)	(-)
Kajaria Sanitaryware Pvt. Ltd	-	4.19	-
	(-)	(4.96)	(-)
Taurus Tiles Pvt Ltd	-	8.00	-
	(-)	(-)	(-)
Kajaria Bathwares Pvt. Ltd	-	24.37	-
	(-)	(-)	(-)



## Notes on Accounts

### Note No : 42 RELATED PARTY DISCLOSURES (contd.)

#### C. Net Outstanding Balance :-

(₹ in crore)

Related Party Transactions	Key Management Personnel & their relatives	Subsidiaries	Others
<b>Trade Payables</b>			
Jaxx Vitrified Pvt Ltd	–	0.06	–
	–	(10.12)	–
Soriso Ceramic Pvt Ltd	–	39.24	–
	–	(3.32)	–
Vennar Ceramics Limited	–	0.92	–
	–	(13.37)	–
Cosa Ceramics Pvt Ltd	–	14.64	–
	–	(9.87)	–

(Figures in brackets are for previous year)

### Note No : 43 SEGMENTAL REPORTING

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

### Note No : 44 RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED FROM 2012-13 TO 2014-15:

(₹ in crore)

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

### Note No : 45

Depreciation and Amortization on tangible and intangible fixed assets: the Company was hitherto charging depreciation on Straight Line Method at the rates provided in Schedule XIV of the Companies Act, 1956. In the current year, the Company has reassessed the useful life of assets, and adopted the useful life as provided in Schedule II of the Companies Act, 2013 except in the following cases:

Particulars	Depreciation
Continuous process plant & machinery	Useful life of 18 years taken on the basis of technical evaluation
Software	Useful life of 6 years taken on the basis of internal evaluation
Fit-out and other assets at sales outlets	Useful life of 5 years taken on the basis of internal evaluation

Consequent to change of useful life as above, an amount of ₹0.66 crores (net of deferred tax ₹0.34 crores) representing WDV of those assets whose useful life had already expired as on 1st April, 2014 has been adjusted against the general reserve.

Had there been no change, depreciation charge for the year would have been higher by ₹0.32 crores and profit for the year would have been lower by ₹0.32 crores.

### Note No : 46

As per Section 135 of the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company was required to spend ₹2.92 crores for CSR activities. The company has incurred CSR expenditure of ₹1.09 crore during the current financial year and is in process of identifying the projects/activities for the benefit of the Public in general and in the neighborhood of the manufacturing facilities in the best possible manner into various projects for future.

## Notes on Accounts

### Note No : 47 EARNINGS PER SHARE (EPS)

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

Particulars		Year ended 31.03.2015	Year ended 31.03.2014
<b>Basic Earnings Per Share</b>			
Profit attributable to the Equity Shareholders – (₹ in Crores)	(A)	168.36	116.74
Basic /Weighted average number of Equity Shares outstanding during the year	(B)	7,72,44,198	7,43,56,183
Nominal value of Equity Shares (₹)		2.00	2.00
Basic Earnings per share (₹) –	(A)/(B)	21.80	15.70
<b>Diluted Earnings Per Share</b>			
Profit attributable to the Equity Shareholders – as above (₹ in Crores)		168.36	116.74
Interest Paid on Potential Equity Shares net of tax impact (₹ In Crores)		0	0
Profit considered for Diluted E.P.S.	(C)	168.36	1167.44
Basic Weighed average number of Equity Shares outstanding during the year as above		7,72,44,198	7,43,56,183
Weighted Average Potential Equity Shares outstanding		0	111,772
Total weighted average shares considered for Diluted E.P.S.	(D)	7,72,44,198	7,44,67,955
Nominal value of Equity Shares (₹)		2.00	2.00
Diluted Earning per share (₹)-	(C)/(D)	21.80	15.68

### Note No : 48

The company has reclassified previous year figures to conform to this year's classification.

#### SIGNATURE TO THE NOTES 1 TO 48

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: 29th April 2015

Ashok Kajaria (DIN: 00273877)  
Chairman & Managing Director

Chetan Kajaria (DIN: 00273928)  
Rishi Kajaria (DIN: 00228455)  
Jt. Managing Directors

For and on behalf of the Board

Raj Kumar Bhargava (DIN: 00016949)  
Debi Prasad Bagchi (DIN: 00061648)  
Ram Ratan Bagri (DIN: 00275313)  
H. Rathnakar Hegde (DIN: 05158270)  
Dev Datt Rishi (DIN: 00312882)  
Sushmita Shekhar (DIN: 02284266)  
Directors

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

Sanjeev Agarwal  
CFO

## Cash Flow Statement for the year ended 31st March, 2015

(₹ in crores)

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax		243.44		176.80
Adjusted for :				
Depreciation	39.38		36.48	
Interest Received	-8.13		-1.41	
Interest Paid	6.23		20.96	
Profit on sale of Investment	0.00		0.00	
Dividend Received	0.00		0.00	
Loss on sale of Fixed Assets	1.32	38.80	0.92	56.95
<b>Operating Profit before Working Capital Changes</b>		<b>282.24</b>		<b>233.75</b>
Adjusted for :				
Trade & Other Receivables	-154.75		-35.18	
Inventories	-50.13		24.73	
Trade Payable	7.46	-197.42	6.94	-3.51
<b>Cash Generated from Operations</b>		<b>84.82</b>		<b>230.24</b>
Interest Paid	-6.23		-20.96	
Direct Taxes Paid	-69.60		-60.18	
Extraordinary items	0.00	-75.83	0.00	-81.14
<b>Net Cash from operating activities</b>		<b>8.99</b>		<b>149.10</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	-48.23		-86.41	
Sale of Fixed Assets	4.61		4.51	
Purchase of Investments	-37.44		-7.79	
Sale of Investments	3.20		0.00	
Interest Received	8.13		1.41	
Dividend Received	0.00		0.00	
<b>Net Cash used in Investing Activities</b>		<b>-69.73</b>		<b>-88.28</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Share Capital / Warrants	75.00		75.00	
Proceeds/ (Repayment) of Long Term Borrowings (Net)	-0.36		-26.28	
Proceeds / (Repayment) of Short Term Borrowings (Net)	19.25		-83.35	
Dividend and Dividend Tax Paid	-30.95		-25.66	
<b>Net Cash used in Financing Activities</b>	<b>0.00</b>	<b>62.94</b>	<b>0.00</b>	<b>-60.29</b>
<b>Net increase in Cash and Cash Equivalents</b>		<b>2.20</b>		<b>0.53</b>
<b>Cash and Cash Equivalents as on 1.4.2014</b>		<b>2.74</b>		<b>2.21</b>
<b>Cash and Cash Equivalents as on 31.3.2015</b>		<b>4.94</b>		<b>2.74</b>

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: 29th April 2015

Ashok Kajaria (DIN: 00273877)  
Chairman & Managing Director

Chetan Kajaria (DIN: 00273928)  
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Jt. Managing Directors

For and on behalf of the Board

Raj Kumar Bhargava (DIN: 00016949)  
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Directors

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

Sanjeev Agarwal  
CFO



Consolidated  
financial  
statements

# Independent Auditor's Report

To the members of

KAJARIA CERAMICS LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KAJARIA CERAMICS LIMITED and its subsidiaries (collectively referred to as "the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹526.49 crores as at 31st March, 2015, total revenue of ₹522.96 crores and cash flows amounting to ₹2.30 crores 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.

We have relied on the unaudited financial statements of one subsidiary (Foreign LLP) whose financial statements reflect total assets of ₹3.60 crores as at 31st March, 2015, total revenue of ₹3.76 crores and cash flows amounting to ₹0.01 crores. These unaudited financial statements, as approved by the management of the company, have been furnished to us and our report, in so far as it relates to the amounts included in respect the subsidiary are based solely on such approved unaudited financial statements.

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 notified by the Companies (Accounting Standard) Rules, 2006

## Opinion

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 2015;
- (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  
M No. 91885

PLACE : NEW DELHI  
Date : April 29, 2015

## Consolidated Balance Sheet as at 31st March, 2015

(₹ in crores)

	Notes	As at 31.03.2015	As at 31.03.2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	15.89	15.12
Reserves and Surplus	3	725.05	489.04
Money received against share warrants		0.00	25.00
		<b>740.94</b>	<b>529.16</b>
Share Application Money - Pending Allotment		0.00	0.37
Minority Interest		62.49	40.86
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	96.40	85.13
Deferred tax liabilities	5	79.09	71.32
Long-term provisions	6	10.27	8.85
		<b>185.76</b>	<b>165.30</b>
<b>Current Liabilities</b>			
Short-term Borrowings	7	125.63	108.68
Trade payables	8	241.84	152.01
Other current liabilities	9	152.17	140.12
Short-term provisions	10	50.41	39.12
		<b>570.05</b>	<b>439.93</b>
<b>TOTAL</b>		<b>1,559.24</b>	<b>1,175.62</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed assets			
Tangible assets	11	852.75	683.68
Intangible assets	12	7.33	7.91
Capital Work-in-Progress		77.76	40.53
Non-current investments	13	0.08	0.08
Long-term loans and advances	14	41.00	28.11
		<b>978.92</b>	<b>760.31</b>
<b>Current Assets</b>			
Inventories	15	303.32	193.09
Trade receivables	16	207.10	164.85
Cash and bank balances	17	11.16	6.10
Short-term loans and advances	18	56.95	50.42
Other current assets	19	1.79	0.85
		<b>580.32</b>	<b>415.31</b>
<b>TOTAL</b>		<b>1,559.24</b>	<b>1,175.62</b>
<b>Significant Accounting Policies</b>	1		

The accompanying Notes 1 to 42 form an integral part of these financial statements.

In terms of our report of even date annexed

For and on behalf of the Board

For O. P. Bagla & Co.  
Chartered Accountants

Ashok Kajaria (DIN: 00273877)  
Chairman & Managing Director

Raj Kumar Bhargava (DIN: 00016949)  
Debi Prasad Bagchi (DIN: 00061648)  
Ram Ratan Bagri (DIN: 00275313)

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

Atul Bagla  
Partner  
Membership No.: 91885

Chetan Kajaria (DIN: 00273928)  
Rishi Kajaria (DIN: 00228455)  
Jt. Managing Directors

H. Rathnakar Hegde (DIN: 05158270)  
Dev Datt Rishi (DIN: 00312882)  
Sushmita Shekhar (DIN: 02284266)  
Directors

Sanjeev Agarwal  
CFO

Place: New Delhi

Dated: 29th April 2015

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2015

(₹ in crores)

	Notes	Year ended 31.03.2015	Year ended 31.03.2014
<b>REVENUE:</b>			
Revenue from Operations	20	2,416.38	2,021.86
Less: Excise Duty		229.49	185.55
Net Sales		2,186.89	1,836.31
Other Income	21	7.22	1.87
<b>Total Revenue</b>		<b>2,194.11</b>	<b>1,838.18</b>
<b>EXPENSES:</b>			
Cost of Materials Consumed	22	564.15	419.83
Purchases of Stock in Trade		361.10	330.42
Changes in Inventories	23	-91.86	33.73
Employee benefits Expense	24	207.32	171.25
Finance costs	25	29.39	40.82
Depreciation and amortization expense	11 & 12	55.88	47.00
Other Expenses	26	792.05	595.96
<b>Total Expenses</b>		<b>1,918.03</b>	<b>1,639.01</b>
<b>Profit before exceptional and extraordinary items</b>		<b>276.08</b>	<b>199.17</b>
Exceptional items			
Litigation Settlement - Entry Tax (Refer Note 37)		5.75	0.00
<b>Profit before tax</b>		<b>270.33</b>	<b>199.17</b>
<b>Tax expense:</b>			
Current tax			
Current year		78.98	59.10
Earlier years		(0.37)	3.03
MAT Credit Entitlement		(1.29)	0.00
Deferred tax			
Current year		8.11	5.69
<b>PROFIT AFTER TAX (Before adjustment for Minority Interest)</b>		<b>184.90</b>	<b>131.35</b>
Less : Share of profit transferred to Minority		9.30	7.13
<b>Profit for the Period</b>		<b>175.60</b>	<b>124.22</b>
Basic Earnings per equity share (₹)		22.74	16.71
Diluted Earnings per equity share (₹)		22.74	16.68
Significant Accounting Policies	1		

The accompanying Notes 1 to 42 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: 29th April 2015

For and on behalf of the Board

Ashok Kajaria (DIN: 00273877)  
Chairman & Managing Director

Chetan Kajaria (DIN: 00273928)  
Rishi Kajaria (DIN: 00228455)  
Jt. Managing Directors

Raj Kumar Bhargava (DIN: 00016949)  
Debi Prasad Bagchi (DIN: 00061648)  
Ram Ratan Bagri (DIN: 00275313)  
H. Rathnakar Hegde (DIN: 05158270)  
Dev Datt Rishi (DIN: 00312882)  
Sushmita Shekhar (DIN: 02284266)  
Directors

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

Sanjeev Agarwal  
CFO

## Notes on Accounts

### Note : 1 SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT & LOSS

#### I. Principles of Consolidation

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

- The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together with the book value of like items of assets, liabilities and after eliminating the inter subsidiary balances in accordance with Accounting Standard (AS) 21-" Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- As far as possible the consolidated financial statement have been prepared using uniform accounting policies for like transactions and in similar circumstances and are presented to the extent possible in the same manner as the company's separate financial statements.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- Minority Interest's share of net profit of subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- Minority Interest's share of net assets of the subsidiary Company is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- Particulars of subsidiary companies considered in the consolidated financial statements are :

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest
Soriso Ceramic Pvt Ltd	India	51%
Jaxx Vitrified Pvt Ltd	India	61%
Vennar Ceramics Limited	India	51%
Cosa Ceramics Pvt Ltd	India	51%
Kajaria Bathwares Pvt Ltd	India	100%
Taurus Tiles Pvt Ltd	India	51%
Kajaria Ceramics Kazakhstan LLP	Kazakhstan	100%

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

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP), the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in crore.

#### III. Use of estimates:

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

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

- Tangible assets are stated at their original cost of acquisition inclusive of inward freight, duties and expenditure incurred in the acquisition, construction/installation less accumulated amortization and impairment loss, if any. CENVAT/ VAT credit availed on capital equipment is accounted for by credit to respective fixed assets.
- 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.



## Notes on Accounts

### Note : 1 SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT & LOSS

- c) Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/ depletion and impairment loss, if any.

#### V. Depreciation and amortization:

Depreciation / amortization on tangible and intangible fixed assets is provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except on some assets, where useful life has been taken based on external / internal technical evaluation.

#### VI. Impairment:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

#### VII. Investments:

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

#### VIII. Inventories:

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

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 net realizable value.
- e) Stock in trade - at lower of cost or net realizable value.
- f) Material in Transit – at cost.

#### IX. Revenue Recognition:

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

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

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

#### X. Excise Duty:

Excise duty is accounted on the basis of both, payments made in respect of goods cleared and provision made for goods lying in bonded warehouses.

#### XI. 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.

## Notes on Accounts

### Note : 1 SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT & LOSS

#### XII. Government grants and subsidies:

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

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

#### XIII. Employee Benefits:

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) Long term employee benefits : Liability towards Gratuity and unavailed leaves has been provided on the basis of actuarial valuation.

#### XIV. Borrowing costs:

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

#### XV. Research & Development:

Revenue Expenditure on research and development is charged to 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.

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

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

#### XVII. Income Tax:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflects the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/ period. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same. Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

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

## Notes on Accounts

### Note No : 2 SHARE CAPITAL

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Equity Share Capital</b>		
<b>Authorised</b>		
125,000,000 (125,000,000) Equity Shares of par value of ₹2/- each	25.00	25.00
10,00,000 (10,00,000) Preference of Shares of par value of ₹100/- each	10.00	10.00
	<b>35.00</b>	<b>35.00</b>
<b>Issued, Subscribed &amp; Paid up</b>		
79,469,000 (Previous year 75,583,580) Equity Shares of par value of ₹2/- each fully paid up in cash	15.89	15.12
	<b>15.89</b>	<b>15.12</b>

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

Particulars	As at 31.03.2015	As at 31.03.2014
Number of shares outstanding as at the beginning of the year	7,55,83,580	7,35,83,580
Shares issued during the year	38,85,420	20,00,000
<b>Number of shares outstanding as at the closing of the year</b>	<b>7,94,69,000</b>	<b>7,55,83,580</b>

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	As at 31.03.2015	
	No. of Shares	% of Shareholding
Kajaria Exports Ltd.	1,53,11,999	19.27%
Kajaria Securities Pvt. Ltd	65,81,905	8.28%
Pearl Tile Marketing Pvt. Ltd.	50,80,240	6.39%
Cheri Ceramics Pvt. Ltd	50,88,385	6.40%
HSBC Bank (Mauritius) Ltd. A/c Jawalamukhi Investments Holdings	62,45,005	7.86%
Westbridge Crossover Fund LLC	58,85,420	7.41%

Name of Shareholder	As at 31.03.2014	
	No. of Shares	% of Shareholding
Kajaria Exports Ltd.	1,52,83,545	20.22%
Kajaria Securities Pvt. Ltd	65,81,905	8.71%
Pearl Tile Marketing Pvt. Ltd.	50,80,240	6.72%
Cheri Ceramics Pvt. Ltd	50,88,385	6.73%
HSBC Bank (Mauritius) Ltd. A/c Jawalamukhi Investments Holdings	72,52,005	9.59%

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

## Note No : 3 RESERVES AND SURPLUS

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Securities Premium Account</b>		
As per last Balance Sheet	63.84	14.24
Add : Amount received on issue of shares	99.22	49.60
	<b>163.06</b>	<b>63.84</b>
<b>General Reserve</b>		
Balance b/f	146.03	116.03
Less: Amount withdrawn from reserve	-0.66	0.00
Add : Transferred During the Year	40.00	30.00
	<b>185.37</b>	<b>146.03</b>
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	5.00	5.00
<b>Surplus</b>		
As per last balance sheet	274.17	210.90
Add: Net Profit after Tax transferred from Statement of Profit & Loss	175.60	124.22
Less : Proposed Dividend on Equity Shares [Dividend per share ₹4.00 (Previous year ₹3.50)]	31.79	26.45
Less : Corporate Dividend Tax	6.36	4.50
Less : Transfer to General Reserve	40.00	30.00
	<b>371.62</b>	<b>274.17</b>
<b>Total</b>	<b>725.05</b>	<b>489.04</b>

## Note No : 4 LONG-TERM BORROWINGS

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>A. TERM LOANS</b>		
From Banks		
- Secured	82.06	70.97
From Others		
- Secured	0.57	1.11
Vehicle Loan from banks & others		
- Secured	1.62	1.67
<b>B. PROMOTER LOANS</b>		
From Directors, shareholders & relatives		
- Unsecured	12.15	11.38
<b>Total</b>	<b>96.40</b>	<b>85.13</b>

## 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 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 moratorium period of one to two years in installments as per the terms of the respective agreements.

## Notes on Accounts

<b>Note No : 5 DEFERRED TAX LIABILITY</b>		(₹ in crore)	
Particulars	As at 31.03.2015	As at 31.03.2014	
As At 1st April 2014	71.32	65.63	
Add : Additional adjustment for current year	7.77	5.69	
<b>Total</b>	<b>79.09</b>	<b>71.32</b>	

Out of the net increase during the year in the deferred tax liability, ₹8.11 Crores (previous year 5.69 Crores) has been debited to the Statement of Profit & Loss.

<b>Note No : 6 LONG TERM PROVISIONS</b>		(₹ in crore)	
Particulars	As at 31.03.2015	As at 31.03.2014	
Provision for Gratuity Obligation			
As per last balance sheet	8.85	8.73	
Add: Additions during the year	3.95	2.63	
Less : Paid during the year	2.53	2.51	
<b>Total</b>	<b>10.27</b>	<b>8.85</b>	

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

<b>Note No : 7 SHORT-TERM BORROWINGS</b>		(₹ in crore)	
Particulars	As at 31.03.2015	As at 31.03.2014	
LOANS REPAYABLE ON DEMAND			
Working Capital Facilities			
- From Banks (Secured)	100.12	108.68	
Short Term Loans & Advances			
- From Banks (Unsecured)	25.51	0.00	
<b>Total</b>	<b>125.63</b>	<b>108.68</b>	

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.

<b>Note No : 8 TRADE PAYABLES</b>		(₹ in crore)	
Particulars	As at 31.03.2015	As at 31.03.2014	
Trade Payables - Micro & Small Enterprises	14.30	11.01	
- Others	227.54	141.00	
<b>Total</b>	<b>241.84</b>	<b>152.01</b>	

<b>Note No : 9 OTHER CURRENT LIABILITIES</b>		(₹ in crore)	
Particulars	As at 31.03.2015	As at 31.03.2014	
Current maturities of long term debts	21.40	42.62	
Amount payable to capital creditors	34.10	33.17	
Unpaid Dividends	0.94	0.73	
Provision for expenses	32.10	21.72	
Deposit Received	11.02	6.12	
Advance from Customers	10.64	9.68	
Statutory Dues Payable	41.97	26.08	
<b>Total</b>	<b>152.17</b>	<b>140.12</b>	

## Notes on Accounts

## Note No : 10 SHORT TERM PROVISIONS

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
Provision for employee benefits		
Unavailed leave	7.43	6.16
Others		
Proposed Dividend	31.79	26.45
Provision for :		
Income Taxes *	4.83	2.01
Tax on Dividend	6.36	4.50
<b>Total</b>	<b>50.41</b>	<b>39.12</b>

\* Net of Income Tax Advances ₹73.93 Crores (P.Y. 57.48 Crores)

## Note No : 11 TANGIBLE ASSETS

(₹ in crore)

Particulars	Gross block			Depreciation					Net block	
	As at 01.04.2014	Additions	Sale/ Transfer	As at 31.3.2015	Upto 31.3.2014	For the Year	Sale/ Transfer	Upto 31.3.2015	As at 31.3.2015	As at 31.3.2014
Land :										
(including development expenses)										
- Freehold	15.42	1.75	0.00	17.17	0.00	0.00	0.00	0.00	17.17	15.42
- Leasehold	7.78	0.59	0.00	8.37	0.76	0.03	0.00	0.79	7.58	7.02
Building :	203.03	35.19	1.61	236.61	47.67	6.31	0.13	53.85	182.76	155.36
Plant and machinery	735.36	183.28	6.07	912.57	258.83	42.74	2.64	298.93	613.64	477.20
Furniture and fixtures	7.00	1.04	0.38	7.66	3.57	0.75	0.32	4.00	3.66	3.43
Vehicles	18.01	5.73	1.69	22.05	4.17	2.65	0.77	6.05	16.00	13.84
Office equipment	7.59	0.83	0.55	7.87	2.39	1.64	0.45	3.58	4.29	5.20
Computers	6.36	0.57	0.31	6.62	4.76	0.79	0.27	5.28	1.34	1.60
Other Equipments	13.96	3.14	0.39	16.71	9.35	1.40	0.35	10.40	6.31	4.61
<b>Current Year</b>	<b>1,014.51</b>	<b>232.12</b>	<b>11.00</b>	<b>1,235.63</b>	<b>331.50</b>	<b>56.31</b>	<b>4.93</b>	<b>382.88</b>	<b>852.75</b>	<b>683.68</b>
Previous Year	911.34	123.18	20.01	1,014.51	299.53	46.56	14.57	331.51	683.68	612.57

## Note No : 12 INTANGIBLE ASSETS

(₹ in crore)

Particulars	Gross block			Depreciation					Net block	
	As at 01.04.2014	Additions	Sale/ Transfer	As at 31.3.2015	Upto 31.3.2014	For the Year	Sale/ Transfer	Upto 31.3.2015	As at 31.3.2015	As at 31.3.2014
Software	3.61	0.23	0.02	3.82	1.17	0.56	0.02	1.71	2.11	2.44
Goodwill	5.47	0.00	0.25	5.22	0.00	0.00	0.00	0.00	5.22	5.47
<b>Current Year</b>	<b>9.08</b>	<b>0.23</b>	<b>0.27</b>	<b>9.04</b>	<b>1.17</b>	<b>0.56</b>	<b>0.02</b>	<b>1.71</b>	<b>7.33</b>	<b>7.91</b>
Previous Year	8.11	0.96	0.00	9.08	0.72	0.45	0.00	1.17	7.91	7.40

## Notes on Accounts

### Note No : 13 NON CURRENT INVESTMENTS

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
Long Term Investments (At Cost) (Other than trade)		
Gold Coin	0.08	0.08
<b>Total</b>	<b>0.08</b>	<b>0.08</b>
<b>OTHERS</b>		
Unquoted Investments		
Book Value	0.08	0.08
Investments have been valued as per accounting policy no.VII disclosed in Note no. 1 to these financial statements.		

### Note No : 14 LONG TERM LOANS AND ADVANCES (Unsecured Considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
CAPITAL ADVANCES	11.35	8.62
SECURITY DEPOSITS	16.54	11.14
Bank deposits with more than 12 months maturity	13.11	8.35
<b>Total</b>	<b>41.00</b>	<b>28.11</b>

\* Bank deposits held as margin money against guarantee for ₹13.11 Crores (Prev.Year 8.35 Crores)

### Note No : 15 INVENTORIES (As certified by the Management)

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
Raw Materials	51.33	39.38
Work-in-Process	10.99	8.09
Finished Goods	182.70	96.70
Stock In Trade	17.51	14.55
Stores and Spares	40.79	34.37
<b>Total</b>	<b>303.32</b>	<b>193.09</b>

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

### Note No : 16 TRADE RECEIVABLES (Unsecured Considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
a) Debts outstanding for a period exceeding six months		
- Considered Good	1.76	2.05
- Considered Doubtful	2.22	2.82
Less: Provision for Doubtful Debts	0.20	0.20
	2.02	2.62
	3.78	4.67
b) Other Debts		
- Considered Good	203.32	160.18
- Considered Doubtful	0.00	0.00
	203.32	160.18
<b>Total</b>	<b>207.10</b>	<b>164.85</b>

## Notes on Accounts

**Note No : 17 CASH AND BANK BALANCES**

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Cash &amp; Cash Equivalents</b>		
Balance with Banks		
- in current and deposit accounts	8.76	4.12
Cash in hand	1.04	1.00
	9.80	5.12
<b>Other Bank Balances</b>		
Unpaid dividend accounts	0.94	0.73
Margin money / Deposit against bank guarantee	0.42	0.25
<b>Total</b>	<b>11.16</b>	<b>6.10</b>

**Note No : 18 SHORT TERM LOANS AND ADVANCES** (Unsecured Considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Loans</b>		
- To Others	0.49	2.40
Advances recoverable in cash or in kind	28.19	30.58
Balance With Excise Authorities	22.76	14.90
Advance to Gratuity Trust	0.02	0.02
Prepaid Expenses	1.96	1.70
Income Tax Advances	3.53	0.82
<b>Total</b>	<b>56.95</b>	<b>50.42</b>

**Note No : 19 OTHER CURRENT ASSETS** (Unsecured Considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at 31.03.2015	As at 31.03.2014
Interest Accrued on Term Deposit	1.08	0.56
Exports Benefit Accrued	0.71	0.29
<b>Total</b>	<b>1.79</b>	<b>0.85</b>

**Note No : 20 REVENUE FROM OPERATIONS**

(₹ in crore)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>Sale of Products</b>		
Tiles	2,402.50	2,013.20
Power	3.02	3.69
Less : Inter division sales of power	1.44	1.89
	2,404.08	2,015.00
<b>Other operating revenue</b>		
Sale of Scrap	4.32	1.29
Export incentives received	1.28	1.14
VAT Subsidy	3.65	3.13
Handling Charges	3.05	1.30
<b>Total</b>	<b>2,416.38</b>	<b>2,021.86</b>



## Notes on Accounts

<b>Note No : 21 OTHER INCOME</b>		(₹ in crore)	
Particulars	Year ended 31.03.2015	Year ended 31.03.2014	
Miscellaneous Income	0.08	0.64	
Rent Received	0.10	0.20	
Sundry Balances Written Off	0.06	0.17	
Interest Received	1.56	0.86	
Net gain/loss in foreign currency transactions & translations	5.42	0.00	
<b>Total</b>	<b>7.22</b>	<b>1.87</b>	

<b>Note No : 22 COST OF MATERIAL CONSUMED</b>		(₹ in crore)	
Particulars	Year ended 31.03.2015	Year ended 31.03.2014	
<b>Raw Material &amp; Packing Material Consumed</b>			
Body Material	305.62	196.23	
Glaze, Frits And Chemicals	160.50	155.24	
Packing Material	98.03	68.36	
<b>Total</b>	<b>564.15</b>	<b>419.83</b>	

<b>Note No : 23 CHANGES IN INVENTORIES</b>		(₹ in crore)	
Particulars	Year ended 31.03.2015	Year ended 31.03.2014	
<b>Stock as on 1.4.2014</b>			
Work-in-process	8.09	8.55	
Finished Goods	96.70	116.01	
Stock In Trade	14.55	28.51	
<b>'A'</b>	<b>119.34</b>	<b>153.07</b>	
<b>Stock as on 31.03.2015</b>			
Work-in-process	10.99	8.09	
Finished Goods	182.70	96.70	
Stock In Trade	17.51	14.55	
<b>'B'</b>	<b>211.20</b>	<b>119.34</b>	
<b>Total</b>	<b>A-B</b>	<b>(91.86)</b>	<b>33.73</b>

<b>Note No : 24 EMPLOYEE BENEFITS EXPENSE</b>		(₹ in crore)	
Particulars	Year ended 31.03.2015	Year ended 31.03.2014	
Salaries and wages	193.62	160.37	
Contribution to provident and other funds	10.30	8.24	
Staff welfare expenses	3.40	2.64	
<b>Total</b>	<b>207.32</b>	<b>171.25</b>	

<b>Note No : 25 FINANCE COSTS</b>		(₹ in crore)	
Particulars	Year ended 31.03.2015	Year ended 31.03.2014	
<b>Interest on:</b>			
Term loans	14.71	15.53	
Others	14.79	19.99	
<b>Other Borrowing costs:</b>			
Processing Fees	1.55	1.66	
Net Gain/loss in foreign currency transactions & translations	-1.66	3.64	
<b>Total</b>	<b>29.39</b>	<b>40.82</b>	

## Notes on Accounts

## Note No : 26 OTHER EXPENSES

(₹ in crore)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>Other Manufacturing Expenses</b>		
Stores and Spares Consumed	68.36	60.04
Power & Fuel	485.35	371.70
Excise Duty on Stocks	14.37	-2.46
	568.08	429.28
<b>Repairs &amp; maintenance</b>		
- Building	4.47	4.40
- Machinery	9.23	6.69
- Others	2.69	2.52
	16.39	13.61
<b>Administrative Expenses</b>		
Printing, Stationery & EDP Expenses	1.24	1.15
Rent	8.14	7.76
Rates & Taxes	0.60	0.70
Vehicle Expenses	3.43	3.11
Communication Expenses	3.48	3.41
Traveling & Conveyance Expenses	24.17	20.30
Insurance Charges	2.00	1.83
Legal & Professional Charges	5.73	5.56
Directors Sitting Fees	0.10	0.10
<u>Auditors' Remuneration :</u>		
- As Audit Fees	0.30	0.23
- For Tax Audit, Certification & Tax Representations	0.09	0.08
- For Other matters	0.09	0.12
- For Reimbursement of Exp	0.00	0.00
Miscellaneous Expenses	6.72	5.64
Security Charges	1.72	1.50
Electricity & Water Charges	1.41	1.55
Bank Charges	0.28	0.67
	59.50	53.71
<b>Selling &amp; Distribution Expenses</b>		
Packing Freight & Forwarding Expenses	64.12	49.26
Advertisement, Publicity & Sales Promotion	54.26	32.09
Commission	19.86	11.73
	138.24	93.08
<b>Others</b>		
Loss on Sale / Scrapping of Fixed Assets	1.32	0.90
CSR Expenses	1.10	0.00
Bad Debts Written Off	1.12	0.72
Research & Development Expenses	6.30	4.66
	9.84	6.28
<b>Total</b>	<b>792.05</b>	<b>595.96</b>

## Notes on Accounts

<b>Note No : 27 CONTINGENT LIABILITIES</b>		(₹ in crore)	
Particulars	As at 31.03.2015	As at 31.03.2014	
(excluding matters separately dealt with in other notes):			
a) In respect of Bills discounted With the Company's Bankers	8.29	3.79	
b) Counter guarantees issued in respect of guarantees issued by company's bankers	2.12	5.60	
c) In respect of Excise Duty, Sales Tax, Service Tax, Custom Duty Demands pending before various authorities and in dispute	5.55	10.15	
d) In respect of pending income tax demands	0.18	0.72	
In respect of Consumer Cases	2.02	2.52	

<b>Note No : 28 COMMITMENTS</b>		(₹ in crore)	
Particulars	As at 31.03.2015	As at 31.03.2014	
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	12.05	55.62	
b) Letters of Credit opened in favour of inland/overseas suppliers (Net)	82.87	98.32	

<b>Note No : 29 PARTICULARS OF SALES &amp; STOCKS</b>		(₹ in crore)	
Particulars	Year ended 31.03.2015	Year ended 31.03.2014	
a) Opening Stock			
Tiles	111.25	144.52	
b) Purchases			
Tiles	361.10	330.42	
c) Sales			
Tiles (Manufactured)	1259.92	1612.09	
Tiles (Trading)	1142.58	401.11	
Power	1.58	1.80	
d) Closing Stock			
Tiles	200.21	111.25	

### Note No : 30

As per policy of the Company for Directors and other senior employees the Company has, during the year, paid a sum of ₹5 Million 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.

### Note No : 31

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

### Note No : 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.

### Note No : 33 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

## Notes on Accounts

### Note No : 33 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS: (contd.)

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:

#### Profit and Loss account

Net employee benefit expense (recognized in Employee cost)

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Current Service cost	1.85	1.55
Interest cost on benefit obligation	1.09	1.00
Net actuarial loss recognized in the year	1.38	0.31
Past service cost	0	0
Expected Return on Plan Assets	-0.46	-0.32
Net benefit expense	3.86	2.53

#### Balance Sheet

Details of provision for Gratuity

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Fair Value of Plan Assets at the end of the period	6.99	4.82
Liability at the end of the period	17.07	13.57
Difference	10.08	8.76
Less: Unrecognised past service cost	NIL	NIL
Amount recognized in the Balance Sheet	10.09	8.76

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

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Defined benefit obligation as at April 2014	13.57	11.12
Interest Cost	1.09	1.00
Current service cost	1.85	1.55
Benefit paid	-0.45	(0.30)
Past Service Cost – Vested Benefit	0.00	0.00
Actuarial losses on obligation	1.02	0.20
Defined benefit obligation as at 31st March 2015	17.07	13.57

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

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Fair value of plan assets as at April 1 2014	4.82	2.39
Return on Plan Assets	0.46	0.32
Contributions by employer	2.53	2.51
Benefits paid	-0.45	(0.30)
Actuarial Gains / (losses)	-0.37	(0.11)
Fair value of plan assets as at March 31, 2015	6.98	4.82

## Notes on Accounts

### Note No : 33 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS: (contd.)

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

Particulars	March 31, 2015	March 31, 2014
Discount rate	8.00%	9.00%
Expected rate of return on plan assets	7.75%	9.00%
Salary Escalation	7.75%	8.50%
Attrition Rate	1%	1%
Retirement Age	60 Years	60 Years

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

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

### Note No : 34

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 ₹77.69 Crores has been made on regular income.

b) Deferred Tax

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

Particulars	Opening as at 1.4.2014 (Rs. Crores)	Charge/(credit) during the year (Rs. Crores)	Closing as at 31.3.2015 (Rs. Crores)
<b>Deferred Tax Liability</b>			
Depreciation	71.68	10.12	81.80
<b>Deferred Tax Asset</b>			
Disallowances u/s 43B	0.36	2.35	2.71
<b>Net Deferred Tax Liability</b>	<b>71.32</b>	<b>7.77</b>	<b>79.09</b>

### Note No : 35 RELATED PARTY DISCLOSURES

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

A. Relationships

I. Key Management Personnel

Name	Designation
Mr. Ashok Kumar Kajaria	Chairman & Managing Director
Mr. Chetan Kajaria	Joint Managing Director
Mr. Rishi Kajaria	Joint Managing Director
Mr. Dev Datt Rishi	Director Technical
Mr. Basant Kumar Sinha	Director Technical

II. Relatives of Key Management Personnel	Smt. Versha Devi Kajaria
III. Associates / Enterprises over which key management personnel or their relatives are able to exercise significant influence	Dua Engineering Works Pvt Ltd Malti Devi Kajaria Foundation

## Notes on Accounts

### Note No : 35 RELATED PARTY DISCLOSURES (contd.)

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

Related Party Transactions	Key Management Personnel & their relatives		Others	
<b>Sale of Fixed Asset</b>				
Dua Engineering Works Pvt Ltd				
		–		–
		(–)		(0.01)
<b>Rent Paid</b>				
Dua Engineering Works Pvt Ltd				
		–		1.53
		(–)		(1.40)
<b>Service Charges Paid</b>				
Dua Engineering Works Pvt Ltd				
		–		1.55
		(–)		(1.35)
<b>Directors' Remuneration</b>				
Mr. Ashok Kumar Kajaria				
		2.97		–
		(2.59)		(–)
Mr. Chetan Kajaria				
		4.88		–
		(3.94)		(–)
Mr. Rishi Kajaria				
		4.88		–
		(3.94)		(–)
Mr. Basant Kumar Sinha				
		0.49		–
		(0.43)		(–)
Mr. Dev Datt Rishi				
		0.17		–
		(–)		(–)
<b>Donation Paid</b>				
Malti Devi Kajaria Foundation				
		–		0.31
		(–)		(0.43)
<b>Security Deposit received back</b>				
Dua Engineering Works Pvt Ltd				
		–		–
		(–)		(2.90)

(Figures in brackets are for previous year)

C. Outstanding balance and balance written off/written back:- (₹ in crore)

Description	Outstanding Balances		Written off/Written back	
	As At	As At	As At	As At
	31-3-15	31-3-14	31-3-15	31-3-14
Key Management Personnel	–	–	–	–
Others	–	–	–	–

### Note No : 36 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.

## Notes on Accounts

### Note No : 37

A demand of ₹5.74 Crores for entry tax relating to earlier years was outstanding as on 31st March, 2014 and ₹2.87 Crores, paid against the same was shown under current assets, since the Company was contesting the demand raised by the department. In the current year, the Rajasthan state government announced an amnesty scheme offering waiver of interest and penalty. The Company decided to settle the demand under the scheme by paying a further ₹2.87 Crores. Accordingly, the total amount of ₹5.74 crores has been charged to the statement of profit and loss and shown under the head 'exceptional items'.

### Note No : 38 RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED FROM 2012-13 TO 2014-15: (₹ in crore)

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

### Note No : 39

Depreciation and Amortization on tangible and intangible fixed assets: the Company was hitherto charging depreciation on Straight Line Method at the rates provided in Schedule XIV of the Companies Act, 1956. In the current year, the Company has reassessed the useful life of assets, and adopted the useful life as provided in Schedule II of the Companies Act, 2013 except in the following cases:

Particulars	Depreciation
Continuous process plant & machinery	Useful life of 18 years taken on the basis of technical evaluation
Software	Useful life of 6 years taken on the basis of internal evaluation
Fit-out and other assets at sales outlets	Useful life of 5 years taken on the basis of internal evaluation

Consequent to change of useful life as above, an amount of ₹0.66 crores (net of deferred tax ₹0.34 crores) representing WDV of those assets whose useful life had already expired as on 1st April, 2014 has been adjusted against the general reserve.

Had there been no change, depreciation charge for the year would have been higher by ₹0.33 crores and profit for the year would have been lower by ₹0.33 crores.

### Note No : 40

As per Section 135 of the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company was required to spend ₹2.92 crores for CSR activities. The company has incurred CSR expenditure of ₹1.09 crore during the current financial year and is in process of identifying the projects/activities for the benefit of the Public in general and in the neighborhood of the manufacturing facilities in the best possible manner into various projects for future.

## Notes on Accounts

### Note No : 41 EARNINGS PER SHARE (EPS)

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

Particulars		Year ended 31.03.2015	Year ended 31.03.2014
<b>Basic Earnings Per Share</b>			
Profit attributable to the Equity Shareholders – (₹ in Crores)	(A)	175.60	124.22
Basic /Weighted average number of Equity Shares outstanding during the year	(B)	7,72,44,198	7,43,56,183
Nominal value of Equity Shares (₹)		2.00	2.00
Basic Earnings per share (₹) –	(A)/(B)	22.74	16.71
<b>Diluted Earnings Per Share</b>			
Profit attributable to the Equity Shareholders – as above (₹ in Crores)		175.60	124.22
Interest Paid on Potential Equity Shares net of tax impact (₹ In Crores)		–	–
Profit considered for Diluted E.P.S.	(C)	175.60	124.22
Basic Weighed average number of Equity Shares outstanding during the year as above		7,72,44,198	7,43,56,183
Weighted Average Potential Equity Shares outstanding		–	111,772
Total weighted average shares considered for Diluted E.P.S.	(D)	7,72,44,198	7,44,67,955
Nominal value of Equity Shares (₹)		2.00	2.00
Diluted Earning per share (₹)-	(C)/(D)	22.74	16.68

### Note No : 42

The company has reclassified previous year figures to conform to this year's classification.

#### SIGNATURE TO THE NOTES 1 TO 42

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: 29th April 2015

Ashok Kajaria (DIN: 00273877)  
Chairman & Managing Director

Chetan Kajaria (DIN: 00273928)  
Rishi Kajaria (DIN: 00228455)  
Jt. Managing Directors

For and on behalf of the Board

Raj Kumar Bhargava (DIN: 00016949)  
Debi Prasad Bagchi (DIN: 00061648)  
Ram Ratan Bagri (DIN: 00275313)  
H. Rathnakar Hegde (DIN: 05158270)  
Dev Datt Rishi (DIN: 00312882)  
Sushmita Shekhar (DIN: 02284266)  
Directors

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

Sanjeev Agarwal  
CFO



## Consolidated Cash Flow Statement for the year ended 31st March, 2015

(₹ in crores)

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax		270.33		199.17
Adjusted for :				
Depreciation	55.88		47.00	
Interest Received	-1.56		-0.86	
Interest Paid	29.50		35.53	
Profit on sale of Investment	-		-	
Dividend Received	-		-	
Loss on sale of Fixed Assets	1.32	85.14	0.90	82.57
<b>Operating Profit before Working Capital Changes</b>		<b>355.47</b>		<b>281.74</b>
Adjusted for :				
Trade & Other Receivables	-60.12		-48.31	
Inventories	-110.23		26.62	
Trade Payable	104.57	-65.78	6.32	-15.37
<b>Cash Generated from Operations</b>		<b>289.69</b>		<b>266.37</b>
Interest Paid	-29.50		-35.53	
Direct Taxes Paid	-79.92		-64.72	
Extraordinary items	-	-109.42	-	-100.25
<b>Net Cash from operating activities</b>		<b>180.27</b>		<b>166.12</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	-269.58		-156.77	
Sale of Fixed Assets	5.00		4.54	
Purchase of Investments	-		-	
Interest Received	1.56		0.86	
Dividend Received	-		-	
<b>Net Cash used in Investing Activities</b>		<b>-263.02</b>		<b>-151.37</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Share Capital / Warrants	74.63		75.38	
Proceeds from contribution by minority shareholders	15.53		6.21	
Proceeds/ (Repayment) of Long Term Borrowings (Net)	11.27		-4.15	
Proceeds / (Repayment) of Short Term Borrowings (Net)	16.95		-64.83	
Dividend and Dividend Tax Paid	-30.95		-25.66	
<b>Net Cash used in Financing Activities</b>		<b>87.43</b>		<b>-13.05</b>
<b>Net increase in Cash and Cash Equivalents</b>		<b>4.68</b>		<b>1.70</b>
<b>Cash and Cash Equivalents as on 1.4.2014</b>		<b>5.12</b>		<b>3.42</b>
<b>Cash and Cash Equivalents as on 31.3.2015</b>		<b>9.80</b>		<b>5.12</b>

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: 29th April 2015

Ashok Kajaria (DIN: 00273877)  
Chairman & Managing Director

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Sanjeev Agarwal  
CFO



## ***Kajaria***

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Website: [www.kajariaceramics.com](http://www.kajariaceramics.com)



## FORM -A

1	NAME OF COMPANY	KAJARIA CERAMICS LIMITED
2	ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED	31 <sup>ST</sup> MARCH 2015
3	TYPE OF AUDIT OBSERVATION	UN-QUALIFIED
4	FREQUENCY OF OBSERVATION	NOT APPLICABLE

For Kajaria Ceramics Limited

R.C. Rawat  
Executive V.P. (A&T) & Company Secretary

Encl: Annual Report 2014-15

## Kajaria Ceramics Limited

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**Regd Office:** SF-11, Second Floor, JMD Regent Plaza, Mehrauli Gurgaon Road, Village Sikanderpur Ghosi, Gurgaon-122001, Haryana, **Ph.:** +91-0124-4081281

**CIN No. :** L26924HR1985PLC056150, **E-mail:** info@kajariaceramics.com, **Web.:** www.kajariaceramics.com