

# Corporate Governance

## REPORT ON CORPORATE GOVERNANCE

### **The Company's Philosophy on Corporate Governance**

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

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

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

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

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

### **Board of Directors**

The Company firmly believes that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance in order 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations'), the Nomination and Remuneration Committee has been designated to evaluate the need for change in the composition and size of the Board of the Company and to select members for filling the Board vacancies and nominating candidates for election by the shareholders at the Annual General Meeting.

### **Composition**

The Board comprises of such number of Executive, Non-Executive and Independent Directors 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 co-ordination with the Senior Management team. As on 31st March 2018, the Company has Ten (10) Directors on its Board, out of which Four (4) are Executive Directors, One (1) is Non-executive and Five (5) are Non-executive/Independent Directors including one Woman Independent Director. The Board periodically evaluates the need for change in its composition and size.

The details of composition of the Board, nature of Directorship, number of Directorships in other companies, Chairmanship/ Membership of the Committee of each Director in other Companies, attendance of the Directors at Board Meetings and last Annual General Meeting as on 31st March 2018 are given below:

Name	Category of Director	Board Meeting held during his/ her tenure	Board Meeting attended	Last Annual General Meeting attended	Directorship* in other companies	Committee Chairmanship of other Boards**	Committee Membership of other Boards**
Mr. Ashok Kajaria (DIN: 00273877)	Chairman & Managing Director (Promoter)	7	7	Yes	1	0	2
Mr. Chetan Kajaria (DIN: 00273928)\$	Joint Managing Director^	7	6	Yes	1	0	1
Mr. Rishi Kajaria (DIN: 00228455)\$	Joint Managing Director^	7	7	Yes	1	0	0
Mr. Basant Kumar Sinha (DIN: 03099241)	Director – Technical (Executive)	7	1	Yes	1	0	0
Mr. Dev Datt Rishi (DIN: 00312882) #	Director – (Non-Executive)	7	7	Yes	1	0	0
Mr. Raj Kumar Bhargava (DIN: 00016949)	Director (Independent Non-Executive)	7	6	Yes	4	5	2
Mr. Ram Ratan Bagri (DIN: 00275313)	Director (Independent Non-Executive)	7	6	Yes	3	1	3
Mr. Debi Prasad Bagchi (DIN: 00061648)	Director (Independent Non-Executive)	7	7	Yes	3	1	2
Mr. H. Rathnakar Hegde (DIN: 05158270)	Director (Independent Non-Executive)	7	4	Yes	8	5	4
Mrs. Sushmita Singha@ (DIN: 02284266)	Director (Independent Non-Executive)	7	7	Yes	2	0	0

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

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

# Mr. Dev Datt Rishi resigned from the position of 'Director Technical' and continued to be Non-Executive Director effective from 01.07.2017.

@ Name of Mrs. Sushmita Shekhar has been changed to Mrs. Sushmita Singha.

^ Re-appointed as the Joint Managing Director of the Company by the Board for the further period of 3 years effective from April 1, 2018 to March 31, 2021. The re-appointment is subject to the shareholders' approval.

\$ Promoter Group

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

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

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

### Number of shares held by Independent Directors/Non-executive Director

Mr. Ram Ratan Bagri and Mr. Raj Kumar Bhargava,

Independent Directors hold 40,000 and 8,592 equity shares of the Company, respectively and Mr. Dev Datt Rishi, Non-executive Director holds 624 equity shares of the Company.

No other Independent Directors, hold any share of the Company.

## Board Meetings

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

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

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

During the financial year 2017-18, seven (7) Board Meetings were held, at least one in every calendar quarter and the gap between two consecutive Board Meetings did not exceed - one hundred and twenty (120) days. The dates on which the Board Meetings were held, are as follows:

15th May, 2017, 29th June, 2017, 10th August, 2017, 30th October, 2017, 8th December, 2017, 31st January, 2018 and 14th March, 2018 .

## Post meeting follow up Mechanism

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

## Board Support

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

## Separate Meeting for Independent Directors

The Independent Directors of the Company meet once in a financial year without the presence of Executive Directors and Management Personnel. Such Meeting reviews the performance of Non-Independent Directors and the Board as a whole, reviews the performance of Chairman of the Board, assess the quality, quantity and timeliness of the flow of information between management and the Board that is necessary to effectively and reasonably perform its duties. A meeting of Independent Directors was held on May 8, 2018.

## Familiarisation Programme for Independent Directors

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

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

## Audit Committee

During the year 2017-18, the Committee met five (5) times i.e. 15th May 2017, 10th August 2017, 30th October 2017, 31st January 2018 and 14th March, 2018. The composition of the Committee and details of meetings attended by the Directors are as follows:

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

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

Mr. Ram Chandra Rawat, COO (A&T) & Company Secretary of the Company acts as the Secretary of the Audit Committee. The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company held on 10th August 2017.

## Terms of Reference of Audit Committee

The terms of reference of the Audit Committee of the Company as per provisions of the Companies Act, 2013 read with Listing Regulations, inter-alia, includes the following:

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

### Nomination and Remuneration Committee

During the year 2017-18, the Committee met two (2) times i.e. 15th May, 2017 and 31st January, 2018. The composition of the Committee is as follows:

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Debi Prasad Bagchi	Independent	Chairman	2
Mr. Ashok Kajaria	Executive	Member	2
Mr. Ram Ratan Bagri	Independent	Member	2
Mr. H. Rathnakar Hegde	Independent	Member	2

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

The Chairman of the Nomination and Remuneration Committee was present in the last Annual General Meeting of the Company held on 10th August 2017.

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

1. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
2. Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
3. 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. To formulate the detailed terms and conditions of the Kajaria Ceramics Employee Stock Option Plan 2015 ('ESOP Plan 2015') including the following:
  - a. issuing and allotment of equity shares [including share certificate(s)] of the Company to the ESOP holders and all matters related thereto, from time to time, pursuant to the ESOP Plan 2015;
  - b. signing, execution and submission of necessary documents/papers for the listing of equity shares of the Company with the stock exchanges and all matters related thereto;
  - c. making a fair and reasonable adjustment to the number of options and to the exercise price, in case of rights issues, bonus issues and other corporate actions;
  - d. approval of list of employee(s) to whom ESOP options are to be granted under ESOP Plan 2015;
  - e. determining the procedure for winding up of the ESOP Plan 2015;

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

7. To do all other acts as may be delegated by the Board of Directors, from time to time.

### Risk Management Committee

During the year 2017-18, one (1) meeting of the Risk Management Committee was held on 29th March, 2018. The composition of the Committee and details of meeting attended by the Directors / members of this Committee are as follows:

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

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

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

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

### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, its committees and individual Directors including Chairman of the Board, in line with the criteria specified in the Nomination

and Remuneration Policy of the Company. The exercise was carried out through a structured evaluation process covering various aspects of the Board including Committees and every Directors' functioning such as composition of Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc.

The Directors expressed their satisfaction with the evaluation process.

## Remuneration

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

The Independent/Non-executive Directors are paid remuneration by way of sitting fees for each meeting of the Board and Committee of Directors attended by them. The total amount of sitting fees paid during the financial year 2017-18 was ₹18.50 Lakhs. The Independent/Non-executive Directors do not have any pecuniary relationship or transactions with the Company. The criteria of making payment to Non-executive Directors is disclosed in the Nomination and Remuneration Policy of the Company which is given as **Annexure- 4** to the Directors Report and is also disclosed on the website of the Company [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/Non-executive Directors during the financial year ended 31st March 2018 is as under:

S. No.	Name of Non-Executive Director	Sitting Fees (₹ in Lakhs)
1	Mr. Raj Kumar Bhargava	3.30
2	Mr. Ram Ratan Bagri	4.20
3	Mr. Debi Prasad Bagchi	4.00
4	Mr. H. Rathnakar Hegde	2.80
5	Mr. Dev Datt Rishi*	1.50
6	Mrs. Sushmita Singha #	2.70

\* Mr. Dev Datt Rishi resigned from the position of 'Director-Technical' and continued to be Non-Executive Director of the Company effective from 1st July 2017.

# Name of Mrs. Sushmita Shekhar, has been changed to Mrs. Sushmita Singha.

### 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 and approvals 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 2018 is as under:

S. No.	Name of Directors	Fixed Component		Performance Linked Incentives	Total
		Salary	Perquisites & other Benefits	Commission	
1.	Mr. Ashok Kajaria	231.60	181.81	-	413.41
2.	Mr. Chetan Kajaria	321.60	37.25	380.00	738.85
3.	Mr. Rishi Kajaria	321.60	37.25	380.00	738.85
4.	Mr. Dev Datt Rishi*	20.16	2.71	-	22.87
5.	Mr. Basant Kumar Sinha	61.92	8.17	-	70.09

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

\* Mr. Dev Datt Rishi resigned from the position of 'Director-Technical' and continued to be Non-Executive Director of the Company effective from 1st July 2017. Accordingly, the remuneration paid to him in the capacity of Director-Technical is upto 30th June, 2017.

## Stakeholders Relationship Committee

The Committee is responsible for the satisfactory redressal of investor's grievances and recommends measures for overall improvement in the quality of investor's services. During

the year 2017-18, the Committee met four (4) times i.e. 7th July 2017, 4th October 2017, 14th November 2017 and 3rd January 2018.

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

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mr. Ram Ratan Bagri	Independent	Chairman	2
Mr. Ashok Kajaria	Executive	Member	4
Mr. Chetan Kajaria	Executive	Member	4

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

During the year 2017-18, 26 complaints were received and 2 complaints remained undisposed as on 31st March, 2017. All 28 complaints were duly addressed and disposed. As on 31st March 2018, none of the complaints were pending, except the cases where the Registrar & Share Transfer Agent is constrained by dispute or legal impediment or due to incomplete or non-submission of documents by the shareholders.

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

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

### Corporate Social Responsibility Committee

During the year 2017-18, the Committee met three (3) times i.e. 29th April 2017, 30th October 2017 and 31st January 2018.

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

Name of the Committee Member	Category	Designation	No. of Meetings Attended
Mrs. Sushmita Singha*	Independent	Chairperson	3
Mr. Chetan Kajaria	Executive	Member	3
Mr. Rishi Kajaria	Executive	Member	3

\* Name of Mrs. Sushmita Shekhar, has been changed to Mrs. Sushmita Singha.

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

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

### Business Responsibility & Sustainability Committee

During the year 2017-18, the Committee met one (1) time i.e. 30th January 2018. The composition of the Committee is as follows:

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

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

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

### CSR Policy of the Company

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

As a part of initiative of CSR drive, the Company has implemented various CSR programmes/projects which made positive impacts mainly in the areas of health, sanitation, conservation of natural resources, sports and promoting education. The CSR programmes initiated by the Company includes taking steps for preventive health care, Swatch

Bharat, constructing sanitation facilities in the schools near the manufacturing facilities, contributing to the education and social economic development of under privileged children and for slum area / rural area development. These projects are in accordance with Schedule VII of the Companies Act, 2013.

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

### Management Committee

The Company has a Management Committee of Board of

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

## Ethics / Governance Policies

### 1. Code of Business Conduct and Ethics

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

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

The Code has been circulated to Directors and Management Personnel. All members of the Board and Senior Officers have affirmed compliance to the Code as on 31st March, 2018.

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

### 2. Insider Trading Code

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

### 3. Material Subsidiary Policy

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

### 4. Related Party Transaction Policy

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

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

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

### 5. Dividend Distribution Policy

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

### 6. Risk Management Policy

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

### 7. Business Responsibility Report

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



## General Body Meetings

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

Year	Date	Time	Venue	Details of Special Resolutions Passed, if any.
2014-15	7 <sup>th</sup> September 2015	3.30 P.M.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001	i. Approval of related party transactions ii. Issuance of ESOP to the employees of the Company iii. Issuance of ESOP to the employees of the Subsidiary Company
2015-16	24 <sup>th</sup> August 2016	4.00 P.M.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001	i. Re-appointment of Mr. Ashok Kajaria as Chairman & Managing Director of the Company ii. Sub-division of equity shares of the Company
2016-17	10 <sup>th</sup> August 2017	3.00 P.M.	Crowne Plaza Today, Sector-29, National Highway-8, Gurgaon - 122001	i. To amend and adopt new Articles of Association of the Company.

### b) Special Resolution passed through Postal Ballot:

During the year 2017-18, one Special Resolution has been passed through Postal Ballot in accordance with the Order dated May 4, 2017 of the National Company Law Tribunal, Chandigarh Bench ('NCLT') for the approval of the Scheme of Arrangement between Kajaria Securities Private Limited with Kajaria Ceramics Limited and their shareholders and creditors ('Scheme').

NCLT convened meeting of shareholders of the Company was held on July 21, 2017 for the approval of the said Scheme. The voting results for the said resolution are given below:

Description of Resolution	No. of total valid votes (Postal Ballot & e-voting and polling at the meeting) received	Votes cast (No. of shares)	
		For	Against
To consider and approve the Scheme of Arrangement between Kajaria Securities Private Limited and Kajaria Ceramics Limited and their shareholders and creditors	5,98,40,484*	5,97,97,746	3,595

\* The shareholders holding 39,143 shares have not exercised their votes.

In accordance with the NCLT's Order dated May 4, 2017, Dr. S. Chandrasekaran, Senior Partner of M/s Chandrasekaran Associates, New Delhi was appointed as the Scrutinizer to conduct the polling process at the NCLT convened meeting of the shareholders of the Company on July 21, 2017.

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

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

### d) Procedure for Postal Ballot:

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

- The Company dispatches postal ballot notices and postal ballot form along with postage prepaid business reply envelopes to its shareholders whose names appear on the Register of Members / List of Beneficiaries as on the Cut-off date. The Postal Ballot Notice is sent to the shareholders in electronic form at the e-mail addresses registered with their depository participants (in case of electronic shareholding) / the Company's Registrar and Share Transfer Agents (in case of physical shareholding). Physical copy of notice is sent to the shareholders, whose email is not registered. The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and other applicable rules and regulations.
- Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Shareholders desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutiniser on or before the closure of the voting

period. Shareholders desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

- The scrutiniser submits his report to the Chairman, after the completion of scrutiny, and consolidated results of the voting by postal ballot and e-voting are announced by the Chairman. The results are further displayed on the website of the Company i.e. [www.kajariaceramics.com](http://www.kajariaceramics.com), besides being communicated to the Stock Exchanges, within the prescribed timeline.
- e) Except as stated above, the Company did not hold Extra-Ordinary General Meeting of the Shareholders.

## Disclosures

### a) **Materially Significant Related party transactions**

During the year 2017-18, there are no materially significant transactions with the related parties' viz. Promoters, Directors or the Management, their subsidiaries or relatives that had potential conflict with the Company's Interest.

Suitable disclosure as required by Indian Accounting Standard ('Ind AS-24') has been made under Note No. 37 of the Financial Statements. The policy on dealing with related party transactions is available on the Company's Website: <https://www.kajariaceramics.com/pdf/RelatedPartyTransactionPolicy.pdf>

- b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority during last three years

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

### c) **Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) and (10) of Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy with vigil mechanism for Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against 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 2017-18.

The details of establishment of vigil mechanism have been disclosed by the Company on its website i.e. [https://www.kajariaceramics.com/pdf/whistel\\_blowing\\_policy.pdf](https://www.kajariaceramics.com/pdf/whistel_blowing_policy.pdf) and in the Board's Report.

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

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

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

- i) **The Board:** The Company has appointed an Executive Chairman, being the promoter of the Company.
- ii) **Shareholders' Rights:** As the quarterly, half yearly and annual financial results/performance are published in the newspapers and are also posted on the Company's website, the same are not being sent separately to each household of the shareholders.
- iii) **Modified opinion(s) in Audit Report:** The Audit Reports on the Financial Statements for the year ended March 31, 2018, do not contain any modified opinion.
- iv) **Separate posts of Chairman & CEO / Managing Director:** As per the Articles of Association of the Company and in accordance with the provisions of the Companies Act, 2013, the Company continues to appoint one person as Chairman & Managing Director of the Company.
- v) **Reporting of Internal Auditor:** Independent Internal Auditor has been appointed and is reporting directly to the Audit Committee.

### f) **CEO / CFO Certificate**

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

Certificate given by the Chairman & Managing Director and CFO of the Company is published in this report.

## Means of Communication

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

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

### Investor Release

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

## General Shareholders Information

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

### Date, time and venue of the 32nd Annual General Meeting ('AGM')

Day & Date : Monday, 27th August, 2018  
Time : 3.00 p.m.  
Venue : Crowne Plaza Today, Sector -29  
National Highway -8  
Gurgaon, Haryana - 122001

**Dates of Book closure :** Tuesday, 21st August, 2018 to Monday, 27th August, 2018  
(Both days inclusive)

**Financial Year :** April 1 to March 31

### Financial Calendar (Tentative)

First Quarter Results :	2nd week of August, 2018
Second Quarter / Half Yearly Results :	4th week of October 2018
Third Quarter / Nine Months Results :	4th week of January 2019
Fourth Quarter / Annual Results for the year ending 31st March 2019 :	2nd week of May, 2019

### Dividend Payment date

Dividend shall be paid to all eligible shareholders within 30 days from the date of declaration of dividend at the 32nd Annual General Meeting

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

Year	Dividend Rate (%)	In per Share (Face value of ₹2/- upto F.Y. 2015-16 and ₹1/- from F.Y. 2016-17)	Dividend Amount (₹ in crores)
2012-13	150	₹3.00	22.08
2013-14	175	₹3.50	26.45
2014-15	200	₹4.00	31.79
2015-16	250	₹5.00	39.73
2016-17	300	₹3.00	47.68

### Unpaid / Unclaimed Dividend:

The entire unpaid / unclaimed dividend up to the financial year 2010-11 has been transferred to Investor Education and Protection Fund ('IEPF'). No claims will lie against the Company in respect of unclaimed amount so transferred.

The unclaimed dividend declared in respect of the financial year 2011-12 will be transferred to the Investor Education and Protection Fund as per the applicable laws.

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

In accordance with the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, including modifications and re-enactments thereof from time to time (the 'Rules'), shares in respect of which dividend has not been claimed by the shareholders for 7 consecutive years are required to be transferred to IEPF Authority, within 30 days of expiry of the said period of 7 years and the record date for the same was October 31, 2017.

Accordingly, during the year 2017-18, the Company has transferred 3,63,732 equity shares of ₹1/- each, in respect of which dividend has not been claimed by the shareholders for 7 consecutive years (i.e. Financial Year 2009-10 to 2015-16), to IEPF Authority.

### Listing on Stock Exchanges:

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

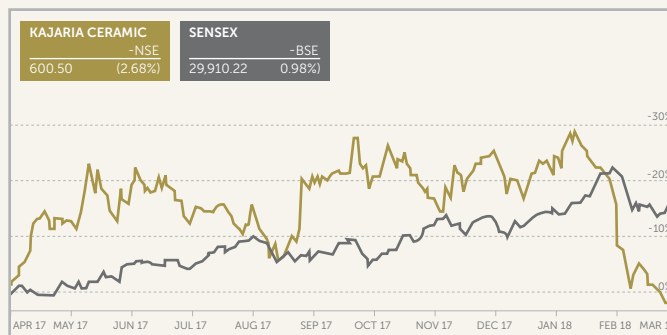
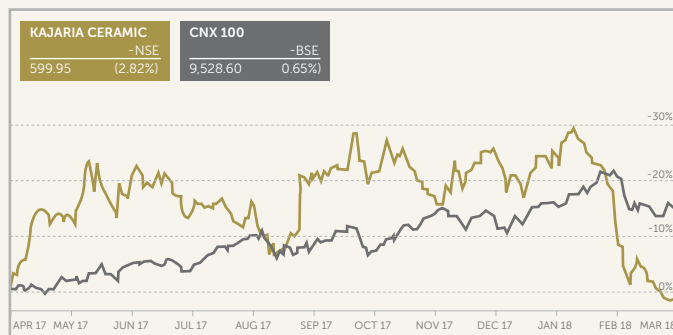
Listing fees for the financial year 2018-19 have been paid by the Company within the stipulated time.

Stock Code : 500233 (BSE) / KAJARIACER (NSE)  
ISIN : INE217B01036

**Market Price Data:** Monthly High and Low quotation of shares traded on BSE/ NSE during the year 2017-18:

Month	BSE		NSE	
	High	Low	High	Low
April, 2017	674.95	586.60	676.00	586.55
May, 2017	787.55	628.00	789.80	627.10
June, 2017	717.60	636.40	717.00	636.50
July, 2017	686.00	640.00	686.45	640.20
August, 2017	729.35	600.00	729.90	600.15
September, 2017	768.00	682.80	767.70	682.20
October, 2017	744.00	672.80	744.80	672.15
November, 2017	742.50	662.05	742.85	662.75
December, 2017	733.10	672.00	733.90	670.95
January, 2018	763.00	627.05	764.90	626.15
February, 2018	642.00	567.10	641.15	561.60
March, 2018	586.00	535.00	586.20	535.30

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



#### Registrar & Share Transfer Agent

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

#### MCS Share Transfer Agent Limited

F-65, Okhla Industrial Area, 1<sup>st</sup> Floor, Phase-1, New Delhi-110020

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

E-mail ID: helpdeskdelhi@mcsregistrars.com

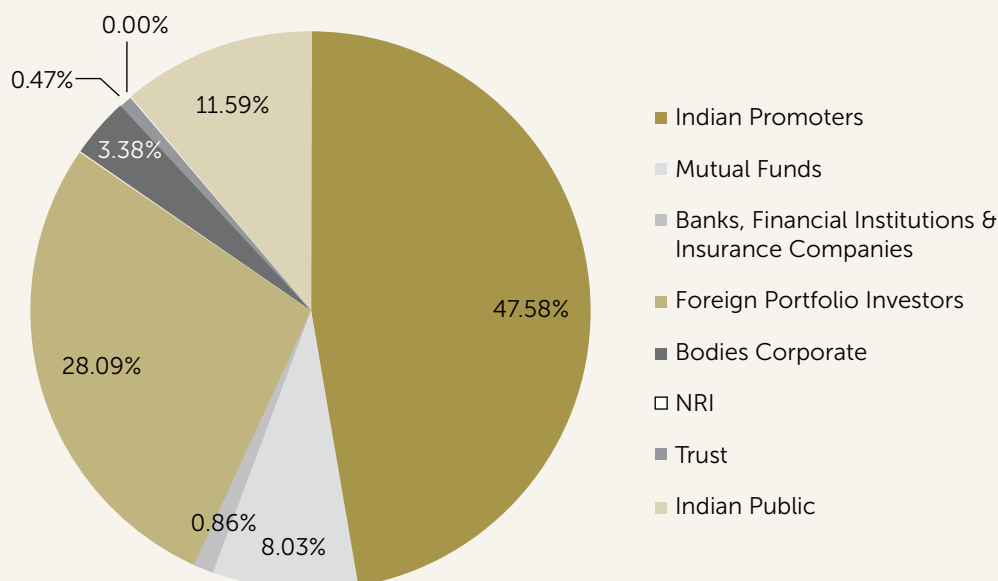
#### Share Transfer System

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

#### Shareholding Pattern as on 31.03.2018

Category	No. of Shares Held	Percentage of Shareholding
<b>Promoters</b>		
Indian Promoters	75,626,231	47.58
<b>Institutional Investors</b>		
Mutual Funds	12,762,303	8.03
Banks, Financial Institutions & Insurance Companies	1,376,560	0.86
Foreign Portfolio Investors	44,646,542	28.09
Bodies Corporate	5,376,770	3.38
NRI	742,666	0.47
Trust	1,852	0.00
Indian Public	18,417,376	11.59
<b>Total</b>	<b>158,950,300</b>	<b>100.00</b>

## Shareholding pattern as on 31/03/2018



## Distribution of Shareholding as on 31.03.2018

Category Range	No. of Shareholders		No. of shares	
	Total	% of shareholders	Total	% of share capital
1-500	53,769	89.55	5,918,312	3.72
501-1000	3,226	5.37	2,532,030	1.60
1001-2000	1,589	2.65	2,437,884	1.53
2001-3000	507	0.84	1,297,068	0.82
3001-4000	240	0.40	864,674	0.54
4001-5000	152	0.25	705,244	0.44
5001-10000	239	0.40	1,700,789	1.07
10001 and above	323	0.54	143,494,299	90.28
<b>Total</b>	<b>60,045</b>	<b>100.00</b>	<b>158,950,300</b>	<b>100.00</b>

## Dematerialisation of shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in depository systems of both the National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As at 31st March 2018, 15,71,16,784 equity shares out of 15,89,50,300 equity shares of the Company, forming 98.85% of the Company's paid up capital is held in dematerialised form. The status of shares held in demat and physical format is given below:

Particulars	No. of Shares	%
Shares in Demat Form		
NSDL	150,176,732	94.48
CDSL	6,940,052	4.37
Shares in Physical Form	1,833,516	1.15
<b>Total</b>	<b>158,950,300</b>	<b>100.00</b>

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

The Company has not issued any GDR/ADR / warrants or other convertible instruments during the year 2017-18.

## Other Information

- Corporate Identification Number: L26924HR1985PLC056150
- Reconciliation Audit for Share Capital As on 31.03.2018

Reconciliation Audit for Share Capital is carried out at every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The said Report, inter-alia, confirms that the total listed and paid up capital of the Company is an agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and in physical form.

**Foreign Exchange Risk & Hedging Activities**

There is no foreign currency loan outstanding as on 31st March 2018. The details of foreign currency exposure as on 31st March 2018 is provided in Note No. 45 of the Financial Statements. All import liabilities are unhedged because cost of forward premium was higher. However all import liabilities are paid on the due date.

**Plant Locations**

The plants of the Company are located as under:

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

**Subsidiary Companies**

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

**Address for Correspondence****i. Registered Office:**

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

**ii. Corporate Office:**

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

**Email ID for Investors**

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

**Declaration related to code of conduct to Directors/ Senior Management**

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

For and on behalf of the Board

Place : New Delhi  
Date : May 8, 2018

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