STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

A. Equity share capital

(Amount in ₹ crores, unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the reporting year	15.90	15.90
Add: Changes in equity share capital during the year (refer note 16)	*	-
Balance at the end of the reporting year	**15.90**	**15.90**

* rounded off to Nil

B. Other equity (refer note 17)

Particulars	Reserves and surplus						Items of other comprehensive income (OCI)	Total other equity
	General reserve	Securities premium	Capital redemption reserve	Share options outstanding account	Capital reserve	Retained earnings	Equity instruments through OCI	
Balance as at 1 April 2018	**320.37**	**163.74**	**5.00**	**4.29**	**(27.38)**	**895.12**	**(0.47)**	**1,360.67**
Profit for the year	-	-	-	-	-	245.90	-	245.90
Items of OCI for the year, net of tax								
Re-measurement of defined benefit plans	-	-	-	-	-	0.14	-	0.14
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**246.04**	**-**	**246.04**
Employee stock option scheme	-	-	-	0.86	-	-	-	0.86
Dividend distributed	-	-	-	-	-	(47.69)	-	(47.69)
Income-tax on dividend distribution	-	-	-	-	-	(9.80)	-	(9.80)
Balance as at 31 March 2019	**320.37**	**163.74**	**5.00**	**5.15**	**(27.38)**	**1,083.67**	**(0.47)**	**1,550.08**
Profit for the year	-		-	-	-	278.80	-	278.80
Items of OCI for the year, net of tax								
Re-measurement of defined benefit plans	-	-	-	-	-	(0.66)	-	(0.66)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**278.14**	**-**	**278.14**
Employee stock option scheme	-	-	-	0.53	-	-	-	0.53
Shares issued during the year (refer note 16)	-	0.29	-	-	-	-	-	0.29
Amount transferred from Share option outstanding account to Security premium on issue of shares	-	0.11	-	(0.11)		-		-
Dividend distributed	-	-	-	-	-	(95.38)	-	(95.38)
Income-tax on dividend distribution	-	-	-	-	-	(19.60)	-	(19.60)
Balance as at 31 March 2020	**320.37**	**164.14**	**5.00**	**5.57**	**(27.38)**	**1,246.83**	**(0.47)**	**1,714.06**

See accompanying notes forming part of these standalone financial statements. 1-54

As per our report of even date attached

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
FRN No. 001076N/N500013

Neeraj Sharma
Partner
Membership No. 502103

Place: New Delhi
Date: 26 June 2020

Ashok Kajaria
Chairman and Managing Director
(DIN: 00273877)

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

Chetan Kajaria
Joint Managing Director
(DIN: 00273928)

Rishi Kajaria
Joint Managing Director
(DIN: 00228455)

Sanjeev Agarwal
Chief Financial Officer

NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020
(Amount in ₹ crores, unless otherwise stated)

1. Corporate information

KAJARIA CERAMICS LIMITED ("KCL" or "the Company") is a limited company domiciled in India and was incorporated on 20 December 1985. Equity shares of the Company are listed in India on the Bombay Stock Exchange and the National Stock Exchange. The registered office of the Company is located at SF-11, Second Floor, JMD Regent Plaza Mehrauli Gurgaon Road, Village Sikanderpur Ghosi Gurgaon Haryana - 122001, India. KCL is a manufacturer of ceramic and vitrified wall and floor tiles.

2. Application of Indian Accounting Standard (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the standalone financial statements are authorized have been considered in preparing these standalone financial statements.

Standards issued but not effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1 April 2020.

3. Significant accounting policies and other explanatory information

A. Statement of compliance with Indian Accounting Standards (Ind AS)

The standalone financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

B. Overall considerations

The standalone financial statements have been prepared using the significant accounting policies and measurement basis summarized below.

These accounting policies have been used throughout all periods presented in the standalone financial statements.

C. Historical cost convention

These standalone financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value.

D. Significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset/liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b. Revenue Recognition

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognises revenue at the point in time, when control of the asset is transferred to the customer depending upon the terms of sale with the customers.

When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020
(Amount in ₹ crores, unless otherwise stated)

When either party to a contract has performed, an entity shall present the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods and service tax are excluded from revenue.

Interest income and dividend:

Interest income is recognised using effective interest method.

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

Export benefits:

The Company recognises income from duty drawback and export benefit on an accrual basis.

c. Inventories

Raw materials, work-in-progress, finished goods, packing materials, stores and spares, stock-in-trade, trading and other products are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

In determining the cost of raw materials, packing materials, stock-in-trade, stores and spares, trading and other products, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

d. Property, plant and equipment

Measurement and recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalised under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred.

Capital work-in-progress and capital advances

Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects. All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of

NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020
(Amount in ₹ crores, unless otherwise stated)

fixed assets, are capitalised at the time of commissioning of such assets. Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress.

Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method (SLM) based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013 except on some assets, where useful life has been taken based on external / internal technical evaluation as given below:

Particulars	Useful lives
Plant and machinery	7, 10 and 18 years
Fit-out and other assets at sales outlets	5 years
Roads	30 and 60 years

Freehold land is not depreciated. Leasehold improvements are amortised over the period of the lease or the useful life of the asset, whichever is lower.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

De-recognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the Statement of Profit and Loss when the item is derecognised.

e. Intangible Assets

Measurement and recognition

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortisation

Intangible assets with finite lives are amortised on a Straight Line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software are capitalised and amortised on straight line method over their estimated useful economic life of six years.

De-recognition

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

f. Research and development costs

Expenditure on research is recognised as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognised as an expense when it is incurred.

Items of property, plant and equipment utilized for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

NOTES ON THE STANDALONE FINANCIAL STATEMENT
for the year ended 31 March 2020
(Amount in ₹ crores, unless otherwise stated)

g. Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised, if any. All other borrowing costs are expensed in the period in which they occur.

h. Foreign currency transactions

Initial recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit and Loss.

Effective 1 April 2018, the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

i. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognised as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant (deferred income) is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. The loan or assistance is subsequently recognised in the statement of profit and loss on a straight line basis over the period of loan.

j. Taxes on income

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax

Current tax is measured at the amount expected to be

paid/ recovered to/from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognised directly in equity/other comprehensive income is recognised in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k. Employee benefits

Short term employee benefits:

ll employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-employment benefits:

I. Defined contribution plans:

The Company makes payments made to defined contribution plans such as provident fund and employees' state insurance. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

II. Defined benefit plans:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020
(Amount in ₹ crores, unless otherwise stated)

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Other long-term employee benefits:

Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss as and when they accrue. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the Statement of Profit and Loss.

l. Share-based payments

The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit and loss, with a corresponding adjustment to equity.

m. Leases

Transition

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

Refer note 37 for details on transition.

The Company as a lessee

The Company's lease asset classes primarily consist of property leases. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options

NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020
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when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

n. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

o. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

p. Earnings per share

Basic earnings per equity share is calculated by dividing the net profit for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity share

q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, on hand and short-term deposits with

NOTES ON THE STANDALONE FINANCIAL STATEMENT

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an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

  A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

  A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

  A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

De-recognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

b) Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020
(Amount in ₹ crores, unless otherwise stated)

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

d) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

s. Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset

NOTES ON THE STANDALONE FINANCIAL STATEMENT

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(Amount in ₹ crores, unless otherwise stated)

or cash generating unit to which the asset belongs is less than its carrying amount. The carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

t. Fair value measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

E. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to

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the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

(d) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(e) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(f) Estimation of current tax and deferred tax

Management judgement is required for the calculation of provision of income- taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in these financial statements.

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4 Property, plant and equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers	Display assets	Total
Gross carrying amount										
As at 1 April 2018	14.90	6.11	235.87	842.60	8.19	31.02	8.55	4.18	21.73	1,173.15
Additions	-	-	5.94	20.33	0.20	8.21	0.56	0.33	2.53	38.10
Disposals	-	-	-	18.57	0.23	4.98	0.33	0.31	0.94	25.36
As at 31 March 2019	**14.90**	**6.11**	**241.81**	**844.36**	**8.16**	**34.25**	**8.78**	**4.20**	**23.32**	**1,185.89**
Additions	-	-	0.92	14.48	0.18	4.82	0.25	0.22	0.24	21.11
Disposals	-	-	-	8.78	0.01	2.51	0.17	0.06	1.87	13.40
Transition on account of Ind AS 116	-	(6.11)	-	-	-	-	-	-	-	(6.11)
As at 31 March 2020	**14.90**	**-**	**242.73**	**850.06**	**8.33**	**36.56**	**8.86**	**4.36**	**21.69**	**1,187.49**
Accumulated depreciation										
As at 1 April 2018	-	0.90	65.39	334.33	4.53	9.51	3.75	2.68	9.63	430.72
Depreciation charge for the year	-	0.06	6.31	46.91	0.52	3.90	1.05	0.55	3.53	62.83
Disposals	-	-	-	9.83	0.20	2.92	0.31	0.29	0.92	14.47
As at 31 March 2019	**-**	**0.96**	**71.70**	**371.41**	**4.85**	**10.49**	**4.49**	**2.94**	**12.24**	**479.08**
Depreciation charge for the year	-	-	6.22	46.40	0.53	4.25	0.98	0.49	3.50	62.37
Disposals	-	-	-	4.34	0.01	1.49	0.07	0.05	1.32	7.28
Transition on account of Ind AS 116	-	(0.96)	-	-	-	-	-	-	-	(0.96)
As at 31 March 2020	**-**	**-**	**77.92**	**413.47**	**5.37**	**13.25**	**5.40**	**3.38**	**14.42**	**533.21**
Net carrying amount :										
As at 31 March 2020	14.90	-	164.81	436.59	2.96	23.31	3.46	0.98	7.27	654.28
As at 31 March 2019	14.90	5.15	170.11	472.95	3.31	23.76	4.29	1.26	11.08	706.81

Notes:

I. Property, plant and equipment pledged as security

Refer note 18 for information on property, plant and equipment pledged as security by the Company.

II. Contractual obligations

Refer to note 38 for disclosure on contractual commitments for the acquisition of property, plant and equipment.

III. Capital work-in-progress

Capital work-in-progress mainly pertains to work related to installation of machinery and civil work being carried on at the plants of the Company.

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5 Other intangible assets

Particulars	Software	Total
Gross carrying amount		
As at 1 April 2018	7.56	7.56
Additions	0.41	0.41
Disposals	0.04	0.04
As at 31 March 2019	**7.93**	**7.93**
Additions	0.22	0.22
Disposals	-	-
As at 31 March 2020	**8.15**	**8.15**
Accumulated amortisation		
As at 1 April 2018	5.19	5.19
Amortisation charge for the year	0.62	0.62
Disposals	0.04	0.04
As at 31 March 2019	**5.77**	**5.77**
Amortisation charge for the year	0.61	0.61
Disposals	-	-
As at 31 March 2020	**6.38**	**6.38**
Net carrying amount :		
As at 31 March 2020	**1.77**	**1.77**
As at 31 March 2019	**2.16**	**2.16**

6 Non-current financial assets - Investments

Particulars	As at 31 March 2020	As at 31 March 2019
Investments in equity instruments (unquoted)		
(a) Investments in subsidiaries (measured at cost) - Trade		
Jaxx Vitrified Private Limited* 13,061,532 (31 March 2019: 12,314,032) equity shares of ₹10 each fully paid up	32.63	31.14
Vennar Ceramics Limited 12,240,000 (31 March 2019: 12,240,000) equity shares of ₹10 each fully paid up	18.24	18.24
Cosa Ceramics Private Limited 4,642,040 (31 March 2019: 4,642,040) equity shares of ₹10 each fully paid up	11.61	11.61
Kajaria Tile Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited) 10,000,000 (31 March 2019: 10,000,000) equity shares of ₹10 each fully paid up	11.71	11.71
Kajaria Bathware Private Limited 25,000,000 (31 March 2019: 25,000,000) equity shares of ₹10 each fully paid up	40.00	40.00
Kajaria Plywood Private Limited* 9,691,000 (31 March 2019: 3,850,000) equity shares of ₹10 each fully paid up	9.69	3.85
(b) Investments in others (measured at FVOCI) - Trade		
Taurus Tiles Private Limited 800,000 (31 March 2019: 800,000) equity shares of ₹10 each fully paid up	0.33	0.33
Total	**124.21**	**116.88**
Aggregate amount of unquoted investments	**124.21**	**116.88**

* With respect to investments done amounting to ₹42.32 crore (previous year ₹34.99 crore) and loan given to these subsidiary companies of ₹145.05 crore (previous year ₹113.75 crore) (refer note 40 for details), management, during the year, has done a detailed evaluation on the recoverability of these investments/ loans given wherein valuation of these subsidiaries has been conducted by an independent valuer as at 31 March 2020 using the 'Discounted Cash Flow valuation model'. Basis such assessment done, management believes that the investments done/ loans given would be recoverable and accordingly no provision has been recorded in respect of recoverability of these balances as at the year end.

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7 Loans#

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Considered good - unsecured				
Security deposits	13.16	9.71	-	-
Loans to other companies (refer note (i))	-	-	0.54	1.97
Loans to related parties (refer note (ii))	417.19	253.72	0.65	0.21
Other loans (refer note (iii))	-	-	1.96	2.12
Total	**430.35**	**263.43**	**3.15**	**4.30**

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

Notes:

(i) Loans to other companies represents interest bearing loans given to Soriso Ceramics Private Limited and Ascent Ceramics Private Limited which is given for the business purposes and repayable on demand.

(ii) - Represents loans given to subsidiary companies and Kajaria Ceramics Employee Gratuity Trust. The loan to subsidiaries is given for business purposes which inter alia includes ₹78.55 crores (31 March 2019: ₹49.75 crores) given to subsidiaries 'Kajaria Bathware Private Limited', 'Kajaria Sanitaryware Private Limited' and 'Kajaria Plywood Private Limited' in which directors of the Company are also directors (refer note 40 for details).

- Does not include any loans due from directors or other officers of the Company either severally or jointly with any other person.

(iii) Other loans represents advances given to the employee of the Company.

8 Non-current tax assets (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance tax (net of provisions)	2.31	0.02
	2.31	**0.02**

9 Other assets

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Capital advances	0.07	-	-	-
Advance other than capital				
Advance to suppliers*	-	-	31.39	3.18
Prepaid expenses	0.33	-	4.63	4.94
Deferred lease expenses	-	1.83	-	0.45
Export benefit receivables	-	-	0.28	0.42
Balances with statutory authorities	-	-	4.74	3.29
Total	**0.40**	**1.83**	**41.04**	**12.28**

* includes advance given to subsidiaries (refer note 40)

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10 Inventories (valued at lower of cost or net realisable value)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	33.42	27.87
Work-in-progress	8.53	7.21
Finished goods	203.36	190.20
Stock-in-trade	18.69	8.93
Stores and spares	33.94	32.32
Packing material	13.74	14.63
Total	**311.68**	**281.16**

11 Current financial assets - Investments

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of units	Amount	No. of units	Amount
Investments in mutual funds (unquoted) - measured at FVTPL				
(a) SBI Arbitrage Opportuinities Fund - Regular plan Dividend	37,10,685.29	4.98	-	-
(b) DSP Arbitrage Fund - Reg. - Monthly Dividend	47,79,200.92	4.82	-	-
		9.80		-

Aggregate amount of unquoted investments and market value thereof **9.80**

12 Trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Considered good - unsecured	347.80	410.01
Credit impaired	6.19	3.28
Less: Allowance for expected credit losses	(6.19)	(3.28)
Total	**347.80**	**410.01**

Note:

a) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person or amounts dues from firms or private companies in which any director is a partner, director or a member.

b) All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

13 Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- Current accounts	11.41	18.41
Cash on hand	0.34	0.58
Total	**11.75**	**18.99**

Note: There are no repatriation restrictions with regard to cash and cash equivalents as the end of the reporting period and prior period.

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14 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Earmarked balances with banks in current accounts - unpaid dividends*	2.05	1.83
Deposits with original maturity of greater than 3 months and remaining maturity of less than 12 months**	206.07	227.07
Total	**208.12**	**228.90**

* These balances are not available for use by the Company and not due for deposit in the Investor Education and Protection Fund.
** Deposits amounting to ₹20 crores (31 March 2019 : ₹60 crores) have been pledged against facilities taken by subsidiaries 'Kajaria Sanitaryware Private Limited' and 'Kajaria Tiles Private Limited'."

15 Other current financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Considered good - unsecured		
Interest accrued on deposits	0.82	0.22
Others	0.11	0.01
Total	**0.93**	**0.23**

16 Equity share capital

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised:		
520,000,000 equity shares of ₹1 each (31 March 2019: 520,000,000 of ₹1 each)	52.00	52.00
7,710,000 preference shares of ₹100 each (31 March 2019: 7,710,000 of ₹100 each)	77.10	77.10
	129.10	**129.10**
Issued and subscribed:		
158,957,200 equity shares of ₹1 each (31 March 2019: 158,950,300 equity shares of ₹1 each)	15.90	15.90
Total	**15.90**	**15.90**

A. There no change in authorised equity and preference share capital during the current year and previous year.

B. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March 2020		As at 31 March 2019	
	No of shares	Amount	No of shares	Amount
At the beginning of the reporting year	15,89,50,300	15.90	15,89,50,300	15.90
Add: issued on exercise of employee share option	6,900	*	-	-
Outstanding at the end of the year	**15,89,57,200**	**15.90**	**15,89,50,300**	**15.90**

* rounded off to Nil

C. Terms/rights attached to equity shares

The Company has only one class of equity share having face value of ₹1 per share. The holder of the equity shares is entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual general meeting. The holder of share is entitled to voting rights proportionate to their share holding. The interim dividend has been distributed to the shareholders on approval of Board of Directors.

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In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

D. Shares reserved for issue under options

Information relating to Kajaria Ceramics Employee Stock Option Plan, 2015, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 43.

E. Details of shareholders holding more than 5% shares in the Company*:

Name of Shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares held having face value of ₹1 each	% of holding in class	Number of shares held having face value of ₹1 each	% of holding in class
Equity shares of ₹1 each				
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust) (refer note i)	1,29,33,973	8.14%	1,29,33,973	8.14%
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust) (refer note ii)	2,58,67,947	16.27%	2,58,67,947	16.27%
RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust) (refer note iii)	2,58,67,947	16.27%	2,58,67,947	16.27%

* As per the records of the Company, including its register of members

Notes:

i Trustee of Versha Kajria Family Private Trust has been changed from 'Mr. Ashok Kajaria and Mr. Rishi Kajaria in their capacity as the joint trustees of the Versha Kajaria Family Private Trust' to 'VK Trustees Private Limited in its capacity as sole trustee of the Versha Kajaria Family Private Trust' by modifying the trust deed of Versha Kajaria Family Private Trust on December 26, 2019

ii Name of the Trustee of Chetan Kajaria Family Private Trust has been changed from 'Professional Home Solutions Private Limited' to 'CK Trustees Private Limited', with effect from October 4, 2019 and consequently, trust deed of Chetan Kajaria Family Private Trust has also been modified on December 26, 2019

iii Trustee of Rishi Kajaria Family Private trust has been changed from 'Mrs. Versha Kajaria and Mr. Chetan Kajaria in their capacity as the joint trustees of the Rishi Kajaria Family Private Trust' to 'RK Trustees Private Limited in its capacity as sole trustee of the Rishi Kajaria Family Private Trust' by modifying the Trust Deed of Rishi Kajaria Family Private Trust on December 26, 2019

F. Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and brought back during the last 5 years for each class of shares

Except for shares issued under scheme of arrangements as approved by Hon'ble Court, the Company has not issued any shares pursuant to a contract without payment being received in cash nor has there been any buy-back of shares and any bonus shares which has been issued in the current year and preceding five years. Pursuant to the scheme, existing equity shares of the Company held by Kajaria Securities Private Limited ('KSPL') stood cancelled and the Company had issued 64,669,867 equity shares of ₹1 each to shareholders of erstwhile KSPL in proportion of their shareholding in KSPL.

The Company has issued equity shares aggregating 19200 (up to 31 March 2019 : 12300) shares of Rs. 1 each fully paid during the financial years 2014-15 to 2019-20 on exercise of option granted under the employee stock option plan wherein part consideration was received in form of employee service.

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17 Other equity

Particulars	As at 31 March 2020	As at 31 March 2019
a) General reserves		
Balance at the beginning/end of the year	**320.37**	**320.37**
b)Securities premium		
Balance at the beginning of the year	**163.74**	**163.74**
Share issued during the year (refer note 16)	0.40	-
Balance at the end of the year	**164.14**	**163.74**
c) Capital redemption reserve		
Balance at the beginning/end of the year	**5.00**	**5.00**
d) Share options outstanding account		
Balance at the beginning of the year	**5.15**	**4.29**
Employee stock option scheme	0.53	0.86
Tranferred to security premium on issue of shares	(0.11)	-
Balance at the end of the year	**5.57**	**5.15**
e) Capital reserve		
Balance at the beginning/end of the year	**(27.38)**	**(27.38)**
f) Retained earnings		
Balance at the beginning of the year	**1,083.67**	**895.12**
Profit for the year	278.80	245.90
Items of OCI for the year, net of tax	(0.66)	0.14
Dividend distributed	(95.38)	(47.69)
Dividend distribution tax paid	(19.60)	(9.80)
Balance at the end of the year	**1,246.83**	**1,083.67**
g) Other comprehensive income		
Equity instruments designated at fair value through other comprehensive income		
Balance at the beginning/end of the year	**(0.47)**	**(0.47)**
Total other equity	**1,714.06**	**1,550.08**

Nature and purpose of reserves -

a) General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

b) Securities premium

This reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

c) Capital redemption reserve

This reserve was created on redemption of preference shares in the financial year 2001-02. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

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d) Share options outstanding account

The reserve is used to recognise the grant date fair value of the options issued to employees under Kajaria Ceramics Employee Stock Option Plan, 2015.

e) Capital reserve

The reserve was created on Scheme of Arrangement (the Scheme) between the Company and Kajaria Securities Private Limited ('KSPL') in financial year 2017-18.

f) Retained earnings

Created from profit/loss of the Company, as adjusted for distributions to owners and transfer to other reserve.

g) Equity instruments designated as fair value through other comprehensive income ('FVOCI')

The Company has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

18 Borrowings

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Term loan - Secured				
Deferred payment liabilities Interest free loan from Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh)	8.02	7.13	-	-
Working capital facility - Secured				
From banks	-	-	34.25	2.67
	8.02	**7.13**	**34.25**	**2.67**

Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	As at 31 March 2020	As at 31 March 2019			
Term loan - deferred payment liabilities	8.02	7.13	Nil	Secured against first charge on factory land and building of the Company at Sikandrabad, Uttar Pradesh.	Repayable in one instalment after 7 years from date of disbursement.
Working capital facility (secured)	34.25	2.67	8.50% to 10.35% per annum (31 March 2019: 8.15% per annum)	Secured against first charge on inventories and book debts of the Company and second charge on immovable and movable assets of its factories at Sikandrabad, Uttar Pradesh and Gailpur, Rajasthan.	Repayable on demand

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19 Lease liabilities

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Lease liabilities (refer note 37)	20.40	-	13.46	-
	20.40	**-**	**13.46**	**-**

20 Provisions

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits obligation (refer note 36)"				
Gratuity	7.23	3.05	3.35	2.90
Compensated absences	14.09	-	1.24	12.40
	21.32	**3.05**	**4.59**	**15.30**

21 Deferred tax liabilities (net)

Particulars	As at 31 March 2020	As at 31 March 2019
a) Deferred tax liability on:		
Difference between book balance and tax balance of property, plant and equipment	76.58	108.83
	76.58	**108.83**
b) Deferred tax asset on:		
Provision for compensated absences	3.86	4.33
Others	3.07	2.17
	6.93	**6.50**
Deferred tax liabilities (net)	**69.65**	**102.33**

Movements in deferred tax liabilities and deferred tax assets:

Particulars	Property, plant and equipment	Compensated absences	Other provisions	Total
As at 1 April 2018	**111.33**	**(3.75)**	**(3.12)**	**104.46**
Charged/(credited) to the statement of profit or loss	(2.50)	(0.58)	0.95	(2.13)
Charged/(credited) to other comprehensive income	-	-	-	-
As at 31 March 2019	**108.83**	**(4.33)**	**(2.17)**	**102.33**
Charged/(credited) to the statement of profit or loss	(32.25)	0.47	(0.90)	(32.68)
Charged/(credited) to other comprehensive income	-	-	-	-
As at 31 March 2020	**76.58**	**(3.86)**	**(3.07)**	**69.65**

NOTES ON THE STANDALONE FINANCIAL STATEMENT
for the year ended 31 March 2020
(Amount in ₹ crores, unless otherwise stated)

22 Other liabilities

Particulars	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Advance received from customers	-	-	34.67	12.57
Statutory dues payable	-	-	10.97	30.77
Deferred government grant	2.05	2.59	0.54	0.54
Total	**2.05**	**2.59**	**46.18**	**43.88**

23 Trade payables

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables (including acceptances {refer note b below})		
- Total outstanding dues of micro enterprises and small enterprises (refer note 42)	11.60	12.68
- Total outstanding dues of creditors other than micro enterprises and small enterprises	161.66	216.62
Total	**173.26**	**229.30**

Note:

a) The carrying values of trade payables are considered to be a reasonable approximation of fair value.

b) Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days amounting to ₹40.29 crores (31 March 2019: ₹55.86 crores).

c) Disclosure with respect to related party transactions is given in note 40.

24 Other current financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Unclaimed dividends*	2.05	1.83
Interest bearing deposits from customers	13.92	13.31
Security deposits	12.45	10.78
Employee payable	43.31	42.23
Others	0.42	2.85
Total	**72.15**	**71.00

* Not due for deposit to the Investor Education and Protection Fund.

25 Current tax liabilities (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Current tax liabilities (net)	-	4.26
Total	**-**	**4.26**

NOTES ON THE STANDALONE FINANCIAL STATEMENT

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26 Revenue from operations

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products		
Tiles	2,568.96	2,722.13
Power	0.60	1.69
	2,569.56	2,723.82
Other operating revenues	2.24	2.25
Total	**2,571.80**	**2,726.07**

Disclosure pursuant to Ind AS 115, - Revenue from contracts with customers, are as follows:

(a) Disaggregation of revenue:

Revenue arises mainly from the sale of manufactured and traded goods.

Particulars	31 March 2020	31 March 2019
Revenue from sale of tile	2,568.96	2,722.13
Revenue from sale of power	0.60	1.69
	2,569.56	**2,723.83**

(b) Assets and liabilities related to contracts with customers is as below:

Particulars	As at 31 March 2020	As at 31 March 2019
Contract assets related to sale of goods		
Trade receivables	347.80	410.01
Contract liabilities related to sale of goods		
Advance from customers	34.67	12.57

(c) Significant changes in contract assets and liabilities:

There has been no significant changes in contact assets during the year.

Particulars	As at 31 March 2020	As at 31 March 2019
	Contract liabilities (Advance from customers)	
Opening balance	**12.57**	**12.79**
Revenue recognised during the year	12.57	12.79
Addition during the year (net)	34.67	12.57
Closing balance	**34.67**	**12.57**

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27 Other income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on:		
Loan to subsidiaries	27.89	17.73
Fixed deposits with banks	15.92	10.74
Other financial assets carried at amortised cost	0.52	0.35
Others	1.10	0.74
Dividend income	0.38	0.29
Gain on disposal of current investments	0.75	0.09
Other non-operating income	4.00	4.87
Total	**50.56**	**34.81**

28 Cost of materials consumed

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Body material	215.59	224.98
Glaze, frits and chemicals	160.74	176.92
Packing material consumed	91.70	111.64
Total	**468.03**	**513.54**

29 Changes in inventories of finished goods, stock in trade and work-in-progress

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening balance		
Finished goods	190.20	159.35
Stock-in-trade	8.93	6.00
Work-in-progress	7.21	9.53
Total	**206.34**	**174.88**
Closing balance		
Finished goods	203.36	190.20
Stock-in-trade	18.69	8.93
Work-in-progress	8.53	7.21
Total	**230.58**	**206.34**
	(24.24)	**(31.46)**

30 Employee benefits expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	247.82	247.45
Contribution to provident and other funds (refer note 36a)	12.82	12.17
Share based payments to employees (refer note 43)	0.53	0.86
Less: Amount recovered towards share based payments to employees of a subsidiary	(0.14)	(0.21)
Staff welfare expenses	4.17	3.77
Total	**265.20**	**264.04**

NOTES ON THE STANDALONE FINANCIAL STATEMENT
for the year ended 31 March 2020
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31 Finance costs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest	6.97	3.07
Other borrowing costs	1.56	0.32
Total	**8.53**	**3.39**

32 Depreciation and amortisation expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment (refer note 4)	62.37	62.83
Amortisation of intangible assets (refer note 5)	0.61	0.62
Depreciation on right-of-use assets (refer note 37)	15.87	-
	78.85	**63.45**

33 Other expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Rent	0.78	17.04
Rates and taxes	0.81	0.66
Traveling and conveyance	27.79	27.85
Insurance charges	2.79	3.03
Legal and professional charges	3.84	3.75
Payment to auditors as:		
- auditor	0.42	0.40
- for other services	0.24	0.23
- for reimbursement of expenses	0.07	0.03
Stores and spares consumed	52.30	55.29
Power and fuel	376.82	412.24
Repairs and maintenance:		
- Buildings	4.60	4.97
- Plant and equipment	10.29	11.66
- Others	4.20	4.09
Packing, freight and forwarding expenses	30.31	31.99
Advertisement, publicity and sales promotion	71.38	75.20
Sales commission	8.92	14.06
Loss on disposal of property, plant and equipment	1.87	5.13
Provision for expected credit loss	2.91	1.08
Corporate social responsibility expenditure (refer note 50)	5.98	4.86
Net loss on foreign currency transactions and translation	-	-
Research and development expenses (refer note 49)	18.34	18.22
Miscellaneous expenses	21.98	21.82
	646.64	**713.60**

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34 Income-tax expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Income-tax expense debited to statement of profit and loss		
Current tax		
Current tax on profits for the year	92.86	129.34
Adjustment of tax relating to earlier periods	0.34	-
Total current tax expense	93.20	129.34
Deferred tax		
Deferred tax charge/(credit) for the year	(32.67)	(2.13)
	(32.67)	(2.13)
Total tax expense	**60.53**	**127.21**
(b) Income-tax expense charged/(credited) to other comprehensive income		
Current tax		
Current tax charge/(credit) for the year	(0.22)	0.07
	(0.22)	0.07
Deferred tax		
Deferred tax charge/(credit) for the year	-	-
	-	-

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax	339.33	373.11
Tax at the Indian tax rate of 25.168%(31 March 2019: 34.944%) (refer note below)	85.40	130.38
Adjustments in respect of current income tax of previous years	0.34	(0.36)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowed as deduction	1.74	2.43
Deductions not leading to timing differences	-	(6.25)
Deferred tax asstes reversed on exempted income	1.75	-
Impact of change in effective tax rate in brought forward tax liability (refer note below)	(28.69)	1.01
Income-tax expense	**60.53**	**127.21**

Note:

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly, the Company has recognised provision for income-tax for the year ended 31 March 2020 basis the revised rates. The Company has also remeasured its deferred tax liability on the basis of the reduced rate.

NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020

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35 Earnings per share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit attributable to equity holders of the Company for basic earnings (₹ in crores) for the year	278.80	245.90
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	15,89,51,264	15,89,50,300
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	15,90,08,087	15,90,24,945
Earnings per share		
- Basic (₹)	17.54	15.47
- Diluted (₹)	17.53	15.46

Note: Weighted average number of equity shares used as denominator

Particulars	No. of shares	
	31 March 2020	31 March 2019
Weighted average number of equity shares used as denominator in calculating basic earnings per shares	15,89,51,264	15,89,50,300
Adjustments for calculation of diluted earnings per share:		
- Oustanding employee stock options	56,823	74,645
Weighted average number of equity shares and potential equity shares used as denominator in calculating diluted earnings per share	**15,90,08,087**	**15,90,24,945**

36 Employee benefits

The Company has following post-employment benefit plans:

A) Defined contribution plan

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is ₹8.40 crores (31 March 2019: ₹7.77 crores)

B) Defined benefit plans - Gratuity (funded)

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

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

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

Particulars	As at 31 March 2020	As at 31 March 2019
Defined benefit obligation at the beginning of the year	**34.01**	**31.12**
Current service cost	3.32	2.98
Interest cost	2.39	2.41

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Particulars	As at 31 March 2020	As at 31 March 2019
Benefits paid	(0.76)	(0.74)
Actuarial loss/(gain) on obligations	0.90	(1.76)
Defined benefit obligation at the end of the year	**39.86**	**34.01**

Changes in the fair value of plan assets are, as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Fair value of plan assets at the beginning of the year	**28.06**	**24.92**
Contribution during the year	-	3.50
Benefits paid	(0.76)	(0.74)
Expected return on plan assets	1.96	1.92
Actuarial (loss)/gain on plan asset	0.02	(1.54)
Fair value of plan assets at the end of the year	**29.28**	**28.06**

Reconciliation of fair value of plan assets and defined benefit obligation:

Particulars	As at 31 March 2020	As at 31 March 2019
Fair value of plan assets	29.28	28.06
Defined benefit obligation	39.86	34.01
Net asset/(liability) recognised in the Balance Sheet (refer note 20)	**(10.58)**	**(5.95)**
Current	3.35	2.90
Non current	7.23	3.05

Amount recognised in Statement of Profit and Loss:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	3.32	2.98
Interest cost	2.39	2.41
Expected return on plan asset	(1.96)	(1.92)
Amount recognised in Statement of Profit and Loss	**3.75**	**3.47**

Breakup of actuarial gain/(loss)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Actuarial gain/(loss) on defined benefit obligation		
Actuarial gain/(loss) arising from changes in financial assumptions	(2.61)	1.78
Actuarial gain/(loss) arising from experience adjustments	1.71	(0.02)
Actuarial gain/(loss) on plan assets	(0.02)	1.55
Amount of gain/(loss) recognised in other comprehensive income	**(0.88)**	**0.21**

NOTES ON THE STANDALONE FINANCIAL STATEMENT

for the year ended 31 March 2020
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The major categories of plan assets are as follows:

Gratuity	As at 31 March 2020	As at 31 March 2019
Investment details	**Funded**	**Funded**
Investment with gratuity funds	100%	100%

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

Particulars	31 March 2020	31 March 2019
Discount rate	7.00%	7.75%
Expected rate of return on plan assets	7.00%	7.75%
Future salary increases	8.25%	8.25%
Attrition rate:-		
18-30 years	3.00%	3.00%
30-44 years	3.00%	3.00%
44-58 years	3.00%	3.00%
Retirement age	58 years	58 years
Mortality	IALM 2012-14 Ultimate	IALM 2006-08 Ultimate

Note:

a.) The discount rate is based upon the market yield available on government bonds at the accounting date relevant to currency of benefits payments for a term that matches the liability.

b.) The estimates for future salary increase rate taxes amount of inflation, seniority, promotion, business plan, human resource policy and other relevant factors on long term basis.

Experience adjustment:

Particulars	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Present value of defined benefit obligation	39.86	34.01	31.12	26.02	20.32
Experience gain/(loss) on liability	1.71	(0.02)	(1.63)	(2.38)	(0.59)

A quantitative sensitivity analysis for significant assumption as at 31 March 2020 and 31 March 2019 is as shown below:

Gratuity plan	Sensitivity level		Impact on Defined benefit obligation	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Assumptions				
Discount rate	+1%	+1%	(3.44)	(2.91)
	-1%	-1%	4.01	3.37
Future salary increases	+1%	+1%	3.91	3.30
	-1%	-1%	(3.42)	(2.91)
Withdrawal rate	+1%	+1%	(0.33)	(0.14)
	-1%	-1%	0.37	0.15

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Sensitivities due to mortality are insignificant and hence ignored.

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Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Effect of plan on Company's future cash flows

(a) Funding arrangements and funding Policy

The Company has purchased an insurance policy to provide payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

(b) The following payments are expected contributions to the defined benefit plan in future years (in absolute terms i.e. undiscounted):

Particulars	31 March 2020	31 March 2019
Within the next 12 months (next annual reporting period)	3.35	2.99
Between 2 and 5 years	6.62	8.35
Beyond 5 years	29.88	22.49
Total expected payments	**39.85**	**33.83**

(c) Expected contribution for next year is Rs. 3.17 crores (31 March 2019 : Rs. 3.04 crores)

(d) Average duration of the defined benefit obligation at the end of reporting period is 12 years (31 March 2019 : 12 years)

C) Other long-term employee benefits - Compensated absences (unfunded)

Particulars	31 March 2020	31 March 2019
Amounts recognised in the balance sheet		
Current	1.24	12.40
Non current	14.09	-
	15.33	**12.40**

37 Leases

a) The Company has adopted Ind AS 116 'Leases' from 1 April 2019, which resulted in changes in accounting policies in the standalone financial statements.

b) **Transition**

Effective 1 April 2019, the Company adopted Ind AS 116 'Leases' and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and recognised at the date of initial application:

a) Lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate for leases as on 31 March 2019; and

b) Right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

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c) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months or with minimal rent payments as at 1 April 2019 as short-term leases

d) The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 8% p.a. with maturity between 2020 -25.

e) Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

f) The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term(years)
Building	60	1 to 5 years	2.40 years

There are no leases entered by the Company which have any extension, termination or purchase options and the payment of lease rentals is not based on variable payments which are linked to an index.

g) (i) Amounts recognised in balance sheet and statement of profit and loss :

The balance sheet shows the following amounts relating to leases:

(₹ in crores)

Particulars	Category of right-of-use assets		
	Land	Buildings	Total
Balance as at 1 April 2019 (on account of initial application of Ind AS 116)*	-	48.91	48.91
Reclassification from Property, plant and equipment	5.15	-	5.15
Add: Additions	-	0.17	0.17
Less: Depreciation charged on the right-of-use assets	0.05	15.82	15.87
Balance as at 31 March 2020	**5.10**	**33.26**	**38.36**

* includes balance of prepaid lease rentals as on 31 March 2019 amounting to ₹2.28 crore

h) Lease payments not recognised as lease liabilities:

Particulars	Year ended 31 March 2020
Expenses relating to short term leases (included in other expenses)	0.78
Total	**0.78**

i) The total cash outflow for leases for the year ended 31 March 2020 was ₹16.68 crores

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j) Future minimum lease payments as on 31 March 2020 are as follows:

Minimum lease payments due	As on 31 March 2020		
	Lease payments	Finance charges	Net present values
Within 1 year	16.99	1.11	15.88
1 - 2 years	12.29	1.61	10.68
2 - 3 years	7.90	1.49	6.41
3 - 4 years	1.16	0.30	0.86
4 - 5 years	0.06	0.03	0.03
Total	**38.40**	**4.54**	**33.86**

k) Reconciliation of total lease commitments as on 31 March 2019 to the lease liabilities recognised at 1 April 2019:

Particulars	₹ in crore
Total operating lease commitments disclosed as on 31 March 2019	5.24
Discounted using incremental borrowing rate	0.83
Operating lease liabilities	**4.41**
Reasonably certain extension options	42.22
Finance lease obligations	-
Total lease liabilities recognised under Ind AS 116 at 1 April 2019	**46.63**

l) Disclosure under Ind AS 17 for the year ended 31 March 2019

Operating leases - assets taken on lease	
Minimum lease payments in relation to non-cancellable operating leases are payable as follows:	
Particulars	**₹ in crore**
Not later than one year	2.17
Later than one year but not later than five years	3.02
Later than five years	0.05
Total	**5.24**

38 Commitments, contingencies and litigations

		31 March 2020	31 March 2019
(a)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2.89	1.52
(b)	**Contingent liabilities**		
(i)	Corporate guarantees given (including undrawn amount)	149.39	215.00
(ii)	Claims against the Company not acknowledged as debt		
	In respect of income tax, value added tax, service tax and excise duty demands pending before various authorities and in dispute	8.13	8.11
	Others	2.14	1.84

The Company is contesting the above demands and the management, including its solicitor, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The Company has certain litigations involving customers, vendors and based on legal advice of in-house legal team, the management believes that no material liability will devolve on the Company in respect of these litigations.

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39 During the previous year ended 31 March 2019, the Company had sold off its 51% stake in Soriso Ceramic Private Limited pursuant to which it ceased to be a subsidiary of the Company. The Company had recognised a profit of ₹4.78 crores on sale of its investments in Soriso Ceramic Private Limited and disclosed as an exceptional items in the statement of profit and loss

40 Related party disclosures

A. List of related parties

(a) List of entities substantially owned directly or indirectly by the Company:

Direct subsidiaries:

S. No.	Name	Country of incorporation	Ownership interest of Kajaria Ceramics Limited (%) 31 March 2020	31 March 2019
1	Soriso Ceramic Private Limited *	India	N.A.	N.A.*
2	Jaxx Vitrified Private Limited	India	87.37%#	82.00%
3	Vennar Ceramics Limited	India	51.00%	51.00%
4	Cosa Ceramics Private Limited	India	51.00%	51.00%
5	Kajaria Tiles Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited)	India	100.00%	100.00%
6	Kajaria Bathware Private Limited	India	85.00%	85.00%
7	Kajaria Plywood Private Limited**	India	97.89%##	96.25%

* ceased to be a subsidiary from 31 July 2018.
** acquired on 05 June 2018.
# Increase in stake on 19 September 2019
Increase in stake on 30 April 2019

Indirect subsidiary:
Subsidiary of 'Kajaria Bathware Private Limited' (where control exists):

S. No.	Name	Country of incorporation	Ownership interest of Kajaria Ceramics Limited (%) 31 March 2020	31 March 2019
1	Kajaria Sanitaryware Private Limited	India	69.70%	69.70%

(b) Key management personnel:

S. No.	Name	Designation
1	Mr. Ashok Kajaria	Chairman and Managing Director
2	Mr. Chetan Kajaria	Joint Managing Director
3	Mr. Rishi Kajaria	Joint Managing Director
4	Mr. Dev Dutt Rishi	Non-Executive Director
5	Mr. Basant Kumar Sinha (till 31 March 2019)	Whole Time Director
6	Mr. Raj Kumar Bhargava	Independent Director
7	Mr. Ram Ratan Bagri (till 31 March 2019)	Independent Director
8	Mr. Debi Prasad Bagchi	Independent Director
9	Mr. Harady Rathnakar Hegde	Independent Director
10	Mrs. Susmita Singha	Independent Director

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(c) Enterprises owned by Key Management Personnel or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise:-

S. No.	Name
1	Dua Engineering Works Private Limited
2	Malti Devi Kajaria Foundation
3	Kajaria Ceramics Employees Gratuity trust
4	VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust))(refer note 16 E)
5	CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust) (refer note 16 E)
6	RK Trustees Private Limited (in its capacity as sole trustee of Rishi Kajaria Family Private Trust) (refer note 16 E)
7	A.K. Kajaria (HUF)
8	Chetan Kajaria (HUF)
9	Rishi Kajaria (HUF)

(d) Relatives of key management personnel

S. No.	Name
1	Mrs. Versha Devi Kajaria
2	Mrs. Rasika Kajaria
3	Mrs. Shikha Kajaria
4	Mr. Kartik Kajaria
5	Mr. Raghav Kajaria
6	Mr. Parth Kajaria
7	Mr. Vedant Kajaria

(1) Details relating to remuneration of Key Managerial Personnel (KMP)

Name of KMP	31 March 2020		31 March 2019	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ashok Kajaria*	4.90	-	4.52	-
Mr. Chetan Kajaria*	4.87	-	4.94	-
Mr. Rishi Kajaria*	4.87	-	4.94	-
Mr. Dev Dutt Rishi	-	0.02	-	0.02
Mr. Basant Kumar Sinha*	-	-	0.76	-
Mr. Raj Kumar Bhargava	-	0.03	-	0.04
Mr. Ram Ratan Bagri	-	-	-	0.04
Mr. Debi Prasad Bagchi	-	0.03	-	0.04
Mr. Harady Rathnakar Hegde	-	0.04	-	0.02
Mrs. Susmita Singha	-	0.03	-	0.02

* Does not include employee benefits is relation to gratuity and compensated absence, as such provisions are for the Company as a whole

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(2) Dividend paid

Particulars	31 March 2020	31 March 2019
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	0.63	0.31
- Mr. Chetan Kajaria	0.80	0.40
- Mr. Rishi Kajaria	1.08	0.54
- Mrs. Versha Devi Kajaria	1.07	0.53
- Mrs. Rasika Kajaria	0.34	0.17
- Mrs. Shikha Kajaria	0.36	0.18
- Mr. Kartik Kajaria	0.27	0.14
- Mr. Raghav Kajaria	0.27	0.14
- Mr. Parth Kajaria	0.27	0.14
- Mr. Vedant Kajaria	0.27	0.14

(3) Guarantees received/(released) during the year

Particulars	31 March 2020	31 March 2019
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	10.90	(10.00)

Guarantees received outstanding at year end

Particulars	31 March 2020	31 March 2019
Key management personnel and relatives of KMP		
- Mr. Ashok Kajaria	101.40	90.50

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

Particulars	31 March 2020		31 March 2019	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Purchase of goods				
Soriso Ceramic Private Limited	-	-	11.88	-
Jaxx Vitrified Private Limited	245.08	-	292.98	-
Cosa Ceramics Private Limited	122.01	-	172.31	-
Vennar Ceramics Limited	53.22	-	68.51	-
Kajaria Tiles Private Limited	44.41	-	-	
Total	**464.72**	**-**	**545.68**	**-**
Sale of products				
Cosa Ceramics Private Limited	0.38	-	0.35	-
Jaxx Vitrified Private Limited	0.05	-	0.20	-
Kajaria Tiles Private Limited	0.14		-	
Total	**0.57**	**-**	**0.55**	**-**

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Particulars	31 March 2020		31 March 2019	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Sale of assets				
Jaxx Vitrified Private Limited	1.17	-	0.55	-
Cosa Ceramics Private Limited	0.38	-	-	-
Kajaria Tiles Private Limited	0.62	-	-	-
Vennar Ceramics Limited	-	-	0.08	-
Total	**2.17**	**-**	**0.63**	**-**
Rent paid				
Dua Engineering Works Private Limited	-	1.67	-	1.67
Kajaria Tiles Private Limited	0.36	-	-	-
Vennar Ceramics Limited	0.01	-	0.01	-
Total	**0.37**	**1.67**	**0.01**	**1.67**
Recovery of expenses				
Kajaria Bathware Private Limited	0.71	-	0.45	-
Total	**0.71**	**-**	**0.45**	**-**
Donation paid				
Malti Devi Kajaria Foundation	-	0.47	-	0.46
Total	**-**	**0.47**	**-**	**0.46**
Guarantees given/(revoked)				
Kajaria Tiles Private Limited	(40.00)	-	-	-
Total	**(40.00)**	**-**	**-**	**-**
Rent received				
Kajaria Bathware Private Limited	1.06	-	0.98	-
Kajaria Tiles Private Limited	-*	-	-	-
Total	**1.06**	**-**	**0.98**	**-**
(* rounded off to Nil)				
Interest received				
Vennar Ceramics Limited	0.93	-	0.98	-
Cosa Ceramics Private Limited	0.33	-	0.32	-
Kajaria Bathware Private Limited	1.00	-	2.28	-
Kajaria Sanitaryware Private Limited	3.37	-	1.81	
Jaxx Vitrified Private Limited	10.03	-	9.14	-
Kajaria Tiles Private Limited	11.79	-	3.16	-
Kajaria Plywood Private Limited	0.44	-	0.04	-
Total	**27.89**	**-**	**17.73**	**-**

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Particulars	31 March 2020		31 March 2019	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
Security deposit (repaid)/given				
Kajaria Tiles Private Limited	0.01	-	-	-
	0.01	-	-	-
Purchase/subscription of shares of subsidiary company				
Kajaria Plywood Private Limited	5.84	-	3.85	-
Total	**5.84**	**-**	**3.85**	**-**
Loan given				
Jaxx Vitrified Private Limited	23.10	-	110.50	-
Vennar Ceramics Limited	0.80	-	13.05	-
Kajaria Bathware Private Limited	7.00	-	114.65	-
Kajaria Sanitaryware Private Limited	18.87	-	35.70	-
Kajaria Tiles Private Limited	115.47	-	78.42	-
Kajaria Ceramics Employee Gratuity Trust	-	1.20	-	1.16
Cosa Ceramics Private Limited	1.50	-	3.50	-
Kajaria Plywood Private Limited	12.51	-	3.25	-
Total	**179.25**	**1.20**	**359.07**	**1.16**
Loan repaid				
Jaxx Vitrified Private Limited	-	-	97.50	-
Cosa Ceramics Private Limited	-	-	3.50	-
Kajaria Bathware Private Limited	-	-	187.75	-
Kajaria Sanitaryware Private Limited	5.27	-	1.10	-
Vennar Ceramics Limited	-	-	13.67	-
Kajaria Tiles Private Limited	6.20	-	9.80	-
Kajaria Plywood Private Limited	4.31	-	-	-
Kajaria Ceramics Employee Gratuity Trust	-	0.76	-	1.15
Total	**15.78**	**0.76**	**313.32**	**1.15**
Dividend paid				
VK Trustees Private Limited (in its capacity as sole trustee of Versha Kajaria Family Private Trust) (refer note 16 E)	-	7.76	-	3.88
CK Trustees Private Limited (in its capacity as sole trustee of Chetan Kajaria Family Private Trust) (refer note 16 E)	-	15.52	-	7.76
RK Trustees Private Limited (in tis capacity as sole trustee of Rishi Kajaria Family Private Trust) (refer note 16 E)	-	15.52	-	7.76

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Particulars	31 March 2020		31 March 2019	
	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence	Subsidiaries	Enterprises over which KMP or their relatives are able to exercise significant influence
A.K. Kajaria (HUF)	-	1.18	-	0.59
Chetan Kajaria (HUF)	-	0.03	-	0.01
Rishi Kajaria (HUF) (*rounded off to Nil)	-	-*	-	-*
	-	**40.01**	**-**	**20.00**
Balances outstanding at year end:				
Loan given *				
Jaxx Vitrified Private Limited	133.60	-	110.50	-
Vennar Ceramics Limited	12.35	-	11.55	-
Cosa Ceramics Private Limited	5.00	-	3.50	-
Kajaria Sanitaryware Private Limited	48.20	-	34.60	-
Kajaria Bathware Private Limited	18.90	-	11.90	-
Kajaria Tiles Private Limited	187.68	-	78.42	-
Kajaria Ceramics Employee Gratuity Trust	-	0.65	-	0.21
Kajaria Plywood Private Limited	11.45	-	3.25	-
Total	**417.19**	**0.65**	**253.72**	**0.21**
Trade payables/(advances given)				
Jaxx Vitrified Private Limited	(21.13)	-	0.57	-
Vennar Ceramics Limited	(2.09)	-	3.40	-
Kajaria Tiles Private Limited	5.63	-	-	-
Cosa Ceramics Private Limited	(4.76)	-	14.67	-
Total	**(22.35)**	**-**	**18.64**	**-**
Security deposit				
Dua Engineering Works Private Limited	-	0.69	-	0.69
Kajaria Tile Private Limited	0.01	-	-	-
Total	**0.01**	**0.69**	**-**	**0.69**
Guarantees given outstanding at year end * #				
Jaxx Vitrified Private Limited	26.54	-	26.54	-
Vennar Ceramics Limited	11.64	-	11.64	-
Kajaria Tiles Private Limited	10.00	-	50.00	-
Cosa Ceramics Private Limited	29.25	-	29.25	-
Kajaria Sanitaryware Private Limited	26.96	-	26.96	-
Kajaria Bathware Private Limited	45.00	-	45.00	-
Total	**149.39**	**-**	**189.39**	**-**

* The aforementioned loans and guarantees have been given for business purposes.

The aforementioned guarantees given represents the guarantees given by the Company is respect of original sanction limits of the working capital borrowings taken by the respective entity.

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41 Segment information

According to Ind AS 108 'Operating Segment', identification of operating segments is based on Chief Operating Decision Maker ('CODM') approach for making decisions about allocating resources to the segment and assessing its performance. In Company, the decision makers view the operating results internal division wise (Ceramic, Glazed, Polished). Accordingly, such segments may be presented under Ind AS 108. However, these segments have been aggregated because the core principles, economic characteristics, nature of products, production process, distribution method, regulatory environment and type of customers in all the divisions are similar. Hence the disclosure requirement of Ind AS 108 is not considered applicable.

42 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under, to the extent the Company has received intimation from the 'Suppliers' regarding their status under the Act.

	Particulars	31 March 2020	31 March 2019
(i)	Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
	Principal amount due to micro and small enterprises	11.60	12.68
	Interest due on above	-	-
(ii)	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

43 Share based payments

Kajaria Ceramics Employee Stock Option Plan, 2015 ('ESOP 2015' or the 'Plan') was approved by the Board of Directors and the shareholders of the Company on 7 September 2015. The plan entitles employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Company is given below:

Particulars	Kajaria Ceramics Employee Stock Option Plan, 2015
Exercise Price	₹425
Vesting conditions	45,800 options 24 months after the grant date ('First vesting')
	91,600 options 36 months after the grant date ('Second vesting')
	137,400 options 48 months after the grant date ('Third vesting')
	183,200 options 60 months after the grant date ('Fourth vesting')
Exercise period	Stock options can be exercised within a period of 8 years from grant date.
Number of share options granted	458,000
Method of settlement	Equity

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Stock options will be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹850 per option which is 7.42 % below the stock price i.e. ₹918.10 per share on the date of grant, i.e. 20 October 2015.

During the year ended 31 March 2017, face value of equity shares of the Company was sub-divided to ₹1 per share from ₹2 per share. Accordingly, the exercise price also reduced to ₹425 per share from ₹850 per share and number of stock options increased to 458,000 equity shares from 229,000 equity shares. The number and weighted average exercise price of share options are as follows:

Particulars	Number of options	Weighted average exercise price per option
At 1 April 2018	3,92,700	425.00
Forfeited during the year	(44,000)	425.00
Exercised during the year	-	425.00
At 31 March 2019	**3,48,700**	425.00
Exercisable as at 31 March 2019	**3,48,700**	
Weighted average remaining contractual life (in years)	**4.55**	
At 1 April 2019	3,48,700	425.00
Forfeited during the year	(29,000)	425.00
Exercised during the year	(6,900)	425.00
At 31 March 2020	**3,12,800**	425.00
Exercisable as at 31 March 2020	**3,12,800**	
Weighted average remaining contractual life (in years)	**3.55**	

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. The following principal assumptions were used in the valuation:

Grant date	20 October 2015	20 October 2015	20 October 2015	20 October 2015
Vesting date	**20 October 2017**	**20 October 2018**	**20 October 2019**	**20 October 2020**
Expiry date	**20 October 2023**	**20 October 2023**	**20 October 2023**	**20 October 2023**
Fair value of option at grant date	260.22	310.20	354.01	392.99
Exercise price	425.00	425.00	425.00	425.00
Expected volatility of returns	27.63%	27.63%	27.63%	27.63%
Weighted average contractual life (in years)	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years	2.5-5.5 years
Expected dividend yield	0.40%	0.40%	0.40%	0.40%
Risk free interest rate	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%	7.15%-7.30%

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44 Category wise classification of financial instruments

Particulars	31 March 2020			31 March 2019		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Financial assets						
Non-current						
(i) Investments	0.33	-	123.88	0.33	-	116.55
(ii) Loans	-	-	430.35	-	-	263.43
Current						
(i) Investments	-	9.80	-	-	-	-
(ii) Trade receivables	-	-	347.80	-	-	410.01
(iii) Cash and cash equivalents	-	-	11.75	-	-	18.99
(iv) Bank balances other than (iii) above	-	-	208.12	-	-	228.90
(v) Loans	-	-	3.15	-	-	4.30
(vi) Other financial assets	-	-	0.93	-	-	0.23
Total financial assets	**0.33**	**9.80**	**1,125.98**	**0.33**	**-**	**1,042.41**
Financial liabilities						
Non-current						
(i) Borrowings	-	-	8.02	-	-	7.13
(ii) Lease liabilities	-	-	20.40	-	-	-
Current						
(i) Borrowings	-	-	34.25	-	-	2.67
(ii) Trade payables	-	-	173.26	-	-	229.30
(iii) Lease liabilities	-	-	13.46	-	-	-
(iv) Other financial liabilities	-	-	72.15	-	-	71.00
Total financial liabilities	**-**	**-**	**321.54**	**-**	**-**	**310.10**

The management assessed that fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company determines fair values of financial assets or liabilities by discounting the contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. Further, the subsequent measurements of all assets and liabilities (other then investments in mutual funds) is at amortised cost, using effective interest rate method.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the Company's interest bearings borrowings are determined using discount rate that reflects the entity's discount rate at the end of the reporting period. The own non-performance risk as at the reporting period is assessed to be insignificant.

- The fair value of unquoted instruments and other financial assets and liabilities is estimated by discounting future cash flows using rates using rates currently applicable for debt on similar terms, credit risk and remaining maturities.

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45 Fair value hierarchy

The following tables present financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There are no financial liabilities measured at fair value as at 31 March 2020 and 31 March 2019.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as on 31 March 2020 and 31 March 2019 as follows:

As at 31 March 2020				
	Level 1	Level 2	Level 3	Total
Investments (Non-current)	-	-	0.33	0.33
Investments (Current)	9.80	-	-	9.80
Total	**9.80**	**-**	**0.33**	**10.13**

As at 31 March 2019				
	Level 1	Level 2	Level 3	Total
Investments (Non-current)	-	-	0.33	0.33
Total	**-**	**-**	**0.33**	**0.33**

Valuation technique used to determine fair value:
Investments (Non current): Discounted Cash flow method using risk adjusted discount rate.
Investments (Current): The investments in mutual fund have been fair valued per net assets value (NAV) as at reporting date.
The carrying amount of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair value, due to their short term nature.

46 Financial risk management objectives and policies

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Compliance Board that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below:

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I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, trade payables, interest bearing deposits, loans and derivative financial instruments.

The sensitivity analyses of the above mentioned risk in the following sections exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in note 38.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. However the risk is very low due to negligible borrowings. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Particulars	31 March 2020		31 March 2019	
	Increase/ decrease in basis points	Effect on profit before tax	Increase/ decrease in basis points	Effect on profit before tax
INR	+50	(0.06)	+50	(0.03)
INR	-50	0.06	-50	0.03

B. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

Particulars	31 March 2020		31 March 2019	
	% change in rate	Effect on profit before tax	% change in rate	Effect on profit before tax
USD	+5%	**(0.42)**	+5%	**(0.23)**
	-5%	**0.42**	-5%	**0.23**
Euro	+5%	**(0.04)**	+5%	**(0.13)**
	-5%	**0.04**	-5%	**0.13**

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.

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II. Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, other balances with banks, loans and other receivables. The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

The Company provides for expected credit losses on financial assets by assessing individual financial instruments for expectation of any credit losses. Since the assets have very low credit risk, and are for varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population. For such financial assets, the Company 's policy is to provides for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at reporting date.

A. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At the year end the Company does not have any significant concentrations of bad debt risk other than that disclosed in note 12.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 44. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Movement in allowance for expected credit losses on trade receivable:

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	3.28	2.20
Add: Allowance provided during the year	2.91	1.08
Balance at the end of the year	**6.19**	**3.28**

B. Financial instruments and cash deposits

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The management considers the credit quality of current accounts and deposits with banks to be good and reviews the banking relationships on an on–going basis.

The Company does not require any security in respect of the above financial assets. There are no impairment provisions as at each statement of financial position date against these financial assets, except as disclosed in respect of trade receivables above. The management considers that all the above financial assets that are not impaired or past due for each of the statement of financial position dates under review are of good credit quality.

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III. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 March 2020					
Borrowings*	34.25	-	7.55	0.47	42.27
Lease liabilities	3.37	10.09	20.40	-	33.86
Trade payables	173.26	-	-	-	173.26
Other financial liabilities	72.15	-	-	-	72.15
	283.02	**10.09**	**27.96**	**0.47**	**321.54**
Year ended 31 March 2019					
Borrowings*	2.67	-	3.36	3.77	9.80
Trade payables	227.44	1.86	-	-	229.30
Other financial liabilities	71.00	-	-	-	71.00
	301.11	**1.86**	**3.36**	**3.77**	**310.10**

* in absolute terms i.e. discounted and including current maturity portion

47 Capital Management

The Company's capital management objectives are:

a) to ensure the Company's ability to continue as going concern; and

b) to provide an adequate return to stakeholders

As at 31 March 2020, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

48 Unhedged foreign currency exposure

The Company has no outstanding derivative instruments at the year end. The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under -

	31 March 2020		31 March 2019	
	Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Foreign trade payables				
USD (in crores)	0.11	8.42	0.07	4.57
EUR (in crores)	0.01	0.71	0.03	2.63
Foreign trade receivables				
USD (in crores)	0.05	3.52	0.06	4.48
AUD (in crores)	0.01	0.21	0.01	0.50

NOTES ON THE STANDALONE FINANCIAL STATEMENT
for the year ended 31 March 2020
(Amount in ₹ crores, unless otherwise stated)

49 Research and development expenditure

Research and development expenditure incurred during the year ended 31 March 2020 and 31 March 2019 is as follows:

Particulars	31 March 2020	31 March 2019
Capital expenditure	0.05	0.26
Revenue expenditure	18.34	18.22

50 Corporate social responsibility ('CSR')

As per Section 135 of the Companies Act, 2013, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company was required to spend ₹7.75 crores (31 March 2019: ₹7.69 crores) for Corporate Social Responsibility activities. The Company has incurred CSR expenditure of ₹5.98 crores during the current financial year (31 March 2019: ₹4.86 crores) on the projects/activities for the benefit of the public in general and in the neighbourhood of the manufacturing facilities of the Company.

	31 March 2020	31 March 2019
(i) Construction/acquisition of any asset		
Paid in cash	0.28	1.70
Other than cash	1.58	0.11
(ii) On purposes other than (i) above		
Paid in cash	4.12	3.05
	5.98	**4.86**

51 Post reporting date events

No adjusting or significant non-adjusting event has occurred between 31 March 2020 and the date of authorisation of Company's standalone financial statements.

52 Scheme of Arrangement

The Board of the Directors of the Company in its meeting held on August 26, 2019, passed a resolution to approve the Scheme of Amalgamation amongst Kajaria Tiles Private Limited (Formerly known as Kajaria Floera Ceramics Private Limited), (Wholly-owned Subsidiary Company/Transferor Company) and Kajaria Ceramics Limited, (Holding Company/Transferee Company) and their respective shareholders and creditors" ("Scheme") on a going concern basis, with effect from April 1, 2019 or such other date as may be approved by the competent authority. The Company has received the order dated February 03, 2020 from the National Company Law Tribunal, Chandigarh Bench, Chandigarh with respect to the first motion application filed by the Company and has filed necessary documents with the required regulatory authorities.

53 The standalone financial statements for the year ended 31 March 2020 were approved by the Board of Directors on 26 June 2020.