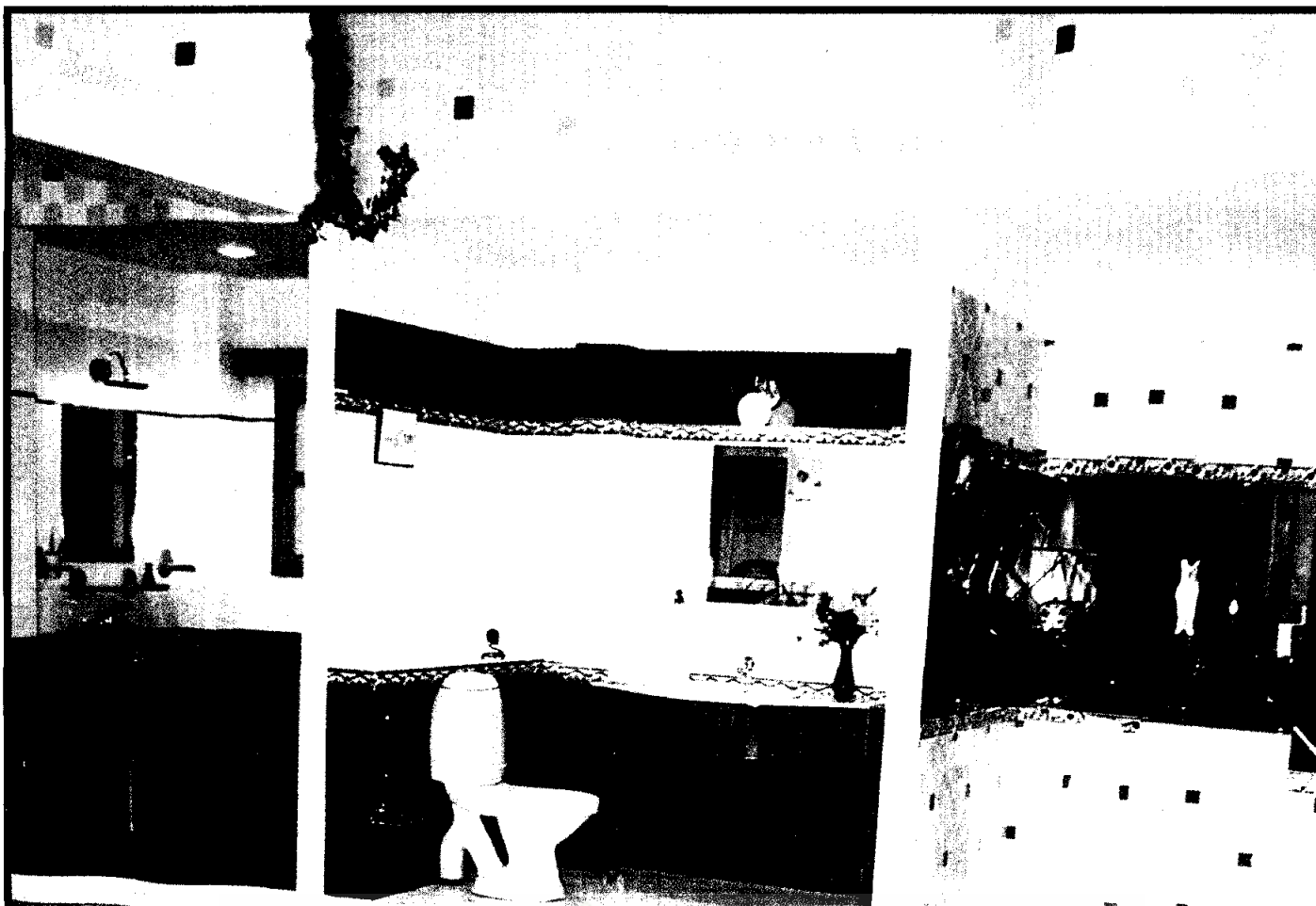




**Kajaria**  
Kajaria Ceramics Limited

Annual Report 2000-2001



reportjunction.com

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A.K. Kalaria Chairman &amp; Managing Director

The year that's just over has been truly challenging. We have been facing an economic environment that slowed down drastically after a promising revival in the early part of last year. The economic slowdown

year ended 31st March, 2001 stood at Rs 2359 million, which has been marginally lower than last year's turnover of Rs 2450 million. Similarly profits for the year ended 31st March, 2001 have stood at Rs 68 million, while last year's figure was Rs 111 million. While there were several reasons for this downtrend in performance, profits were lower due to the significant increase in fuel cost, which could not be passed on to the consumer and lower realization due to highly competitive market conditions.

## A message from the **Chairman & Managing Director**

*"The dawn of the new millennium witnessed the launch of our Millennium series of tiles, which has captured the imagination of consumers across the country. The launch of deep colour wall tiles in smaller sizes has set a new trend..."*

invariably implies that the company has to try the market harder, control internal spending, other costs and do everything to reduce outlays, wherever possible. Your company is committed to maintaining an aggressive profile in the market, while doing its utmost to ensure that operational costs within its purview are kept under control.

The changes in the economic scenario have created some unexpected dents in our performance targets. The sales turnover of the company during the

### **Setting new trends**

The dawn of the new millennium witnessed the launch of our Millennium series of tiles, which has captured the imagination of consumers across the country and has received excellent response from the market. The launch of deep colour wall tiles in smaller sizes has set a new trend and has compelled



interior designers/architects to recast their strategies to provide better combination series to discerning customers. The launch of tiles in a smaller size has provided us an opportunity to make further inroads into the semi-urban and rural market and has helped the company in maintaining its capacity utilization at more than 100%. "The company has widened its designer range by introducing a number of innovative additions like Deserto, Monumento, Tiffany and Italia series in floor tiles, and Bombato, Bruma, Silica, Optica series in the wall tiles, to name a few." These new introductions have got a very encouraging response from the market and are gaining in acceptance.



Deep Colour Tiles  
- for bold and beautiful designs

Despite the temporary lull in the general scenario, we are confident of the market which has consistently welcomed our products and new launches. A large and loyal customer base and wide variety came to our endeavour in this trying time. In today's tough environment, it is also equally important to properly manage the human capital. Through communication, training and team building programmes, your company has retained the best of the talent in the industry and benefited from their enthusiasm, loyalty, and zeal to give the best to the company, in this trying time.

#### **Towards greater success**

The industry growth during the year 2000-2001 was lowest at 8% in the last 12 years that we have been in this business. It has been very difficult to single out the reasons for this slowdown as the excess capacity of the earlier years has already been absorbed and various fiscal concessions were given in the budget to promote housing activities. It may be because of economic slowdown across the world that has ushered in a sense of conservatism. The Hon'ble Finance Minister has

brought down the excise duty on ceramic tiles from 24% to 16% in the current year's budget to make it affordable for the common man.. The company has passed on the entire benefit to the consumer.

"The imports of ceramic tiles have been opened up in the current Exim policy. Ceramic tiles being more designer oriented, high freight cost and breakage, will limit the impact on the domestic market. At best, it may impact the unorganized market in plain tiles."

I personally see it as a new opportunity unfolding before us. It will again be proved before consumers that Kajaria offers better quality tiles with a dynamic range of designs and colours. It will also spur awareness leading to increased consumption. Apart from this, with positive new developments like excise duty reduction, lower rate of interest on housing loans, fiscal benefits and growth in housing activities, I definitely see a bright future ahead.

A-7

A. K. Kajaria

# Sanitaria

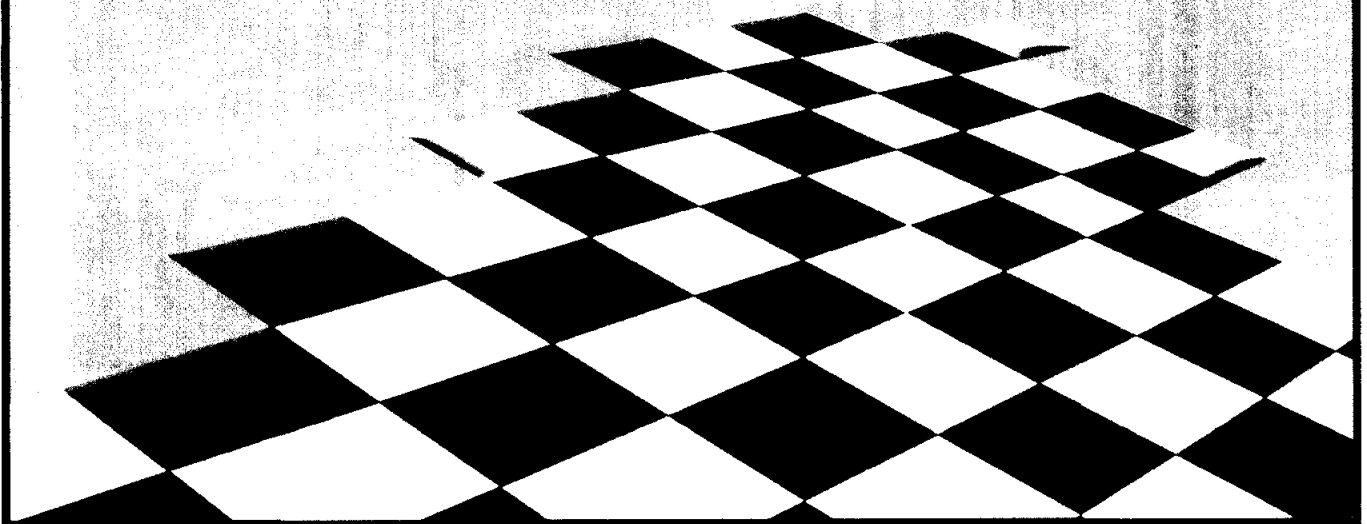
## A Vision for the Future

To remain in the forefront in the  
Ceramic Tile Industry

To retain the highest brand recall in the mind  
of discerning customers for quality, designs  
and as a provider of new concepts and ideas

To reach into everyone's dream home

To follow the principles of transparency,  
high business ethics, global quality standards  
and in creating new intellectual assets.





## Strong Foundations for a Successful Future

Organizations are led by individuals, who make the difference between winning and losing, between mediocrity and excellence. They are successful not just because of choice, but by their actions. They take risk wherever they deem it fit. They function not just as individuals; they are there because of the teams they lead. Teams that produce results, no matter what the odds are. This throws light on the story of Mr Ashok Kajaria, a technocrat from California University, who started the company with a capacity of 12,000 MT in 1988 and expanded it in stages to reach the level of 160,000 MT by 1999. All these years the Plants have operated at more than 100% capacity utilization from the day of Installation and have consistently made profits.





## Creating an Enduring Brand Image through Quality

In the today's fast changing market, social and economic scenario, globalization has become inevitable as the world is gradually getting unified into single market place. This is forcing companies to create better process that result in better products for the consumers, who now have a wider choice than ever before, and build strong brand image.

Kajaria Ceramics Ltd is the first tile company having received ISO9002 certification, which is symbolic for maintaining the highest standard of quality, in keeping with the stringent international specification. One of our major strengths of success is the awareness of quality amongst our skilled work force. To this end the company has set up a system whereby the shop floor worker is deputed along with quality control people to attend the customer's complaint, if any. It helps in making the worker understand importance of quality and spread message of quality amongst his colleagues on the basis of his real life experience.

The company has over a period built strong brand image of Kajaria in

India and overseas markets because of its focus on promoting the retail marketing, strengthening its presence through strong distribution network and participation in the various exhibitions held by 'Inside-Outside' across the country in Pune, Hyderabad, Chennai, Mumbai, Cochin, Bangalore, Delhi & Chandigarh. Kajaria is the first ceramic tile company to introduce novel concept of display of mock bathrooms, kitchens and living rooms in its Tile shoppe & Tile galleria, which helped in changing the consumer perception about usage of Ceramic Tiles and increasing visibility of the product.

An Architect is the biggest catalyst between the manufacturer and consumer. To this end, the company is holding Architects meets, sending

samples of new products introduced from time to time and other promotional material, which helps him in convincing his client the benefits for the use of Kajaria tiles. Kajaria has also provided the tiles software to the Architects where they can show to his client various combinations of floor & wall in his office.

To retain its pre dominant position and meet new challenges and demand of the fast changing market, Kajaria is importing Vitrified tiles, listellos, borders and sanitary ware for providing a complete and unique range to its customers.

No wonder lateral marketing tools have become a hallmark of our success and making Kajaria the most preferred choice amongst the Architects, Designers, Builders & General customers.



Consumer appreciating the award winning exhibition stall at Chennai

## Charting a New Path in Retailing

Every Indian dreams of building and owning his own dwelling place in his lifetime. A house of one's own evokes a feeling of security, comfort and happiness. Today, home construction is a Rs 2000 billion industry in India. In UK, the home improvement retailing industry is 8 billion pounds, while in USA, it is estimated to be US\$ 400 billion.

To tap the new concept of organized retailing in home construction, Kajaria has made an investment of Rs 25 million in Kajaria Plus Ltd. with the primary objective of marketing ceramic tiles, sanitaryware and accessories. Kajaria Plus Ltd has established showrooms at Jaipur, Udaipur, Noida, Bareilly, Varanasi, Calcutta, Hyderabad, Indore, Nagpur, Haridwar and Raipur. The showrooms of Kajaria Plus Ltd have been designed as per European standards. Kajaria Plus has achieved a turnover of Rs 275 million in the last financial year 2000-01, which is 223% higher than the turnover of Rs 85 million in 1999-2000.

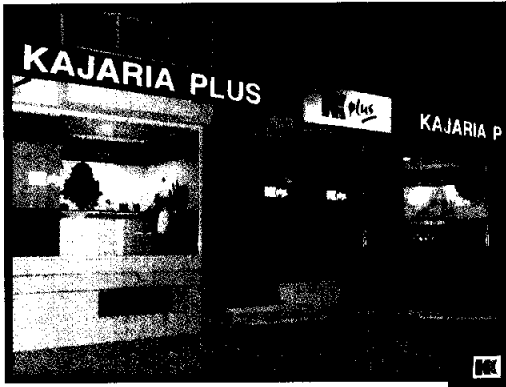
The Kajaria Plus showrooms are not only aimed at the home construction sector, but also are designed as home improvement stores for meeting the needs of customers who want to replace accessories or renovate bathrooms, kitchens and living rooms. The showrooms provide scope for a vibrant and attractive display of the products, but what is equally significant is the pre and post sales service support staff, to help the customer in taking the right decisions on product, size, colour, quantity and design for meeting his specific needs on home improvement. Kajaria Plus Ltd is planning to open few more showrooms this year and is targeting a turnover of Rs 1000 million in the next 3 years. The success of Kajaria Plus will extend a big support to Kajaria Ceramics Ltd. in marketing its product as well as improving realization.

*"The showrooms of Kajaria Plus Ltd have been designed as per the latest European style and adhere to the latest European trends."*

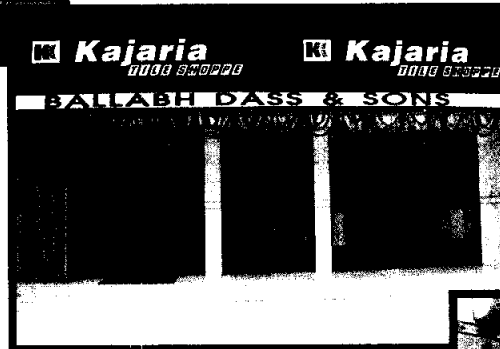


Innovative Bathroom Concepts





Stylish display at Hyderabad Showroom



Tile Shoppee in the City of Nawabs-Lucknow

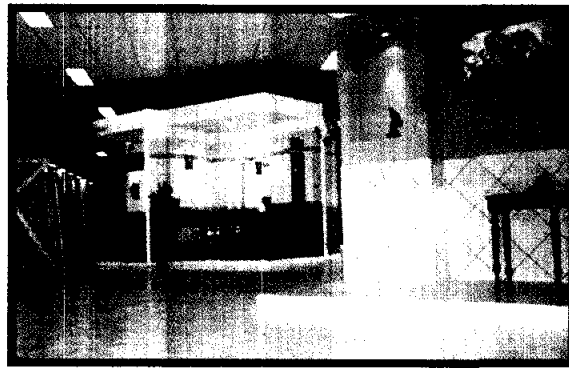


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Innovative Display of Kajaria products at Tile Shoppee  
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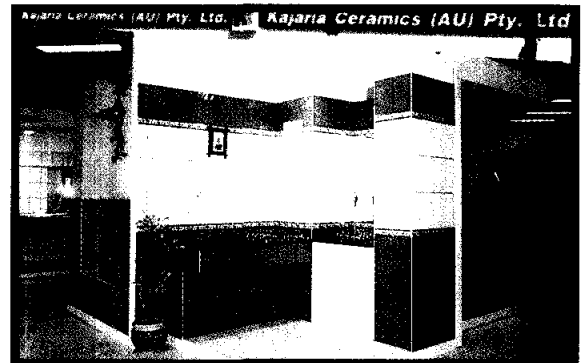


## Making it's global debut in Retailing

On a global front Kajaria has made significant advances and has established its first showroom in Melbourne, Australia in February, 2001 through its subsidiary Kajaria (Aus) Pty Ltd. The showroom is a class in itself and reflects good taste and offers quality products and services. The showroom is a veritable example of India's capability in the industry and forces people to take note of the fact that India produces such world-class products. The Melbourne showroom is expected to generate good business in the near future.



Kajaria Tile Display in Melbourne: Ready to capture attention



## Award for Highest Exports



Mr. F.C. Rustogi Sr. Manager receiving CAPEXIL Award from Hon'ble State Minister of Commerce, Govt. of India, Mr. Omar Abdullah

Kajaria has been consistently enlarging its export volume and enhancing its global presence. This has won us several recognitions and awards. Kajaria has yet again won the CAPEXIL Export Award for the highest exports in 1999-2000.

Due to the increase in demand from the domestic market, the export volume during the year stood at Rs 457 million.