

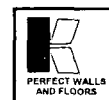
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| MD | | BKC | |
| CS | ✓ | DPY | NA |
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| TRA | ✓ | AC | ✓ |
| AGM | ✓ | SHI | ✓ |
| YE | ✓ | | ✓ |

Kajaria Ceramics Limited

ANNUAL REPORT 1997-98

A decade of customer service

Report  junction.com



Kajaria

Kajaria Ceramics Limited

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WORLD
ECONOMIC
FORUM

COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

the World Economic Forum honours

KAJARIA CERAMICS LIMITED

as a

*Top-performing
Global Growth Company*

*from
India*

*Cologny, Switzerland
7 December 1997*



*Klaus Schwab
President*

Customer Satisfaction

– A Major Driving Force



The year 1998 is indeed an year of remarkable significance for all of us. It marks the completion of ten years of operation in the country. In the decade that has gone by, we faced many challenges and weathered many storms. Through it all we have grown from strength to strength, establishing many records and crossing many milestones, in our quest for excellence and leadership. Today we are a name to reckon with in the industry, and are sought after in all regions of the country, even abroad. Since the very beginning there has been one all

powerful entity, the customer, that has stood by us, given us trust and confidence and backed us solidly year after year. All our achievements, our results and our performance are inspired by the customer. His faith in our brand, approval for our products and appreciation for our range and designs has been our motivation and guidance during the decade just completed. Today we can look forward to a future of promising profitability, for it is the customer who has placed us firmly on the path to leadership.

I deem it a great honour in placing on record my sincere salutations

to all our customers for their support, encouragement, appreciation and strength throughout the last ten years.

They are the ones who have really brought us to our present enviable position and they are the ones for whom we dedicate and commit all our synergy, calibre and actions.”

A. K. Kajaria
Chairman & Managing Director

Unparalleled Growth in just a decade

operation and sets out newer horizons for results. The inspiration to lay down new dimensions of outstanding performance has been at the core of the Company's philosophy during the last ten years.

From the very beginning, Kajaria had evolved its own single minded vision to consolidate and enhance its corporate niche – within one single industry. The resolute pursuit of this helped it to crystallise into a major corporate entity.



Translating vision into reality – the new plant at Bhiwadi

FROM VISION TO REALITY

Dream to be the best and envisage a leadership role that leaves no room for doubt. Then take an attitude that is deliberately converted into an obsession, an obsession concerned with the relentless pursuit of the dream and the vision. Mix in single minded determination, focus that remains crystal clear even in adverse conditions, and finally add to it the immeasurable resources of creativity, acumen, innovation and accountability. That, in essence, sums up the vision, focus and philosophy of Ashok

Kajaria, the dynamic technocrat who promoted the Company and inspired it to its present success. Demonstrating outstanding calibre and constantly reflecting leadership by performance, Ashok Kajaria has, by substituting actions for words and deeds for ideas, been the driving force and impetus in the Company's evolution, development, growth and success. In the decade just completed since its inception the Company has continually been inspired to reach higher and higher even as it constantly changes the rules of

ENERGISING TO SUCCEED

The saga of Kajaria Ceramics began a decade ago, literally in a heap of rubble and stone. It was in 1988 that Sikandrabad, a small, remote and dusty town of U.P. witnessed the birth of a Company that was destined to become a ceramic giant.

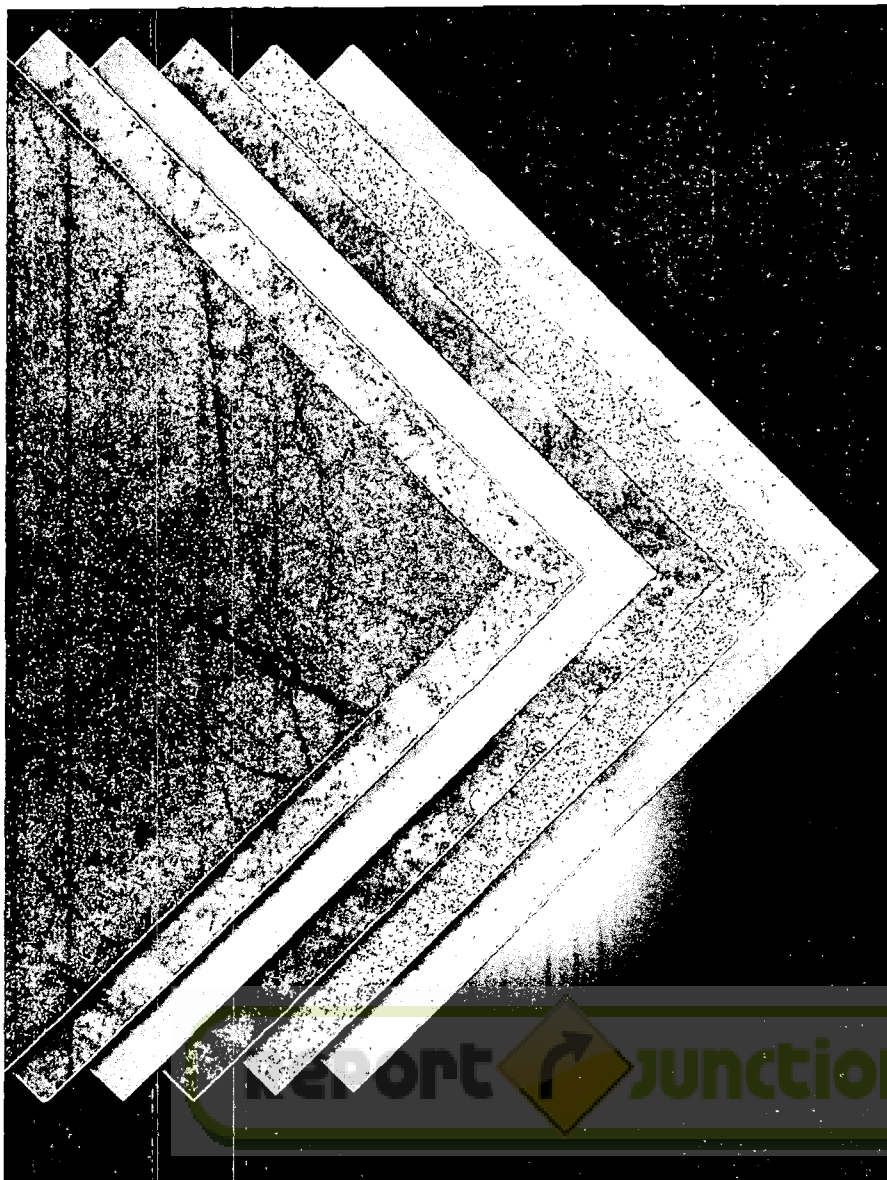
The region of Sikandrabad constituted the heartland of the finest raw material for ceramics.

Abundant stone and rubble were crushed and sculpted into ceramic floor and wall tiles. Boundless energy in creativity and imagination were given full expression and translated into ceramic tiles with exquisite artistry and craftsmanship. The frontiers of colour, texture and designs were artfully exploited with the dynamism of man's own vision, moods, and fancies to evolve into aesthetic ceramic perfection, as unique and distinctive as Indian culture itself.

During the decade just completed, Kajaria has devoted itself diligently to creating a multitude of 'ceramic poetry', carving a niche for itself in the hearts and homes of customers

A decisive leadership edge through technological
superiority - the state-of-the-art machinery at the
new plant at Bhivadi.





REACHING FOR THE SKY

Beginning in 1988, with a meagre capacity of 12,000 MT, Kajaria Ceramics has translated its vision for growth and success into a ceramic story that reflects success, excellence and achievement. Operating from a 21-acre plot where the first lot of ceramic tiles was produced with multifarious applications in homes, offices, shops, commercial establishments, factories and service industry, the Company concentrated on capacity expansion as a priority area. From the small 12,000 MT in 1988, a systematic expansion plan enabled the Company to touch 80,000 MT even as it made rapid progress in different market segments throughout the country. A versatile product, an extraordinary standard of customer orientation

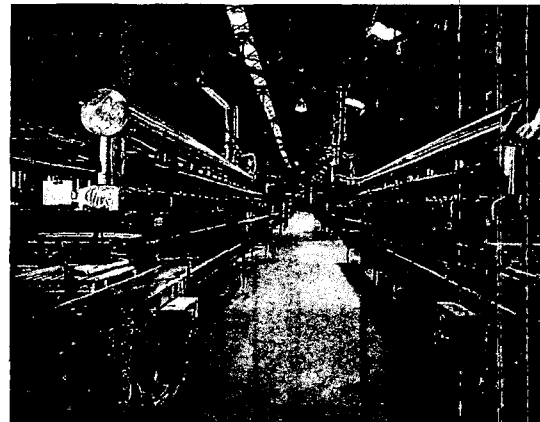
Creating the
best range of
designs, colours
and textures

Today the Company with two state-of-the-art manufacturing plants, and a manufacturing capacity of 1,50,000 MT enjoys a decisive leadership edge in the country.

throughout the country and abroad. And it is precisely this vision that has been the foundation for Kajaria Ceramics, energising it to ensure that the path to success is rapidly covered. Today Kajaria Ceramics can justifiably and proudly display the feathers in its cap, given its performance and position in just ten years, particularly in the light of industry standards.

and commitment and a culture that was steeped in quality and excellence soon had the Company

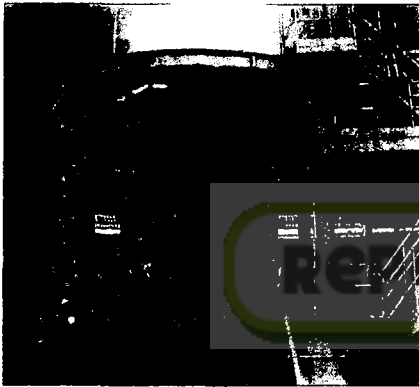
The technologically
superior single-firing
process



completing further capacity expansion to a mammoth 1,50,000 MT.

Today the Company with two state-of-the-art manufacturing plants, and a manufacturing capacity of 1,50,000 MT enjoys a decisive leadership edge in the country. Even beyond this, productivity has taken an upward swing much to the envy of the competitors, and the admiration of customers. Kajaria,

*Superior technology
– a view of the spray drier*



The constant emphasis on new product developments has given the Company an enviable reputation in the market.

today, is and has been for many years, in the unique position of manufacturing even beyond 100% capacity utilisation, upto 115%, a record which todate has not been matched by any one else in the industry.

R & D PROGRAMMES DIRECTED TOWARDS CUSTOMERS

The Company has since the very beginning focussed on customer oriented R & D. This has led it to continuously initiate numerous



*Customer oriented
Research &
Development – a
priority area with
the Company*

actions towards improving its own product line, as well as its marketing and distribution systems. The constant emphasis on new product developments has also given it an enviable reputation in the market.

SECURING AN EDGE WITH TECHNOLOGICAL LEADERSHIP

The irrefutable leading edge for Kajaria emanates from MONOPOROSA, the state-of-the-art technology in the manufacture of ceramic wall and floor tiles. The Company is the only one to transform the advantage of using the technologically superior single-firing process.

The strength of the Company in terms of product range has continued to dominate the minds of the customers from the various market segments in the country, over the years. Technology from TODAGRES of Spain, and plant and machinery from SACMIIMOLA and OMIS DUE of Italy have been the instrumental factors in securing for it the dual advantage of creating the best designs in a range of colours and textures as well as the widest range of ceramic tiles for walls, floors and border applications.

RESOLUTE FOCUS ON BRAND IMAGE AND VERSATILITY

One of the most significant aspects of Kajaria Ceramics and one that has effectively contributed to give it undisputed leadership status has been its emphasis on product range and design. With a culture that draws inspiration from customer oriented performance, commitment and the obsessive need for customer satisfaction, the Company has focussed on the many moods, fancies and styles of the widest

image and accolade of being 'sheer poetry' in stone. Inevitably when taste and style are consolidated with quality and excellence, the resulting impact is powerful and impressive. It was but a matter of time for Kajaria Ceramics to secure a distinctive consumer

UNMATCHED STANDARD IN CUSTOMER COMMITMENT

At the very outset the Company had identified and understood the value of retailing and its role in the overall marketing dynamics. Its mission and objectives dictated that this infrastructure be developed to the maximum. In the operations that followed as a result of this dictate, the Company opened and popularised its own exclusive tile shoppes to enable customers to experiment with various combinations of wall and floor tiles to suit their individual tastes and requirements. This vastly successful action enabled the Company to cater to diverse needs and wants for its full range of ceramic tiles. The Company also took due note of the importance of establishing an effective rapport with its customers. To this end it began a programme of

The Company opened and popularised its own exclusive Tile Shoppes to enable customers to experiment with various combinations of wall and floor tiles.

- A powerful brand
- image through a widest
- range of ceramic tiles
- for walls, floors and
- border applications

nature. This has enabled it to develop and design a range of tiles in myriad colours, textures, shapes and sizes that optimally complement the customer's own life style. From the bold and sensational to elegant sophistication, from the sober and tranquil to bold and confident, all reflect the aesthetic maturity that is intrinsic to a leader. Kajaria's ceramic tiles have today acquired an

preference with its brand being sought by an ever increasing circle of customers from the various market segments, demographic and geographic, in the country.

- Establishing a rapport with the
- customers through participation in
- trade fairs on a continuous basis



NOTICE

NOTICE is hereby given that Twelfth Annual General Meeting of the members of Kajaria Ceramics Ltd. will be held as under:

| | | |
|-------|---|--|
| DAY | : | Monday |
| DATE | : | 21st September, 1998 |
| TIME | : | 11.00 A.M. |
| VENUE | : | A-27 & 28 Sikandrabad Industrial Area, Sikandrabad, Distt. Bulandshahr (U.P.) |

to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1998, the Profit & Loss Account for the year ended on that date, the Report of the Directors' and Auditors' thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri J. C. Mendiratta, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri M. Satnaliwala, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

Special Business

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the words "The Authorised Share Capital" of the Company is Rs 35,00,00,000/- (Rupees Thirty five crores only) divided into 3,50,00,000 (Three crores fifty lacs) Equity Shares of Rs 10/- each (Rupees Ten only) in Clause V of the Memorandum of Association of the Company, be and are hereby altered and substituted as follows :-

"The Authorised Share Capital of the Company is Rs 35,00,00,000/- (Rupees Thirty five crores only) divided into 2,50,00,000 (Two crores fifty lacs) Equity shares of Rs 10/- each (Rupees Ten only) and 10,00,000 (Ten lacs) Redeemable Preference Shares of Rs 100/- each (Rupees One Hundred only). The Preference Shares may be at par or at premium, convertible or non-convertible into equity shares, with or without voting rights, cumulative or non-cumulative, and may carry such dividends, maturity periods and subject to such other terms & conditions, as may from time to time be decided by the Board of Directors of the Company."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT the words "The Authorised Share Capital" of the company is Rs 35,00,00,000/- (Rupees Thirty five crores only) divided into 3,50,00,000 (Three crores fifty lacs) Equity shares of

Rs 10/- each (Rupees Ten only) in Clause 4(1) of the Articles of Association of the company, be and are hereby altered and substituted as follows :-

"The Authorised Share Capital of the Company is Rs 35,00,00,000/- (Rupees Thirty five crores only) divided into 2,50,00,000 (Two crores fifty lacs) Equity shares of Rs 10/- each (Rupees Ten only) and 10,00,000 (Ten lacs) Redeemable Preference Shares of Rs 100/- each (Rupees One Hundred only). The Preference Shares may be at par or at premium, convertible or non-convertible into equity shares, with or without voting rights, cumulative or non-cumulative, and may carry such dividends, maturity periods and subject to such other terms & conditions, as may from time to time be decided by the Board of Directors of the Company."

8. To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof and the Memorandum & Articles of Association of the Company; and subject, wherever required, to any other approval of Appropriate Authorities, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorised, on behalf of the Company, to issue, subject to the provisions of the Companies Act, 1956, SEBI Regulations and such other rules and regulations; Redeemable Preference Shares, Cumulative or Non-Cumulative, convertible or non-convertible, at par or at Premium, with or without any voting rights; and in such numbers as the Board may decide for a sum not exceeding Rs 10 crores (Rupees Ten crores only) and to offer them whether through Rights Issue, Public Issue, Private Placement, Exchange of securities, Conversion of loan or otherwise to the Members, Bodies Corporate, Financial Institutions, Foreign Institutional Investors, Mutual Funds, Banks, NRIs, Overseas Corporate Bodies (OCB), Promoters or any other persons/parties, whether they are holders of Equity Shares of the Company or not, in one or more tranches, carrying such rate of dividend as the Board may decide in its absolute discretion and redeemable at such price, in one or more instalments or convertible, into equity shares as per SEBI guidelines and/or requirements of other Competent Authorities on expiry of the specified periods as may be agreed to by the Board in its absolute discretion and the subscribers; and in the manner and upon such other terms and conditions as may be prescribed in granting approvals by the Appropriate Authorities or which may be agreed to and accepted by the Board.

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to agree to make such modifications and alterations from time to time as it deems fit and to take all steps as it may deem necessary, desirable or expedient and to resolve all questions or doubt relating to placement and to do all acts, deeds and things in connection therewith, and/or incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the members of the Company and the decision of the Board shall be final and conclusive."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Article 122 & 124 of the Articles of Association of the Company and in accordance with the provisions of section 269 and other applicable provisions, if any, of the companies Act, 1956, the consent and approval of the members be and is hereby given for re-appointment of Shri D D Rishi, as Executive Director of the Company, for a period of five years with effect from 14th May, 1998.