

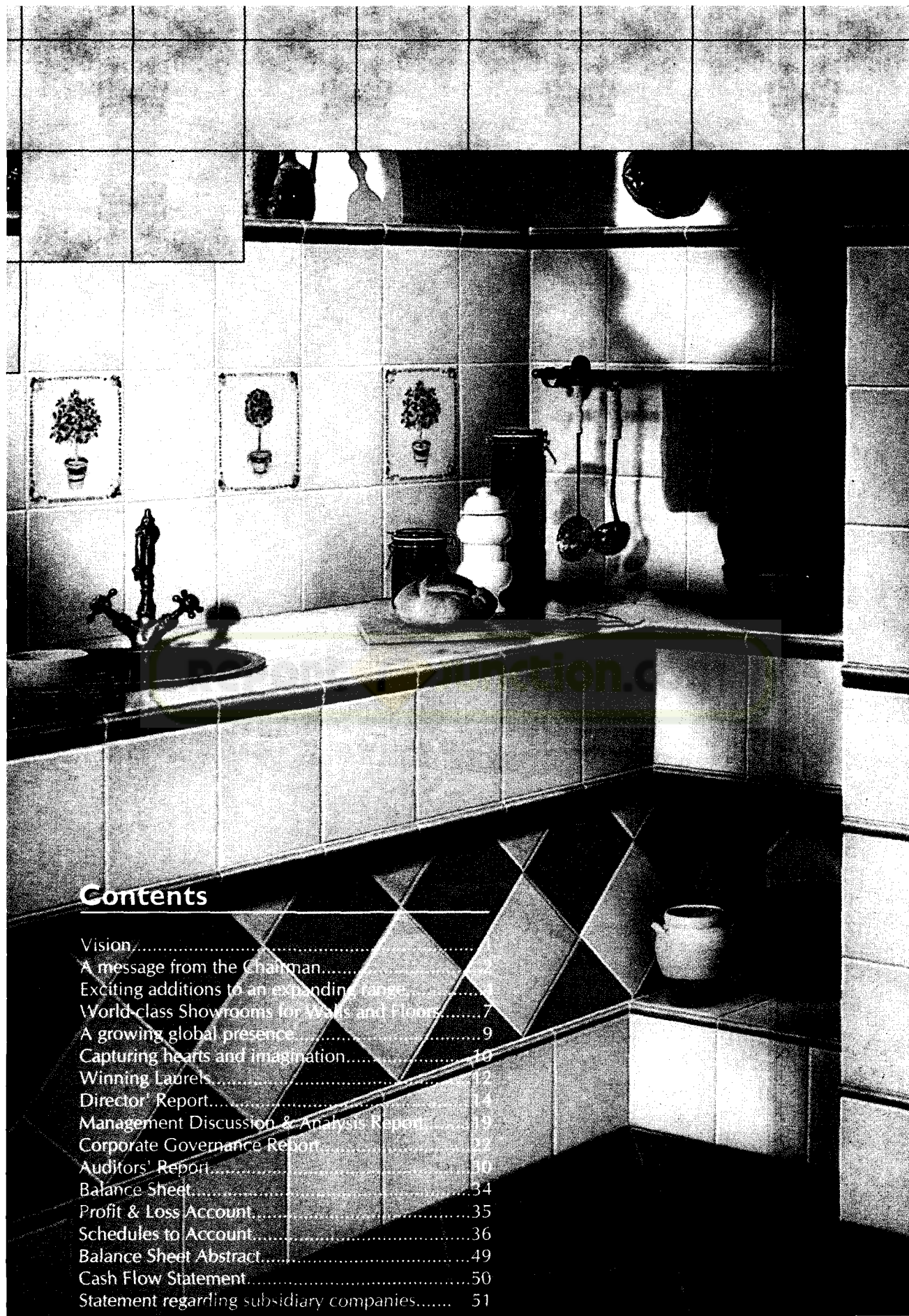
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We put life into Floors & Walls

# Kajaria

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## Contents

Vision.....	2
A message from the Chairman.....	3
Exciting additions to an expanding range.....	4
World-class Showrooms for Walls and Floors.....	7
A growing global presence.....	9
Capturing hearts and imagination.....	10
Winning Laurels.....	12
Director' Report.....	14
Management Discussion & Analysis Report.....	19
Corporate Governance Report.....	22
Auditors' Report.....	30
Balance Sheet.....	34
Profit & Loss Account.....	35
Schedules to Account.....	36
Balance Sheet Abstract.....	49
Cash Flow Statement.....	50
Statement regarding subsidiary companies.....	51

# 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*

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*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.*



# A Message from the Chairman & Managing Director



*Dear Shareholder,*

The year 2001-02 has been a period of turmoil globally and a difficult year particularly for India. It began with the aftershocks of the devastating Gujarat earthquake, was punctuated by the effects of the world's worst terrorist hit of September 11, the terrorist attack on our Parliament on December 13, the Gujarat riots, and ended with escalating tension on the Indo-Pak border.

In the face of this grim situation, the economic scenario has remained unfavourable for market growth. The GDP growth in 2001-02 was 5.4%, substantially lower than the 7% plus growth that we had achieved in mid 1990's. The industry growth in almost all sectors, including

construction industry, has witnessed a slowdown during the last two years.

The changes in the economic scenario have affected our performance targets. As such, the turnover of the company for the year ended March 31, 2002 stood at Rs 2278 million, which is lower than last year's turnover of Rs 2359 million, mainly due to reduction in the excise duty from 24% to 16% in the year 2001 Budget. Similarly the profit for the year ended March 31, '02 has stood at Rs 26 million against the previous year's profit of Rs 68 million. There were several reasons for the lower profitability - such as margins being under pressure, lower realization, increase in selling and distribution expenses, which could not be passed on to the consumers because of stiff competition amongst the manufactures and marketing by unorganised sector.

I am happy to state that in spite of such difficult economic circumstances, the overall performance of your Company has been satisfactory. Your Company is committed to take the leadership in the tile industry, while striving to ensure that operational costs within its purview are kept under control. Details regarding your Company's performance are given in the chapter of Management Discussions & Analysis Report in the Directors' Report.

### Paving the way for growth

Among the new ideas that we have introduced in the Indian Ceramic Tile Industry were the C-active series, the popular square wall tiles in rainbow colours, which combined with another size, create a dynamic yet cool ambience.

With the addition of Granito and Carate, the two new tough and highly durable series, the Group-V category has captured the imagination of consumers across the country and has received excellent response from the market. The change in 20 x 30 tile packing into 0.90 sq mtr carton has also received excellent response from the market because of the convenience and ease of handling, and its ability to minimize breakage factor in third or fourth handling. This has been a very positive step towards dealer appreciation and retail convenience.

Despite the economic recession in general, we are confident of the market, which has consistently welcomed our products and new launches. With a large sales network across the country and outside, your Company has commanded leadership in the market. In today's tough environment, the utilization of manpower and material cost are important. Through effective communication, training and team building programmes, your Company has retained the best talent in the industry.

The import of ceramics tiles has been opened up from the neighbouring countries, mainly from China. Because of the quality of products manufactured by the Company and the wide dealer network, the impact of import will be negligible. However, at best, it may impact the unorganised sector.

During the year under review, your Company became the first tile manufacturer in India to receive the OHSAS 18001 honour for fulfilling international standards in Occupational Health and Safety Management Systems - Specification. I am proud to mention that we also have received the prestigious ISO 14001 accreditation for environment-friendly manufacturing practices, and with this, our belief that 'great products are born in great environment' has come true.

I personally affirm that the Company will strive to identify with the customers' needs. We shall always be a Company that empowers employees and rewards entrepreneurial action. The Company will always remain transparent, committed to growth, good governance, and generating consistently greater shareholder value.

Warm regards,



Ashok Kajaria  
Chairman & Managing Director

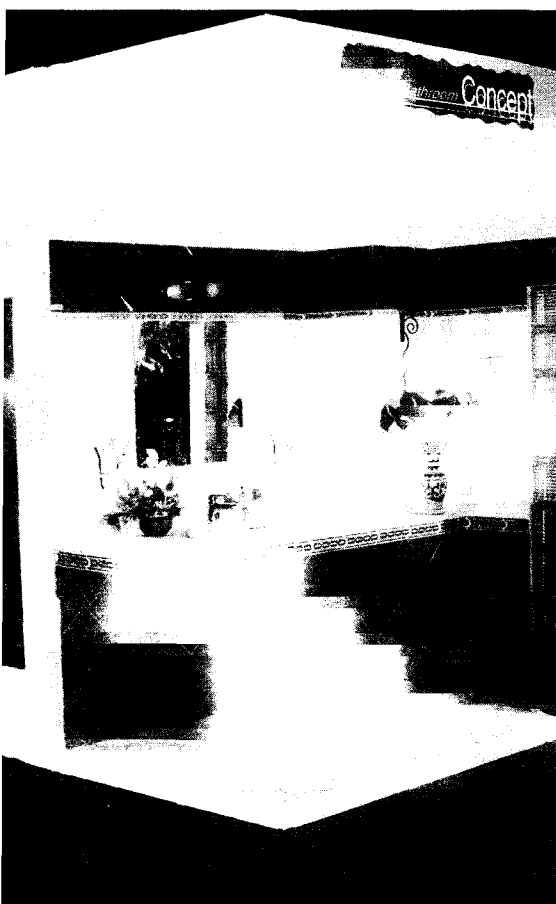
## Exciting additions to an expanding range

*Through trend setting product innovation and designs, Kajaria keeps ahead of the times, fulfilling the changing lifestyle needs of its elite consumers. The introduction of captivating new products and designs has become an integral part of Kajaria's marketing strategy. Today consumers and the trade have come to expect ultra modern and futuristic concepts in design among the Kajaria collection. The core product innovation team along with the R&D department are continuously at work to breathe fresh life into tiles with new concepts, ideas and designs.*

*The year 2001-02 has seen Kajaria ushering in a spectrum of new wall and floor tiles for every application. Some of these concepts and designs were seen for the first time in the Indian tile industry.*

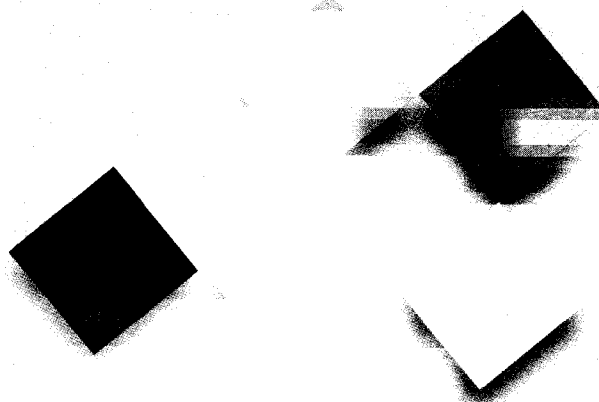
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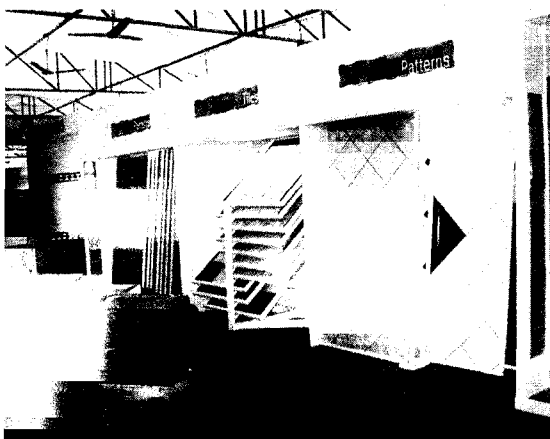
New Bathroom Concept on display



### C-active series

The C-active series introduced square wall tiles in variety colours, which combined with another size created a dynamic yet cool ambience. This concept has picked up very well all over India. We have introduced over 20 colours in this category.





New product range

### **Glazed Expressions**

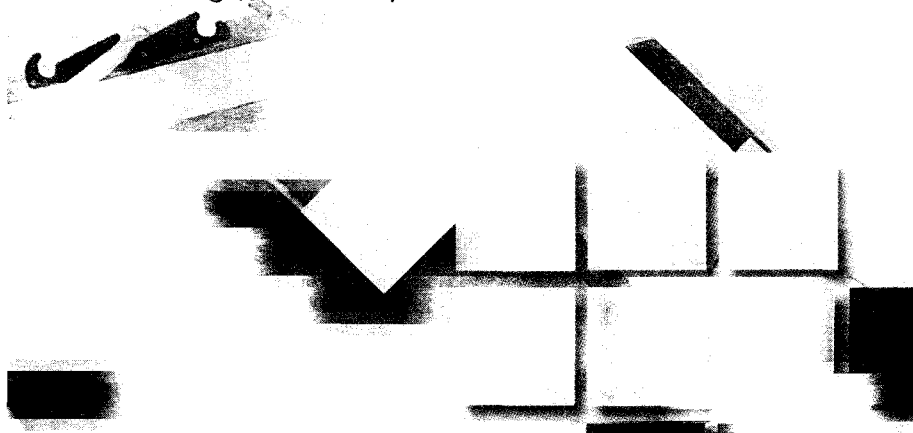
A range of high gloss tiles in basic colours for use as both wall and floor tiles, with minimalist decoration of border as well as studs. The range has found wide approval by Government sector, builders and commercial projects. This is an economical and innovative new style for tiling.

### **New dimensions in Bathroom spaces**

We have presented special products for small bathrooms category, small tile for small bathrooms. For medium and designer bathrooms, we have presented number of new concepts with various surface finishes, colours and hues to create extraordinary designer bathrooms.

### **Earthen colours in floor tile category**

While popularising the trend of Earthen colours, we have added series of new products, popular among them are Monumento/Opus/Orlando/Tiffany/Velencia/Sasuolo/Jamaica/Deserto etc. These tiles are very widely appreciated by architects and designer community.



## Exciting ac

### High gloss Reflexa series in select markets

To cater to the needs of consumers and trade in Western India and Mumbai, Reflexa, high gloss floor tiles in alluring colours, was introduced. The Reflexa series has captured the imagination of customers in these parts of the country.

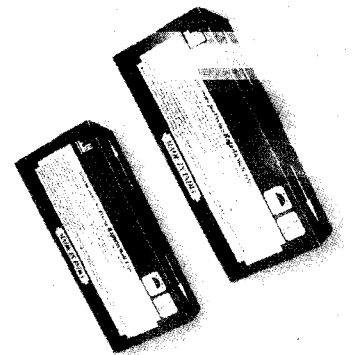
### Multipurpose Oracle series

We have achieved a major landmark in the Indian tile industry with the introduction of India's first multipurpose tiles: the Oracle series, combining new design and embellishment. Available across India in over 12 colours, these tiles can be used for virtually any application, from kitchen tiles to furniture accessories, counter panels, shutters, pillar cladding, fascia and façade treatment, and even interior and exterior wall tilling.

## Innovations in Packaging

Small is beautiful, handy and convenient! Kajaria's path breaking innovation in packaging has ushered in a small revolution in the Indian tile industry. For the first time, tiles were packed and marketed in a 0.90/m<sup>2</sup> box of 15 tiles, instead of the conventional, bulky package of 25 tiles.

The new compact, shrink-wrapped packaging does away with breakage, as it makes the carton smaller, easy to handle and convenient.





## World-class Showrooms for Walls and Floors



**K**ajaria has prestigious showrooms across the nation to offer complete tile system to consumers and provide information and demonstration to architects and interior decorators. These showrooms operate under the banners, Kajaria Plus, Kajaria Tile Galleria, Kajaria Tile Shoppe, and Kajaria Tile Centre.

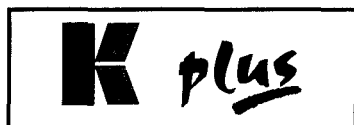
The very latest addition to these showrooms have been the state-of-the-art Kajaria Plus showrooms at Bangalore and Indore. The exclusive showrooms are in a class by itself and have been equipped with imported Italian display furniture. Aesthetically designed and exuding an ambience for relaxed viewing and shopping, these showrooms present over 12 bathroom concepts to satisfy the fancy of every consumer. The showrooms provide a distinctive and elaborate display of products and offer pre and post sales support to help the customer decide on the right product, size, colour, quantity and design that matches his individual needs.



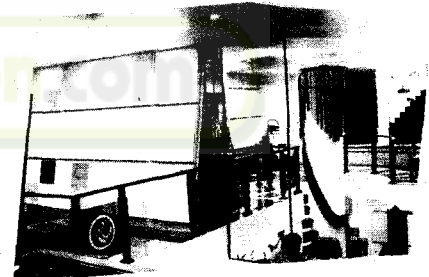
# World-class Showrooms...

Over 60 of these exclusive showrooms across India introduce consumers to the world of Kajaria and unlimited variety of tiles for walls and floors. These showrooms bring the largest and most innovative range of products to customers, and offer them help to choose the ideal combination to suit their personal needs. The showrooms not only attract the home building sector with a complete range of ceramic tiles, sanitary ware and accessories, but also fulfil the needs of customers who want to improve their homes through renovation and replacement of accessories.

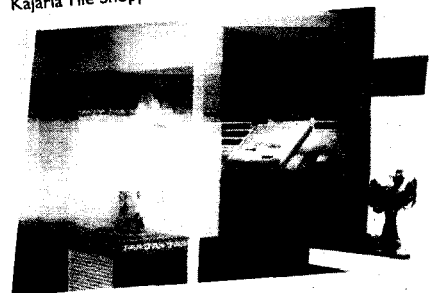
Apart from this, Kajaria products are also sold by a network of Dealers across the length and breadth of the country.



Kajaria Plus Showroom



Kajaria Tile Shoppe



Kajaria Tile Studio



Kajaria Tile Galleria