



## RETHINKING OUR STRATEGY

## Forward looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and estimates taken as assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.



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## BAD NEWS. GOOD NEWS.

We had a disappointing 2006-07. Net profit declined by 72.76 percent.

We had a better first quarter of 2007-08. Sales increased over the previous corresponding quarter and EBIDTA margins rebounded.

Enabling us to emerge wiser and stronger.

## SUPER BRAND.

Trust mark of superior product quality. Widespread market presence. Extensive product range. Sensitive customer service. Superior price-value.

At Kajaria Ceramics, we are proud to state that these realities continued to remain unchanged.

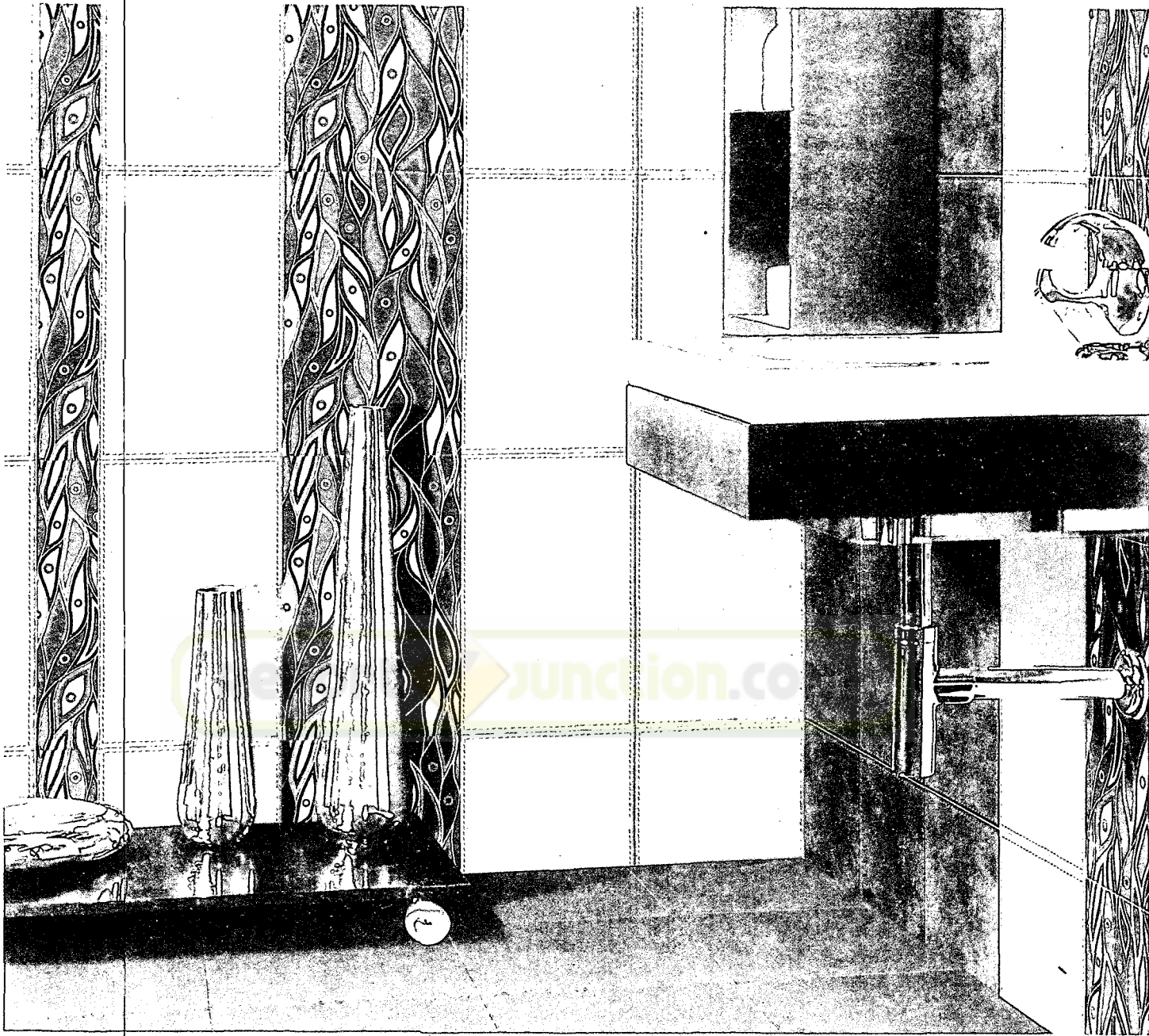
Across regional and national markets. Across Indian and international geographies. Across weak and strong cycles.

Promising attractive growth over the coming years.



<h3>Parentage</h3> <p>Kajaria Ceramics (commenced operations in 1988) was promoted by Mr. Ashok Kajaria and Kajaria Exports Limited (Group company) in a technical collaboration with Todagres, S.A., Spain.</p>	<h3>Products</h3> <p>Over the last 18 years, Kajaria Ceramics continuously evolved its products to match changing consumer preferences. Today, its product portfolio comprises the best complement of international tiles—high-end wall and floor tiles sourced from Spain and Italy, vitrified tiles from the leading manufacturers in China and wall and floor tiles manufactured at its state-of-the-art plants.</p>	<h3>Plants</h3> <p>Kajaria Ceramics' two plants possess a cumulative manufacturing capacity of 26.4 mn sq mtrs per annum:</p> <ul style="list-style-type: none"> <li>• Sikandrabad, Uttar Pradesh (capacity 9.70 mn sq mtrs).</li> <li>• Gailpur, Rajasthan (capacity 16.70 mn sq mtrs).</li> </ul>
<h3>Pride</h3> <p>Kajaria Ceramics is the only ceramic tile company in India to have been recognized as a 'Super Brand'.</p> <p>The Company was the first to receive the ISO 9001 (for quality management) within its industry; it also received the ISO 14001 (for environment management) and OHSAS 18001 (for safety and health management) certifications across its plants.</p> <p>Kajaria Ceramics is the largest exporter of ceramic tiles from India, consistently winning export awards as a result.</p>	<h3>Penetration</h3> <p>Kajaria Ceramics possesses a 600-strong pan-Indian dealer network, besides the exclusive Kajaria World showrooms. The effectiveness of the network is reflected in the Company's ability to capture a large market share—the second largest in India and the largest in North India.</p> <p>Kajaria's institutional customers comprise brand-enhancing names like Kumar Builders, Hafeez Contractor, Sobha Developers, Mantri Group, Prestige Group, Unitech, Parsvnath, Eldeco, DSK, MGF, Ansals and Hiranandani, to name a few.</p> <p>The Company ships products to more than 20 countries through a dedicated division as well as a network of international agents and distributors.</p>	<h3>Potential</h3> <p>With enhanced capacities, Kajaria Ceramics is well equipped to cater to the surging demand from the Indian real estate industry.</p>





THIS IS WHAT  
WE ACHIEVED IN 2006-07

**KAJARIA CERAMICS LIMITED**

Regd. Office: A-27 &amp; 28, Sikandrabad Industrial Area, Sikandrabad, Distt Bulandshahr (U.P.)

**ATTENDANCE SLIP**

I/We hereby record my/our presence at the 21st Annual General Meeting of the Company on Wednesday, 26th September 2007 at 12.00 Noon at the Regd. Office of the Company.

DP ID**	
Client ID**	

Master Folio No.	
No. of Share(s) held	

NAME OF THE SHAREHOLDER \_\_\_\_\_ (Signature)

NAME OF THE PROXY \_\_\_\_\_ (Signature)  
(IN BLOCK LETTERS)

NOTE: You are requested to sign and hand over the slip at the entrance.

\*\* Applicable for members holding shares in electronic form.

**KAJARIA CERAMICS LIMITED**

Regd. Office: A-27 &amp; 28, Sikandrabad Industrial Area, Sikandrabad, Distt Bulandshahr (U.P.)

**FORM OF PROXY**

DP ID**	
Client ID**	

Master Folio No.	
No. of Share(s) held	

I/We ..... of .....  
In the district of ..... being a member/ members of the above named Company hereby  
appoint ..... of .....  
..... or failing him  
of ..... in the district of .....  
as my/our proxy to attend and vote for me/us and on my/our behalf at the 21st Annual General Meeting of the  
Company to be held on Wednesday, the 26th day of September 2007 and at any adjournment thereof.

Please  
affix Re 1  
Revenue  
Stamp.

Signed this ..... day of ..... 2007

NOTE: The Proxy to be effective should be deposited at the Registered Office of the Company at A-27 & 28, Sikandrabad Industrial Area, Sikandrabad, Distt Bulandshahr (U P) not less than 48 hours before the commencement of the Meeting.

\_\_\_\_\_  
(Signature)

Note: Proxy Form duly completed must reach the Company's Registered office not less than 48 hours before the time for holding the meeting.

**BANK MANDATE REQUEST SLIP**

Name ..... Folio No. .... No. of Shares .....

a. Bank / Branch Name & Address: .....

b. 9 Digit Code number of the bank & branch as appearing on the MICR Cheque .....

c. Account No. as appearing on the Cheque Book: ..... (Saving/Current)

d. STD Code & Telephone No. ....

\_\_\_\_\_  
(Signature)

In case you are holding shares in Demat form, kindly advice your Depository Participant to take note of your Bank Account particulars /ECS Mandates.

# KAJARIA CERAMICS LIMITED

J-1/B-1 [Extn], Mohan Co-op Industrial Estate, Mathura Road, New Delhi - 110 044

Phones : 26946409 Fax : 26946407, 26949544

E-Mail : newdelhi@kajariaceramics.com Web Site : http://www.kajariaceramics.com

## NOTICE

**NOTICE** is hereby given that Twenty First Annual General Meeting of the members of Kajaria Ceramics Ltd will be held as under: -

Day	Wednesday
Date	26 <sup>th</sup> September 2007
Time	12.00 Noon
Venue	A-27 & 28, Sikandrabad Industrial Area, Sikandrabad, Distt Bulandshahr (U P)

To transact the following business: -

### **Ordinary Business:**

1. To consider and adopt the Audited Balance Sheet as at 31st March 2007, the Profit & Loss Account for the year ended on that date together with the Report of the Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri R P Goyal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri R R Bagri, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### **Special Business:**

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

**"RESOLVED THAT** Mr. Debi Prasad Bagchi who was appointed as an Additional Director of the company by the Board of Directors w.e.f 29<sup>th</sup> June 2007 pursuant to section 260 of the Companies Act, 1956 (hereinafter called the Act) and holds office up to the date of forthcoming Annual General Meeting and who is eligible and offer himself and in respect of whom the company has received a notice in writing proposing his candidature for the office of Director under section 257 of the Act be and is hereby appointed as Director of the Company liable to retire by rotation."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in pursuant to Article No. 122 & 124 of the Article of Association of the Company and in accordance with the provisions section 269 and other applicable provision, if any, of the Companies Act, 1956 the consent and approval of the members, be and is hereby given for the re-appointment of Mr. Ashok Kajaria, as Chairman & Managing Director of the company for a period of 5 years w.e.f. 1<sup>st</sup> January 2007 on the terms and conditions as set out in the agreement dated 1st November 2006 entered in to by the company with him.

RESOLVED FURTHER THAT subject to the provision of section 198, 309, 311 and 314 of the companies Act 1956 read with schedule XIII the consent of the members be and is hereby given that Mr. Ashok Kajaria be paid the remuneration with effect from 1<sup>st</sup> January 2007 as per terms and conditions set out in the above said agreement.

RESOLVED FURTHER THAT the agreement dated 1st November 2006 specifying the remuneration and terms and condition of the re-appointment of Mr. Ashok Kajaria as Chairman & Managing Director placed before the meeting be and is hereby approved."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Ordinary Resolution:

**"RESOLVED THAT** in pursuant to Article No. 122 & 124 of the Article of Association of the Company and in accordance with the provisions section 269 and other applicable provision, if any, of the Companies Act, 1956 the consent and approval of the members, be and is hereby given for the appointment of Mr. Chetan Kajaria, as Whole Time Director of



the company for a period of 5 years w.e.f. 1<sup>st</sup> July 2007 on the terms and conditions as set out in the agreement dated 3<sup>rd</sup> July 2007 entered in to by the company with him.

RESOLVED FURTHER THAT subject to the provision of section 198, 309, 311 and 314 of the companies Act 1956 read with schedule XIII the consent of the members be and is hereby given that Mr. Chetan Kajaria be paid the remuneration with effect from 1<sup>st</sup> July 2007 as per terms and conditions set out in the above said agreement.

RESOLVED FURTHER THAT the agreement dated 3<sup>rd</sup> July 2007 specifying the remuneration and terms and condition of the appointment of Mr. Chetan Kajaria as Whole time Director as placed before the meeting be and is hereby approved."

9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED THAT** in terms of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re enactment thereof for the time being in force) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to such approvals, permissions and sanctions of such authorities as may be necessary and subject also to such terms, conditions and modifications as may be prescribed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board') the consent of the company be and is hereby accorded to the board of the company to create, offer, issue and allot on preferential basis to the Promoters and Promoters group, upto 1,27,00,000/- convertible warrants (to be converted into equal number of equity shares in two trenches i.e. 57,00,000/- warrants to be converted in to equity shares on or before 31.03.2008 and further 70,00,000/- warrant shall be converted in to equity shares after 31.03.2008 but within a period of 18 months from the date of allotment of warrants) in accordance with the guidelines on Preferential Issues framed by the Securities & Exchange Board of India (SEBI) in this behalf entitling the holder of each warrant to apply for and allotment of one equity share against each warrant in such manner and on such price, terms and conditions as may be determined by the board or other provision of the law as may be prevailing at the time provided that the minimum price of the warrants so issued shall not be less than the price arrived in accordance with provision of Chapter XIII of SEBI (DIP) Guidelines.

RESOLVED FURTHER THAT the 'relevant date' for the preferential issue of Warrants, as per the SEBI (DIP) Guidelines, as amended upto date, for the determination of applicable price for the issue of the above mentioned Warrants will be 30 days prior to the date of this Annual General Meeting i.e. August 27, 2007.

RESOLVED FURTHER THAT the equity shares allotted on conversion of warrants in terms of this resolution shall rank pari passu in all respects with the existing equity shares of the Company subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the board of the Company be and is hereby authorized to take all actions and do all such act, deeds, matters and things in accordance therewith and incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution".

By Order of the Board  
**FOR KAJARIA CERAMICS LTD**

Regd. Office:

A-27 & 28, Sikandrabad Indl Area

Distt Bulandshahr (U P)

Dated: 25<sup>th</sup> August 2007

Sd/-

**R C RAWAT**

V.P. (F&A) & CO-SECRETARY

#### **NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.
2. Members are requested to bring their copies of Annual Report and Attendance slip at the time of meeting.
3. The relevant Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
4. Register of Members shall remain closed from 17<sup>th</sup> September 2007 to 26<sup>th</sup> September 2007 (both days inclusive).
5. The dividend, if declared will be paid to those members whose names appear on the Register of Members of the Company

as on 26<sup>th</sup> September 2007 being the date of Annual General Meeting of the Company.

In respect of shares are held in electronic form, the dividend will be paid to those beneficial owners as per details furnished by the depositories for the purpose.

6. Members holding shares in physical form are requested to notify/send the following to the Registrar & Transfer Agent of the Company M/s MCS Limited, Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase-II, New Delhi-110020: -
  - i) any change in their mailing address;
  - ii) particulars of their bank account, in case the same have not been sent earlier, and
  - iii) share certificate(s) held in multiple accounts in identical manners or joint accounts in the same order of names, for consolidation of such shareholding into one account.

Further, please note that in the case of dematerialization of shares, any change(s) required in address, bank details, bank mandate, ECS mandate, power of attorney and also requests for registration of nomination are to be intimated to your DP and not to the Company or our Registrar.

7. In order to avoid risk of loss/ interception of dividend warrants in postal transit and/ or fraudulent encashment of dividend warrants, members are advised to avail ECS facility whereby the dividend amount will be directly credited electronically to their respective bank account.
8. Members who have not encashed their dividend warrant(s) for the financial year ended 31<sup>st</sup> March, 2000 and/or the dividend warrants issued after 1<sup>st</sup> April, 2000 or any subsequent financial year so far, are requested to make their claim to the Share Department / Share Transfer Agent of the company.
9. Detail under clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/ Reappointment at the Annual General Meeting, is separately annexed hereto.
10. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board resolution authorizing representative to attend and vote on their behalf at the Meeting.
11. **MEMBERS DESIROUS OF GETTING ANY INFORMATION ABOUT THE ACCOUNTS AND OPERATIONS OF THE COMPANY ARE REQUESTED TO ADDRESS THEIR QUERIES TO THE COMPANY SECRETARY AT THE CORPORATE OFFICE OF THE COMPANY AT J-1/B-1(EXTN), MOHAN CO-OPERATIVE INDUSTRIAL ESTATE, MATHURA ROAD, NEW DELHI-110044, 10 DAYS BEFORE THE MEETING ENABLING THE MANAGEMENT TO KEEP THE INFORMATION READY.**

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

##### **Item No. 6**

Mr. Debi Prasad Bagchi, born on October 21, 1942 and retired IAS officer served formally as Secretary of Govt. of India and Chief Secretary to Govt. of Orisa having vast experience of representing the other Indian industries, the Government and Business houses. He was appointed as additional director in terms of Sec. 260 of the Companies Act, 1956 by the Board in their meeting held on 29<sup>th</sup> June 2007. His office of Director ceases at this Annual General Meeting.

Being he is eligible and offer himself and further the company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for appointment him as Director liable to retire by rotation.

Mr. Debi Prasad Bagchi does not hold any share in the company. The Board of Directors of your company recommends the passing of the resolution as set out in item no. 6 of the Notice.

None of the Directors are concerned or interested in this resolution.

##### **Item No. 7**

Shri A K Kajaria was re-appointed as Chairman & Managing Director w e f 01.01.2002 for a period of 5 years. Keeping in view of excellent growth of the Company under his dynamic leadership, the Board has re-appointed Sh. Ashok Kajaria as Chairman & Managing Director of the company in their meeting 28.10.2006 for a further period of 5 year with effect from 1st January 2007 subject to the approval of the members. The principal terms of re-appointment of Shri Ashok Kajaria as recommended by the Remuneration Committee and approved by the Board w e f 01.01.2007 are as follows: -

##### **1) Salary**

Rs 2,25,000/- - 25,000/- - 3,25,000/- per month.

##### **2) Perquisites:**

Perquisites are classified into three categories 'A' 'B' & 'C' as follows: