

The New Family Silver

LA OPALA.
THE CONSUMER'S
PRIDE



LA OPALA RG LIMITED
ANNUAL REPORT 2015-16



CONTENTS

Corporate Identity	06
Financial Overview	08
Chairman's Review	10
Management Overview	12
Growth Drivers	22
Managing Risk	24
Corporate Information	26
Notice	27
Director's Report	29
Management Discussion and Analysis	69
Financial Section	71

THE OVER-ARCHING STORY
IN INDIA IN 2015-16 WAS
LARGELY THE SAME.

DROUGHT. PESSIMISM.
GUARDED SPENDING.

AND YET, LA OPALA REPORTED
11.80 PER CENT GROWTH IN
REVENUES.

A 40.68% PER CENT INCREASE
IN BOTTOMLINE.

PROFITABLE GROWTH.

Despite
every
thing.

A NUMBER OF ANALYSTS HAVE TRIED TO ANALYSE THE SECRET BEHIND LA OPALA REPORTING YET ANOTHER PROFITABLE GROWTH YEAR IN 2015-16. OR REPORTING AN EBIDTA MARGIN OF 34.82% PER CENT. OR HOW VIRTUALLY EVERY RETAILER OR DEALER WORTH HIS CREDIT-RATING WANTED TO STOCK OUR PRODUCTS.

THEY HAVE MADE MODEST ATTEMPTS EXPLAINING THE WHITENESS ON OUR PRODUCTS. THE FEEL-GOOD OF OUR DESIGNS. THE PRICE-VALUE CURVE OF WHAT WE MAKE. ETCETERA. ETCETERA. ETCETERA.

And th
all the

Profitable growth for a number of successive years. *∞* Increased EBIDTA margins for a number of successive years. *∞* No debt; 95. 38 crore investment in short/long term funds.

TRUST US, THE TRUTH IS IN THE OPEN. WHEN SOMEONE GOES TO BUY ATTRACTIVE CROCKERY, SHE OR HE IS NOT QUITE ABLE TO ARTICULATE 'OPALWARE' AND FANCY TECHNICAL TERMS. AND NEITHER DOES SHE WISH TO USE WORDS LIKE 'CHAAI KA PYAALA'.

BUT WHAT DOES SAVE HER FROM EMBARRASSMENT ARE TWO WORDS. 'LA OPALA'.

SO SHE SAYS WHAT COMES SIMPLEST TO HER MIND. 'WOH ZARAA LA OPALA JAISA DIKHAIYYEGA..'

THIS IS WHAT THE STORE OWNERS SHOW HER. THIS IS WHAT SHE BUYS.

TOP OF THE MIND. TOP OF HER TONGUE. TOP OF THE LIST.

at has made difference.



Expansion funded completely by accruals. ∞ Only 61 per cent of sanctioned working capital drawn. ∞ Increasing revenue proportion from value-added products.

What we
manufacture
in our
plants is
crockery.
What we
market in
the stores is
pride.



When it is time to exchange gifts during the shaadi, one of the 'musts' on the list is the La Opala dinner set.

When someone has to be felicitated for putting in 25 years at the company, the inevitable gift of first choice is the La Opala dinner set.

After the members of the local club have debated till dawn what the raffle prize should be, peace breaks out after someone whispers, 'What about La Opala?'

When the kitty party needs to give out a surprise prize from all the cash it has pooled across the months, the general consensus is 'La Opala' because 'Ghar me subko kaam aayega'.

When it is time to give the couple something memorable on their anniversary, the La Opala bouquet figures as the undisputed winner.

When the speaker at the weekly Rotary get-together needs to be presented a memento for having 'enlightened the audience with her precious wisdom', a box of half a dozen Soliatire glasses wrapped in pink paper makes the give-away look so respectable that the recipient feels 'Oh my god, this must be something expensive.'

When the boy's side of the family visits the home of the prospective bride, the aesthetic index is not what sari the womenfolk have worn or what TV brand they have on the walls, but what crockery they put out when it is time for tea. If it is La Opala, they pass the test.

When the proud home-buyers buy a showcase for the drawing room, there is a standard response as to what needs to be displayed within: the 35-piece La Opala dinner set, what else?

There is more La Opala in our lives than we care to think.

La Opala. Where India eats. No more, no less.

Our Vision

Our vision is to be the chosen tableware of every home across the world.

Our Mission

Our mission is to continuously satisfy our consumers through our world-class products and services. This, we believe, is the best way to ensure consistent success for our Company, shareholders and employees.

Our business

La Opala RG Limited has been nearly three decades in business (established 1987). The Company is India's only listed pure-play tableware company.

The company was established with the missionary enthusiasm to market modern tableware products in India.

The Company is engaged in the manufacture and marketing of opal glass tableware and 24% lead crystalware products.

Over the years, the Company's opal glassware portfolio has widened: plates, bowls, dinner sets, cup-saucer sets, coffee mugs, coffee cups, tea sets, soup sets, pudding and dessert sets; the crystalware products comprise barware, vases, bowls, stemware and heat-resistant borosilicate cookware.

Our capacities

La Opala RG Limited possesses the largest opal glass tableware capacity in India across its Sitarganj and Madhupur facilities.

Location

Sitarganj

State

Uttarakhand

Products manufactured

Opalware

Location

Madhupur

State

Jharkhand

Products manufactured

- Crystalware
- Opalware

Our locations

La Opala RG Limited is headquartered in Kolkata (West Bengal) with all its manufacturing operations in India. The Company exports products to more than 40 countries.

Our brands

The Company's prominent brands comprise La Opala, Diva and Solitare.

Diva (tableware) and Solitare (crystalware) address premium consumer needs.

The La Opala brand addresses the largest end of the market.

Our management

The management of La Opala RG Limited comprises Mr. Sushil Jhunhunwala as Vice Chairman & Managing Director, Mr. Ajit Jhunhunwala as Joint Managing Director and Ms. Nidhi Jhunhunwala as Executive Director. The Company's employees comprise technologists, professionals and shopfloor professionals.

Awards and accolades

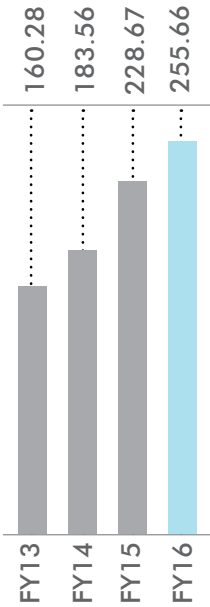
Receive an award in the category of Best Financial Performance (Rs 100 – 300 crore) in the ET Bengal Corporate Awards, 2016

Ranked as India's Most Trusted Dinnerware Brand in a study covering 20,000 brands across 16 cities by the Brand Trust Report

Accorded the status of One Star Export house in accordance with the provisions of the Foreign Trade Policy, 2015-2020 by the Directorate General of Foreign Trade

THIS IS HOW WE REPORTED A RECORD 2015-16

Higher revenues (Rs cr)



Definition

Revenue growth without deducting excise duties.

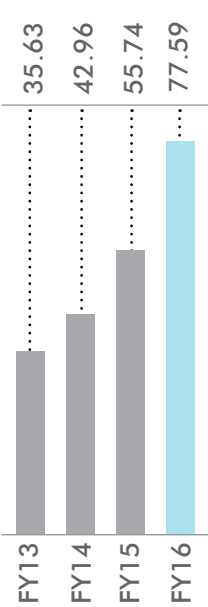
Why we measure

This measure reflects the result of our capacity to understand market needs and service them with corresponding manufacture, relevant brands, dealer engagement and supply chain – virtually the entire supply chain.

Performance

Our aggregate revenue increased 11.80 per cent to Rs 255.66 cr in FY 16, which compared favourably with the 7.3 per cent growth of the country's economy.

Operating profit growth (Rs cr)



Definition

What the company earned before the deduction of interest, extraordinary items, tax and non-operating income.

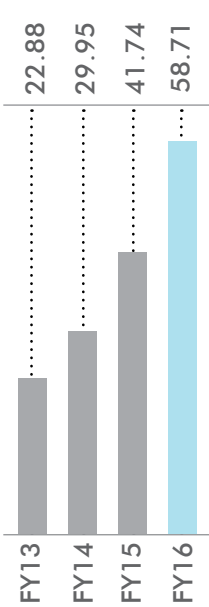
Why we measure

This measure is an index of the company's operating profitability (as distinct from financial), which can be easily compared with sector peers.

Performance

The company's operating profit grew every single year through the last many years. The company reported a 39.20 per cent increase in its operating profit in FY 16, which was the sharpest increase reported by the company in a number of years. This was the result of capacity investments, cost reduction and product mix changes.

Profit after tax (Rs cr)



Definition

What the company earned after interest, depreciation, extraordinary items and tax.

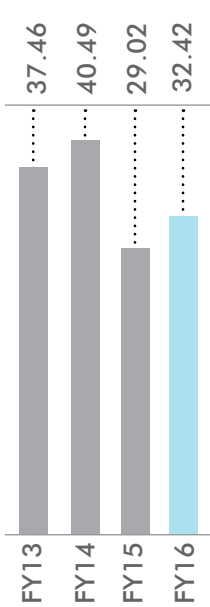
Why we measure

This measure is an index of the company's net profitability, which can be easily compared with sector peers.

Performance

The company's net profit grew every single year through the last many years.

Return on Capital Employed (%)



Definition

What the Company earned in terms of EBIT as a percentage of capital employed (total assets – current liabilities) during the year under review.

Why we measure

This measure is an index of the company's operating profitability, indicating whether the company is enhancing value over the cost of capital or not peers.

Performance

The company's ROCE has increased from 29.02 per cent in FY15 to 32.42 per cent in FY16. The Company reported 340 bps increase in ROCE in FY16.

16.34%

Revenue growth
(CAGR over 5 years)

26.71%

EBIDTA growth
(CAGR over 5 years)

36.04%

Net profit growth
(CAGR over 5 years)