

3As

Accessibility.
Availability.
Affordability.

La Opala RG Limited was promoted by the Kolkata-based Jhunhunwala family. The family of the Kolkata-based promoters was engaged in the manufacture of 100% recycled glass. The family possessed a multi-decade insight of the sector, markets, preferences and trade channels.

The management of La Opala RG Limited comprises Mr. Sushil Jhunhunwala as Executive Vice Chairman, Mr. Ajit Jhunhunwala as Managing Director and Ms. Nidhi Jhunhunwala as Executive Director. The Company's employees comprise technologists, functional experts and shop-floor professionals.

Location	State	Products manufactured
Sitargunj	Uttarakhand	Opalware
Madhupur	Jharkhand	Opalware Crystalware

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.

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 - written and oral - 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 'anticipates', 'estimates', '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 realised, although we believe we have been prudent in our assumptions.

The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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La Opala RG Limited was faced with two choices after it had commissioned its cutting-edge Sitargunj plant in 2008.

Price its quality products higher.

Or price affordably and enlarge the market.

The Company selected to walk the road less traveled.

It priced products affordably.

It attracted first-time tableware users.

It created a market where none existed. It widened choice to graduate preferences.

It widened penetration deeper.

It ensured products were always available on shelves.

The result is that La Opala's product continues to be priced affordably.

And yet, the company has grown revenues five-fold and profit after tax seventy-fold across the last decade.

Benefiting consumers, company and country.

10

THINGS YOU NEED TO KNOW ABOUT LA OPALA RG LIMITED

1 **PRODUCT INTRODUCTION**
In 1987, the promoters graduated their business to opal glass tableware. The product was superior to the prevailing alternatives. The product was stronger, whiter and chip resistant. The promoters were also the first to introduce opal glass in India.

2 **OPAL GLASS COMMISSIONING**
The Company entered into a technical collaboration with Hosan Glass (South Korea). The Company pioneered the manufacture of opal glass technology in India. The Company commissioned the first plant for opal glass in Madhupur, Jharkhand, in 1988-89 (650 TPA). The plant was one of the very few in Asia at the time. The product was branded La Opala.

3 **EXTENSION TO CRYSTAL GLASS**
The Company extended from opal glass to the pioneering manufacture of crystal glass in India (handcrafted 24% lead crystal glassware under the Solitaire brand). The Company was the first to introduce 24% lead crystal glassware in India in 1995. The product was synergistic with opal glass, accounting for a larger share of trade channel revenues. The technology for this product was sourced from Doosan Glass (South Korea). This diversification was funded through an IPO in 1995 (shares at ₹40 each).

4 **INFLECTION POINT**
The Company commissioned a greenfield 100% automated state-of-the-art European technology plant at Sitargunj, Uttarakhand. This ₹40 crore investment (Sitargunj) was made at a time when the company's revenues were only ₹50 crore. The investment was directed to address the absence of scale in the business, replace a high manual component and labour intensity with automation and prepare the company for the next round of growth. The investment moderated production cost, enhanced realisations and increased output, transforming the company's fortunes.

5 **TRANSFORMING THE COMPANY WITH SPEED**
The Company scaled investments in automated manufacturing technology at the Sitargunj unit: 4,000 TPA in FY 2007-08 to 20,000 TPA (FY 2017-18). This rapid growth in capacity translated into a competitive advantage: organised market share of 65% for opal glass, export to over 40 countries, presence in 650+ towns across India (100,000+ population) and presence in more than 12,000 retail outlets.

6 **OUR LOCATIONS**
La Opala RG Limited is headquartered in Kolkata (West Bengal) and conducts all its manufacturing operations in India. The Company exports products to more than 40 countries.

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

7 **PRODUCT PORTFOLIO**
The Company provides the widest portfolio within the country's tableware segment.

Opal glassware: Plates | Bowls | Dinner Sets | Cup-Saucer Sets | Coffee Mugs | Coffee Cups | Tea Sets | Soup Sets | Pudding | Dessert Sets

Crystalware: Barware | Vases | Bowls | Stemware

8 **BRANDS**
The Company's prominent brands comprise La Opala, Diva (Classique, Ivory, Quadra and Sovrana) and Solitaire.

Diva (opalware) and Solitaire (crystalware) address premium consumer needs.

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

9 **AWARDS**
ET Bengal Awards (nominated five years out of five, awarded in four)

Best Under a Billion – Forbes, 2013

CAPEXIL Award and EPCH Award year-on-year

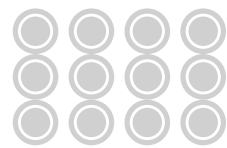
India's Most Trusted Dinnerware Brand (The Brand Trust Report, India Study – 2016)

FE CFO Awards – 2017 (The Financial Express)

10 **MARKET CAPITALISATION**
The Company's shares are listed on the Bombay Stock Exchange and National Stock Exchange. The market capitalisation of the Company stood at ₹3183.48 crore as on 31st March 2018. Anyone holding 100 shares from the IPO entailing an investment of ₹4,000 would have seen the investment grow to ₹5,73,600 as on 31st March 2018.

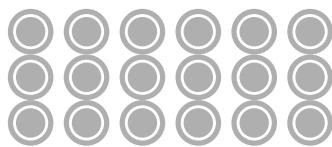
THE LA OPALA BRAND ADDRESSES ALL SEGMENTS OF A GROWING INDIAN MARKET.

LA OPALA'S BRAND PYRAMID



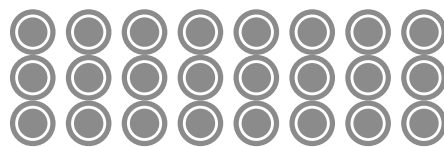
Divo Sovrana

Formal range for formal dining



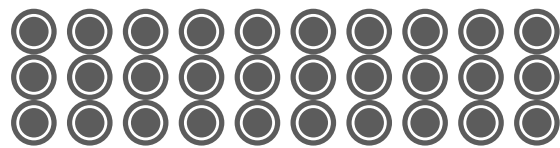
Divo Quadra

Catering to a young and trending audience



Divo Ivory

Complete round dinnerware; slightly upmarket



Divo Classique

Entry level for the premium collection

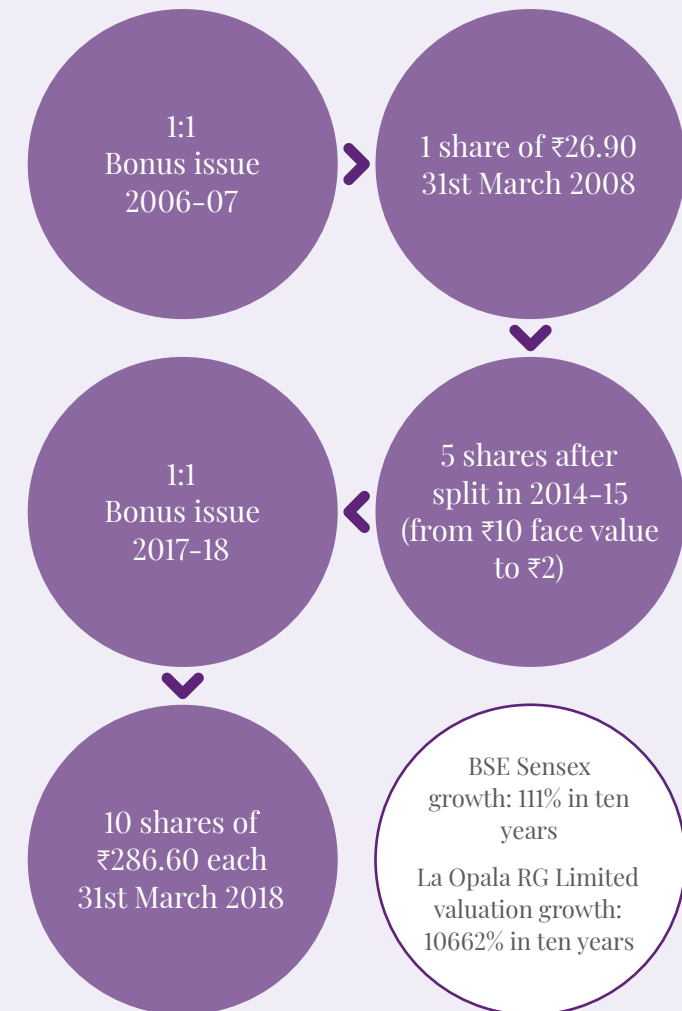


La Opala

Entry level brand

HOW WE ENHANCED SHAREHOLDER VALUE OVER THE LAST

10 YEARS



The Company's shares are listed on the Bombay Stock Exchange and National Stock Exchange. The market capitalisation of the Company stood at ₹3183.48 crore as on 31st March 2018. Anyone holding 100 shares from the IPO entailing an investment of ₹4000 would have seen the investment grow to ₹5,73,600 as on 31st March 2018.

THIS IS HOW WE HAVE GROWN OVER THE YEARS

Disclaimer: The financials of the company for FY17-18 and FY 16-17 have been benchmarked as per IND AS while the Company's financials for FY 14-15 and FY 15-16 have been benchmarked as per GAAP. The two blocks of years would not represent a fair comparison due to a difference in accounting treatment: while the first block included the effect of sales before trade discounts etc. corresponded by expenses on the Expenditure side of the Profit and Loss account, the second block reflects the Income side with

the trade discounts etc netted off. Hence, it would appear that the company's revenue growth has slowed in recent years whereas the reality is that volume offtake has been higher than ever. For the coming years, the sustained growth and comparison of that performance with a harmonised set of retrospective numbers would provide a fair insight into the company's financial growth.



Definition

The sales 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 virtually the entire supply chain.

Performance

Our aggregate sales increased 7.94 % to ₹256.55 crore in FY 2017-18, which compared favourably with the growth of the country's economy. However, one must indicate that the recast of the company's accounting system appears to have moderated the company's revenues (without affecting volume offtake).

Definition

What the Company earned before the deduction of interest, depreciation, extraordinary items and tax.

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 reported a 23.30% growth in operating profit in FY 2017-18 following a rebound in stocking by trade partners and consumer offtake.

Definition

What the Company earned after deducting all expenses before tax.

Why we measure

This measure is an index of the Company's surplus before accounting for corporate income tax.

Performance

The Company's profit before tax increased 22.64% in FY2017-18 following increased demand across the last two quarters of FY2017-18.

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 increased 18.08% in FY2017-18 following increased demand across the last two quarters of FY2017-18.

Definition

The profit after tax divided by the number of weighted equity shares outstanding.

Why we measure

This measure is an index of the Company's earnings capability filtering down to the shareholder level which can be easily compared with sector peers.

Performance

The Company's EPS strengthened from ₹11.20 in FY2016-17 to ₹12.95 in FY2017-18.

Definition

The movement in percentage points in profit before interest, depreciation, exceptional items and tax divided by the Company's revenues and expressed as a margin.

Why we measure

This movement essentially indicates whether the business is becoming more efficient or not.

Performance

The Company's operating profit margin increased by 181% in the last ten years ending FY2017-18 (the margins cannot be strictly compared following a recast in revenue treatment).

Definition

This is derived through the ratio of debt to net worth (less revaluation reserves).

Why we measure

This is one of the defining measures of the company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the Company to sustain growth in profits, margins and shareholder value.

Performance

The Company's gearing strengthened from 0.04 in 2012-13 to 0.01 in FY2017-18.

Avai lability

AT LA OPALA, AN EMPTY RETAIL SHELF IS A LOST CUSTOMER. OVER THE YEARS, WE HAVE ENSURED THAT OUR PRODUCTS ARE ALWAYS AVAILABLE AND VISIBLE.

'Arre bhai sahib, ghar me naya kitchen ban raha hai. Kuch achche bartan dikhaaiyega.'

'Madamji, bartan ka zamana gaya.'

'Gaya matlab?'

'Zyaada-tar log aaj-kal La Opala me apna khana khaatay hain.'

'La Opala?'

'Bilkul. Dikhaaon?'

'Achcha, dikhaiyye.'

'Yeh dekhiye. Plate. Cup. Dinner set. Coffee cup. Dinner set. Soup set. Bowl. Jo sochiye, woh haazir!'

'Baap re. Yeh to kamaal ka range hai. Chaliye 6 piece dinner set se shuru keejiye.'

Accessibility

AT LA OPALA, WE BELIEVE THAT THE FIRST RULE OF BRAND POPULARITY IS TO NEVER BE TOO FAR FROM A CUSTOMER.

'Kal raat ke party ke liye dinner set khareedni hai.'

'Uske liye to bahut door jaana padega – wholesale market ke paas.'

'Door kyun? Chalo paas ke mall me chalte hain.'

'Mall me dinner set milega?'

'Kyun nahin? Anchor store me La Opala ka jitna stock chaahiye milega.'

'Pucca?'

'Ekdum pucca.'

'Chalo. Good idea!'

Affordability

AT LA OPALA, WE PRIDE ON OUR PRICES – THEY ARE AMONG THE MOST AFFORDABLE ONE CAN FIND FOR ORGANISED TABLEWARE IN INDIA TODAY.

‘Babu, zara woh dinner set dikhana!’

‘Yeh leejiiye, behenji.’

‘Baap re, yeh to bahut mehenga hoga.’

‘Yeh brand dikhta hai mehenga – lekin hai nahi.’

‘Matlab?’

‘Behenji, yahi hai La Opala ka kamaal. Quality me first-class. Daam me ekdum affordable.’

‘Yeh kaisey?’

‘Yahi to hai La Opala ki khaasiyat. Affordability me champion!’

LA OPALA IS ABOUT
PROVIDING THE
**HIGHEST
VALUE**
TO CUSTOMERS



In 2008, La Opala commissioned a state of the art new manufacturing plant in Sitargunj.

This facility was marked by cutting-edge automated European technologies that enhanced quality on the one hand and moderated costs on the other.

As quality enhanced offtake, the Company enhanced its manufacturing capacity, setting into motion a virtuous cycle.

The Company enhanced its Sitargunj capacity in 3 successive rounds - from 4,000 TPA to 20,000 TPA.

The result is that La Opala's tableware capacity is the largest in India and its quality is comparable with the finest in the world (within its price segment).

The result of this prudent approach has been a sustained growth in the offtake of the Company's brands, creating the base for subsequent low-cost expansions.

Widening the moat. Strengthening competitiveness.

LA OPALA IS ABOUT
EXPLORING DARING
**UNCHARTED
SPACES**



La Opala introduced two new collections (Quadra and Sovrana) in the last quarter of 2016-17.

The last financial year was the first time that these products enjoyed a full year of operations.

These products were launched to provide aspiring customers a top-end product choice from the same company - a one-stop solution.

The Quadra and Sovrana series were priced higher than the prevailing average of the other La Opala brands.

Even as these products were priced highest within the company's products mix, they generated outstanding traction.

Revenues from these collections increased significantly during the year under review; their contribution to the company's profits increased more than proportionately.

Establishing a foundation for enhanced profitability.

THE CHAIRMAN'S OVERVIEW

I WRITE THIS AT AN EXCITING TIME FOR THE COMPANY. NEVER BEFORE HAS LA OPALA RG LIMITED JUST COMPLETED ONE EXPANSION OF 4000TPA AND IMMEDIATELY ANNOUNCED ANOTHER. NEVER HAS THE COMPANY INVESTED IN AS LARGE A CAPACITY INCREMENT AS IT IS PRESENTLY DOING, WHICH SHOULD BE COMMISSIONED BY THE SECOND HALF OF THE NEXT FINANCIAL YEAR.

The big question then is: what has changed? Why is the company engaged in an aggressive expansion in capacity? Will this expansion compromise the strength of the Balance Sheet?

Permit to answer my own questions in sequence.

The one thing that has changed ever so gradually, but ever so visibly as well, is the lifestyle transformation in India. There was a time when 'lifestyle transformation' largely concerned the rich and famous. Interestingly, these words are now relevant for most Indians, evident in the quality of their smartphone, the colours of their clothes, the films they watch at home, the messages they exchange, the restaurants they visit, the places where they take holidays, the way they book film tickets and the blogs they read.

With such extensive transformative impact, it is not surprising for the change to extend to the way people eat as well. There was a time when people ate off stainless steel plates because they lasted longer and were unbreakable. Gradually people changed; they graduated beyond the 'because it won't break mindset' to 'I want to be seen eating in a plate that enhances my self-esteem and if it breaks I can always go and get a new one.'

There are a number of reasons for this shift in the mindset beyond what I have already stated. However, the one factor that most would not even be aware of is that the cost of tableware has declined substantially in India over the last decade – in real terms. When one factors the reality that incomes have increased significantly in the last decade, the real cost of tableware is now so inconsequential in the overall incomes, that the shift from stainless steel or melamine or bone china to opalware is such a foregone conclusion that it is almost taken for granted.

This is probably the biggest transformation that has taken place within the country's tableware sector across the last decade. From a time when the product was considered higher middle-class to a time when tableware is considered widely democratic is probably the biggest change to have transpired.

I am proud to state that a company like La Opala RG Limited has facilitated – even accelerated – this transition. The Company continuously expanded capacity, addressed the bulge of the market, graduated preferences, grew its presence bottom-up from semi-urban India, advertised relevantly and priced affordably – all the ingredients that helped it grow the market and account for a disproportionate share.

The result is in the numbers. The Company accounts for a 65% share of the organised opalware market in the country. The Company had approximately ₹200 crore of free cash sitting on its books as on 31st March 2018. The Company is debt-free. The

Company created a family of brands to address diverse customer preferences. The Company's distribution network was attrition-free. The Company's knowledge capital (people) remained protected.

These realities inspire the optimism that the company addresses a sea of opportunities. As more Indian aspire to a better meal-table experience, La Opala would be best-placed to capitalise.

In view of these realities and reasons, I believe that our story is only starting out. The best is yet to be.

Mr. A C Chakrabortti,
Chairman

The Company had approximately
₹200 crore
of free cash sitting
on its books as on
31st March 2018.