

BRAND AT WORK

Overtime. Over time.

Forward-looking statement

Statements in this report, which describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities, laws and regulations. The Company cautions that such statements involve risks and uncertainties and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in the government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

contents

Corporate identity	▶ 02
Chairman's review	▶ 04
Strengths	▶ 20
Vice Chairman and MD's review	▶ 22
Industry demand drivers	▶ 24
Risk management	▶ 25
Corporate information	▶ 26
Notice	▶ 27
Directors' report	▶ 32
Management discussion and analysis	▶ 45
Financial section	▶ 47

IN ANY MANUFACTURING OPERATION, THE GENERAL BELIEF IS THAT A CORPORATE'S BIGGEST ASSET LIES IN ITS PLANT AND MACHINERY.

AT LA OPALA RG, OUR BIGGEST ASSET IS OUR BRAND. AND AT NO TIME IN OUR EXISTENCE WAS THE STRENGTH OF OUR BRAND MOST VISIBLY SHOWCASED THAN DURING A CHALLENGING 2013-14.

INDIA'S GDP GREW BY LESS THAN 5% IN 2013-14; LA OPALA RG'S TOPLINE GREW BY 14.52%.

WHILE THE PRICES OF MOST INDIAN RETAIL PRODUCTS WERE DRIVEN DOWN, LA OPALA RG SUCCESSFULLY REPORTED AN EBIDTA MARGIN OF 28.31% (26.77% IN 2012-13).

WHILE MANY CORPORATES REPORTED LOWER SURPLUSES, LA OPALA RG'S PROFIT AFTER TAX INCREASED BY 30.93% TO REACH ₹29.95 CRORE AND MARKET CAPITALISATION STRENGTHENED 125.49% TO ₹754.12 CRORE.

WE, AT LA OPALA RG, LEVERAGED THE LA OPALA BRAND AND WORKED THE WAY WE HAVE ALWAYS DONE.

OVERTIME. OVER TIME.

LA OPALA RG IS A DOMINANT INDUSTRY PLAYER. VALIDATED BY ITS BRAND’S #1 RANK IN INDIA’S COMPETITIVE TABLEWARE SEGMENT FOR DECADES.

LA OPALA RG IS ALSO A VALUE-ACCRETIVE ENTITY. HELPING THE MARKET GROW INCREMENTALLY WHILE CAPTURING A LARGER SHARE OF A WIDENING MARKET.

A RARE VOLUME-VALUE PLAY FOR YEARS ON END.

Awards and Accolades, 2013-14



Awarded at the prestigious *Economic Times* Bengal Corporate Awards in the ‘Best Entity in Innovation in Business Model’ category.



Awarded with the prestigious *Forbes Asia* Award in the category of ‘Best Under a Billion’ in the region’s top-200 small and midsize companies.

Vision	Mission
The desire for beautiful things is universal. The dedication to enrich life with the brilliance of beauty is rare. Our vision is to be the chosen tableware of every home across the world.	Our roadmap starts with our mission, which is enduring. It declares our purpose as a Company and serves as the standard against which we weigh our actions and decisions. 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.

Background	What we do	Brands
La Opala RG Limited (established in 1987) launched opal glass tableware in India in the late Eighties. Following this pioneering achievement, the Company consistently retained its position as one of the largest organised crockery players in India (installed capacity 13,000 MT TPA as on 31 March 2014). The Company is headquartered in Kolkata with manufacturing facilities in Madhupur (Jharkhand) and Sitarganj (Uttarakhand).	The Company is engaged in the manufacture and marketing of opal glass tableware and 24% lead crystalware products within and outside India. The Company’s opal glassware products comprise plates, bowls, dinner sets, cup-saucer sets, coffee mugs, coffee cups, tea sets, soup sets, pudding and dessert sets; its crystalware products comprise barware, vases, bowls and stemware.	The Company’s brands comprise La Opala, Diva and Solitaire. Solitaire is directed at the high-end segment, Diva caters to the mid-end while the La Opala brand addresses the first-time requirements.

CREATING A ROBUST BUSINESS MODEL AROUND OUR BRANDS

AM HAPPY TO STATE THAT LA OPALA RG LIMITED REPORTED 14.52% REVENUE GROWTH AND A 30.93% PAT GROWTH IN WHAT WAS OTHERWISE A CHALLENGING FY 2013-14 FOR THE INDIAN ECONOMY.

Some aspects of the Company's financial performance across the last few years, which may not be readily visible to all, is that even as we grew our revenues, we progressively graduated our margins - from 2.66% in FY 2008-09 to 13.58% in FY 2010-11 to 22.60% in FY 2013-14.

The larger we have grown, the more profitable we have become.

Over the years we have utilised

a number of differentiated methodologies to manufacture our products and promote our brands, thereby creating incremental value for our stakeholders.

We are driven by sustainability

We are convinced that the potential of a market like India cannot simply be appraised in terms of scale (second largest global population); scope

(extensive tableware under-penetration) is a more critical parameter.

This is why we believe that the solution to this scale versus scope dilemma lies in ensuring steady growth. Steady growth, in turn, reconciles the interests of the Company, with that of the dealers and finally the shareholders in a sustainable manner.

Over the years, this approach has been validated by a consistent growth in terms of sales as well as profits. During the year under review, while sales increased by 14.52%, profit after tax increased by 30.93%, thereby emphasising the point that the larger the Company has become, the higher profit it has generated.

We are a brands-driven Company

It would be simplistic to see La Opala RG as a product-based Company; we see ourselves as a brand-architect-cum-management entity engaged in the business of tableware and crystalware.

This differentiated identity has been retained and grown via an emphasis on the following priorities: We consider our brands as our most valuable assets; all business decisions have been woven around brand perception and brand impact. The result is that our return on employed capital has strengthened from 4.23% in FY 2007-08 to 29.67% FY 2013-14.

We leverage technology to service consumer needs

It would be easy to assume that

we are a design-driven player; however, we are principally a technology-driven one, allowing us to consistently improve the quality of our products. The result: Timely investments on the technology frontier have translated into visible improvements across key product features – strength, lightness, lustre and whiteness.

La Opala RG was also the first player in the Indian tableware sector to use electric arc furnaces, emphasising our focus on utilising the cutting-edge technologies to provide our customers better products.

The Company invested an aggregate ₹72.77 crore in acquiring the best-in-class technologies in the seven years leading to FY 2013-14. Besides, a superior product has translated into a distinctive consumer pull; receivables stayed at 43 days of turnover equivalent in FY 2013-14.

We are not carving out market shares, we are creating new segments

We are convinced that a unique market like India provides two opportunities – of servicing an existing market for branded tableware and of creating a market for new users (those using alternative materials).

At La Opala RG, our promotional initiatives have reconciled the need to tap into both these segments. This has been done by widening the product range, devising specific products for specific customer segments, ensuring product availability across price points and increasing investments across

production capacities (each successive capacity expansion being larger than the previous one).

We believe successful brands foster aspirations for a better quality of life

La Opala RG stands for a superior quality of life. As a means to this end, we consistently endeavoured to enhance consumer aspirations (as opposed to discounting our way to the top of the food chain). We have progressively evolved our brands – from a singular dependence on La Opala (which addresses first-time buyers) we have extended to the mid-range Diva segment; within the Diva segment, we have created two sub-categories (the value-for-money Classic and the upwardly mobile Ivory). The creation of these various sub-brands has helped broaden the element of choice for the customer and guaranteed that here at La Opala RG there's something for everyone.

We believe that conservatism pays

La Opala RG rests on a foundation of fiscal conservatism. The Company turned zero-debt in FY 2013-14 and had ₹7.16 crore free cash on its books at the close of FY 2013-14 following a cash outgo of ₹31.66 crore (plant modernisation and loan prepayment) thereby ensuring that we are adequately prepared to address the challenges of the future.

Mr. A. C. Chakrabortti
Chairman

BRAND AT WORK!

FROM LAUNCHING PRODUCTS TO CREATING CUSTOMERS.



66
A leader is one who
knows the way, goes the
way, and shows the way.

99

John Maxwell

BEFORE THE ERSTWHILE LA OPALA RG LAUNCHED 'OPAL GLASS' TABLEWARE FOR THE FIRST TIME IN INDIA IN THE LATE EIGHTIES, ASPIRING CONSUMERS HAD TO CART FANCY DINNERWARE FROM ABROAD AS PART OF THEIR BAGGAGE.

So what La Opala (now La Opala RG) did was not simply launch a product (opal glass tableware); it created a market.

The Company launched opal glass tableware in India around a bold catchphrase ('Tell crockery, times have changed'), lending an aspirational undertone to the tableware category for the first time in India.

One of La Opala's (now La Opala RG) biggest contributions has been that it identified the emergence of a new kind of consumer – home-proud, go-getting and willing to spend more for a better product. Gradually, as it became evident that this segment of consumers was growing in number, the Company went on to introduce the value-added Diva series; within the Diva collection, the Company created sub-segments – Classic and Ivory.

The result is that as an industry leader, La Opala RG has done more than just launch products; it has helped create customers.

A great brand transforms industry realities.

BRAND AT WORK!



FROM HUMBLE BEGINNINGS
TO STATE-OF-THE-ART
TECHNOLOGIES.

66

A leader is best when
people barely know he
exists, when his work is
done, his aim fulfilled,
they will say: we did it
ourselves.

99

Lao Tzu

WHEN LA OPALA (NOW LA OPALA RG) SELECTED TO GRADUATE FROM SEMI-AUTOMATED TO FULLY-AUTOMATED IN 2008, THE DECISION WAS VIGOROUSLY DEBATED.

On one hand, the ₹55 crore-revenue Company proposed to invest a significant ₹40 crore in new technology; on the other, the investment would graduate the Company from nominal annual volume increment to significant throughput growth.

On the one hand, the Company needed to cobble together a comprehensive technological solution covering diverse equipment (machine, furnace, lehrs and moulds); on the other, there was the prospect of attractive cost reduction (conversion, fuel and overheads) following stabilisation.

Over the months, the Company stabilised operations and eventually rolled out world-class quality products. In doing so, it graduated into an elite global league of automated opal manufacturers.

The result is that La Opala RG has reported qualitative product consistency and successfully exported to more than 40 countries.

A great brand lifts its game just when it matters.

BRAND AT WORK!

FROM THE PLAIN AND SIMPLE
TO THE SOPHISTICATED
AND CHARMING.



66
Leadership is the
capacity to translate
vision into reality.

99

Warren Bennis

WHEN LA OPALA (NOW LA OPALA RG) FIRST LAUNCHED OPAL GLASS TABLEWARE IN INDIA, THE BIG QUESTION WAS WHETHER THE PRODUCT WAS TO BE MARKETED AS IT WAS – AS A PRODUCT – OR BE TRANSFORMED INTO A SOLUTION.

One school of thought insisted that the Company's objective was to manufacture; another school felt that the Company's objective was to serve consumers.

One school of thought felt that the product was functional; another was convinced that the product was experiential.

One school of thought felt that the product conveyed the impression of better tableware convenience; another felt that the product was entirely about 'pride'.

One school of thought felt that packaging was all about protection; another felt that successful packaging was all about branding.

The result was that from early on, La Opala (now La Opala RG) extended its coverage from product manufacture to packaging fabrication as well. In a business marked by the risk of product breakage during transportation, competent packaging helped enhance product durability on one hand and enrich brand appeal on the other.

So what was once a product hurriedly packed in brown paper or old newspapers is now ready to be gifted or brought home with delight.

A great brand makes people proud.

BRAND AT WORK!



FROM THE FUNCTIONAL
TO THE EMOTIONAL.

BEFORE LA OPALA (NOW LA OPALA RG) LAUNCHED OPAL GLASS TABLEWARE IN INDIA, THE PRODUCT WAS SOMETHING THAT PEOPLE BOUGHT ON A STRICTLY FUNCTIONAL BASIS.

La Opala RG was the first to graduate the product – from something that people bought because they ‘needed it’ to something they bought because they ‘liked it enough to buy immediately’.

At La Opala RG, the ‘impulse-ivisation’ was the result of a number of first-time initiatives undertaken by the Company:

- ▶ First opal glass tableware brand to be promoted across the country’s nationwide electronic media as early as the late-Nineties
- ▶ First brand to engage celebrities to endorse the product, when it roped in Bipasha Basu and Manish Malhotra in 2009 and 2012 respectively
- ▶ Promotional campaigns in line with the evolving brand perception - from the functional to the fashionable to the emotional, emphasising how it is intrinsic to the special moments in people’s lives

The result is that the effectiveness of the Company’s brand spending has become increasingly evident over the years via a visible increase in consumer pull and spending effectiveness.

A great brand attracts immediate recall.

66
A genuine leader is
not a searcher for
consensus but a molder
of consensus.

99
Martin Luther King, Jr.

BRAND AT WORK!

FROM GOOD
TO GREAT.



66

Effective leadership is not
about making speeches
or being liked; leadership
is defined by results not
attributes.

99

Peter Drucker

BEFORE LA OPALA (NOW LA OPALA RG) LAUNCHED TABLEWARE IN INDIA, THE CATEGORY WAS MARKED BY BONE CHINA AND CERAMIC ALTERNATIVES.

La Opala RG engaged in a number of initiatives to transform the consumer experience.

One, the Company's modern Sitargunj facility produced lighter /whiter/brighter/stronger products.

Two, the Company graduated its products from the usual to the scratch-proof for the first time in the country.

Three, the Company evolved designs – from the understated and floral to the vibrant and trendy.

Four, the Company began to customise products from a generalised understanding of customer types to a more sophisticated understanding based on gender, age and socio-economic backgrounds.

As a result, the proportion of customised products, as a part of the overall revenues, has gone up steadily over the years.

A great brand enhances customer experience.

BRAND AT WORK!



66
You don't lead by
pointing and telling
people some place to go.
You lead by going to that
place and making a case.

99
Ken Kesey

FROM THE INDIAN
TO THE GLOBAL.

BEFORE LA OPALA (NOW LA OPALA RG) LAUNCHED TABLEWARE THROUGH THE AUTOMATED MANUFACTURING ROUTE A FEW YEARS AGO, THE GENERAL PERCEPTION WAS THAT IF INDIANS NEEDED TO BUY THE BEST OPAL TABLEWARE THEY WOULD NEED TO BRING IT INTO THE COUNTRY.

Over the years, La Opala RG has reversed this paradigm by establishing a trustmark around quality and exporting its brands to the US, the UK, Singapore, South Korea, Australia, New Zealand and Spain as well as the Middle East, Africa, Latin America and the ASEAN region.

The result is that until a few years ago the Company's products were exported to only 20 countries; today, the Company's products are marketed under its own brand in more than 40 countries.

A great brand delights customers everywhere.