

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

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