

DIRECTORS' REPORT

Dear friends

Your Directors have pleasure in presenting the 31st Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March 2018.

Performance Review

Your Directors are pleased to inform you that during the year under review, there has been an improvement in overall performance of the Company. The revenue from operations increased from ₹241.06 crores to ₹259.45 crores, profit before tax from ₹85.99 crores to ₹105.46 crores and profit after tax from ₹62.19 crores to ₹73.44 crores.

The Company continued to perform consistently well inspite of difficulties faced in the domestic market on account of implementation of GST (Goods and Services Tax) and fallout of demonetisation. During the period under review, the capacity of Sitarganj Plant and decal manufacturing plant was increased. Cost reduction efforts, better utilisation of existing capacity, expansion of distribution network,

improved packaging and product mix contributed to overall better performance of the Company.

Increase in overall consumption of Opal Glass Tableware and visualising the growth potential of the opal ware market, the Company has decided to expand the production of Opal Glass Tableware by setting up a new unit at Sitarganj with the estimated project cost of ₹135 Crore.

The Company has adopted Indian Accounting Standard (Ind AS), prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder, w.e.f. 1st April, 2017. Accordingly Balance Sheet, Statement of Profit and Loss along with Cash Flow Statement and Notes to the Financial Statement have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (amendment) Rules, 2016.

The summarised results of the current year's performance are given hereunder:

₹ In Lakh

| Sl. No. | Particulars | Year ended 31st March 2018 | Year ended 31st March 2017 |
|---------|-------------------------------------------------|----------------------------|----------------------------|
| 1 | Revenue from operations | 25,945.28 | 24,105.62 |
| 2 | Other Income | 1,327.67 | 1,188.82 |
| 3 | Total expenses before interest and depreciation | 15,265.29 | 15,317.27 |
| 4 | Finance Cost | 83.52 | 133.80 |
| 5 | Profit after Interest but before Depreciation | 11,924.14 | 9,843.37 |
| 6 | Depreciation | 1,378.05 | 1,244.30 |
| 7 | Profit before Taxation | 10,546.09 | 8,599.07 |
| 8 | Tax Expenses | 3,202.31 | 2,380.46 |
| 9 | Net Profit | 7,343.78 | 6,218.61 |
| 10 | Surplus Available | 7,343.78 | 6,218.61 |
| 11 | Total Comprehensive Income | 8,216.28 | 4,937.17 |
| 12 | Dividend and Others | 1,110.00 | 1,015.00 |
| 13 | Tax on Dividend | 225.97 | 203.38 |
| 14 | Transferred to General Reserve | - | 1,000.00 |
| 15 | Balance as per last year | 18,382.84 | 14,382.61 |
| 16 | Balance carried to Balance Sheet | 24,390.65 | 18,382.84 |

in BSL Limited, Genesis Exports Limited, SKJ Investments Private Limited (Formerly known as Anuradha Designers Private Limited), Ishita Housing Private Limited, SKJ Estate Private Limited and GDJ Housing Private Limited.

Mr Arun Churiwal (DIN 00001718) aged about 67 Years was appointed as Non-Executive Director of the Company on 26th June, 2004. He has over 46 years of experience in the segments of textiles and agro products. He has held important honorary position in many organisations, such as President of Merchants' Chamber of Commerce and Industry, Kolkata, Mewar Chamber of Commerce & Industry Bhilwara, Rajasthan, Chairman of Indian Woolen Mills Federations, Mumbai. He is currently the Chairman and Managing Director of BSL Limited and Director in LNJ Financial Services Limited, Churiwala Properties & Investment Private Limited, PRC Niyojan Private Limited, LNJ Bhilwara Textile Anusandhan Vikas Kendra, Mandapam Vikas Private Limited, Mandawa Niyojan Private Limited, Prapti Apparels Co. Private Limited.

The Company has entered into an agreement

with National Securities Depository Limited for availing Electronics Voting facilities which is mandatory as per Companies (Management & Administration) Rule, 2015.

The facility of voting has been made available at the Annual General Meeting and the members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right and that the members who have cast their vote by remote e-voting prior to the date of meeting may also attend the meeting but shall not be entitled to cast their vote again.

Electronic Voting Instructions, User Id and Password are being informed by National Securities Depository Limited separately.

By Order of the Board

Place: Kolkata
Date: 30th May, 2018

Alok Pandey
CFO &
Company Secretary

& Medical Research Limited and Project advisor in Emami Limited. At present he is an advisor in Excellence Tech Limited and Independent Director in various companies such as Century Ply Boards India Limited, Star Cement Limited, Meghalaya Cement Limited, Shyam Centuary Ferro Limited and Kariwala Industries Limited. He is also a Director in Saraswati Press Limited, West Bengal Text Book Corporation Limited, Westinghouse Saxby Farmer Limited, and Gluconate Pharma Limited.

In the opinion of the Board, Prof. Santanu Ray fulfils the conditions for his appointment as an Independent Director as specified in the Act, the Rules made thereunder and the Listing Agreement and he is independent of the management.

None of the Directors, key managerial personnel and their relatives are, in any way, concerned or interested in the said resolution.

Place: Kolkata
Date: 30th May, 2018

Alok Pandey
CFO &
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

Item No. (5)

Prof. Santanu Ray (DIN No 00642736) was appointed as Additional Director (Non Executive and Independent), on the recommendation of Nomination and Remuneration Committee at the Board Meeting held on 5th February, 2018. Pursuant to section 161 of the Companies Act, 2013 he holds office till the conclusion of next AGM and he is eligible for being appointed as an Independent Director. Prof. Santanu Ray is not disqualified from being appointed a Director in terms of section 164 of Act and has given his consent to act as Director of the Company.

He is a fellow member of Institute of Chartered Accountant of India having a very long experience in finance since 1972. He has conducted large number of Management Development Programmes with leading Corporates and Published Several Books, research papers and articles which have received acclamation across the country. He was associated with various companies like Tata Steel, Pasteur Merieux (France), Zydus Cadila Healthcare, B. K. Birla Group of companies and held position of director in B. P. Poddar Hospital

Changes in Share Capital

During the year, the following changes were effected in the Share Capital of your Company:-

a) Increase in Authorised Share Capital

The Authorised Share Capital of your Company was increased from Company 1500 lakhs to Company 2220 lakhs divided in to 11,10,00,000 Equity Share of ₹2/- each, with effect from 13th March, 2018.

b) Issue of Bonus Shares

11,10,00,000 Equity Shares of ₹2 each, fully paid-up, were issued as Bonus Shares, in the proportion of 1(One) Bonus Shares of ₹2/- each for every 1 (One) full paid –up Equity Shares of ₹2/- each held on 23rd March, 2018 , being the Record Date determined by the Board for the purpose. The bonus share were allotted on 24th March, 2018.

Dividend

Your Directors are pleased to recommend, for consideration of shareholders at the 31st Annual General Meeting, payment of dividend of 55% i.e. ₹1.10 per share on equity shares of the face value of ₹2 each (Previous year 100% i.e. ₹2 per share on equity shares of the face value of ₹2 each) for the year ended 31st March 2018. The Company has adopted a Dividend Distribution Policy in accordance with the requirements of Regulation 43A of the SEBI (LODR) Regulations, 2015. The same is available on the website of the Company i.e. www.laopala.in

Transfer to reserves

Your Directors are proposing to transfer ₹1,000 lakhs to General Reserves.

Internal control systems and their adequacy

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has appointed a firm of Chartered Accountant as Internal Auditor to ensure compliance and effectiveness of the Internal Control Systems in place. The Audit Committee is regularly reviewing the Internal Audit Reports for the audits carried out in all the key areas of the operations.

Deposits

The Company has neither accepted nor renewed

any deposits during the year under review.

Auditors

In accordance with the provisions Section 139 and other applicable provisions, if any, of the Companies Act, 2013 as amended and the Rules made thereunder, M/s Singhi & Co., Chartered Accountants, Kolkata (Firm Registration No. 202049E) were appointed as Statutory Auditors, for a term of five years in the 30th Annual General Meeting of the Company .

Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the auditor

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors.

Extract of Annual Return

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 in Form No MGT 9 is furnished in ‘Annexure A’ and is attached to this Report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The information pertaining to conservation of Energy, Technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in ‘Annexure B’ and is attached to this report.

Details of policy developed and implemented by the Company on its corporate social responsibility initiatives

The Company has developed and implemented the Corporate Social Responsibility initiatives as per the provision of section 135 of Companies Act 2013 and the Rules made thereunder. The Annual Report on Company’s CSR activities of the Company is furnished in ‘Annexure C’ and attached to this report.

Directors

Mr. Sushil Jhunjunwala ((DIN: 00082461) and Mr. Arun Kumar Churiwal (DIN: 00001718) retire by rotation and being eligible offer themselves for

re-appointment. The details in respect to this are being covered under the Corporate Governance report under the heading Disclosures.

Prof. Santanu Ray (DIN 00642736) aged about 69 Years has been appointed as an Additional Director (Non Executive and Independent) by the Board with effect from February 05, 2018. In terms of the provision of Section 161(1) of the Companies Act, 2013, Prof. Santanu Ray would hold office up to the date of ensuing Annual General Meeting. Brief resume of the Additional Director is included in the Notice convening the Annual General Meeting

Mr. G Narayana (DIN 00020575) resigned due to health issues as Director w.e.f 26th August, 2017 during the financial year 2017-18. Mr. G Narayana has been associated with the Company for more than 20 years. He will be remembered for valuable services rendered over the years by providing necessary advice, guidance and motivation to the management of the Company. The Company has been greatly benefitted on these accounts.

Mr. Sushil Jhunjunwala (DIN: 00082461), Vice Chairman & Managing Director of the Company, has been designated as Executive Vice Chairman of the Company with effect from 1st April 2018.

Mr. Ajit Jhunjunwala (DIN: 00111872), Jt. Managing Director of the Company, has been designated as Managing Director of the Company with effect from 1st April 2018.

Key Managerial Personnel (KMP)

The following managerial personnel are Key Managerial Personnel (KMP):

Mr. Sushil Jhunjunwala (DIN: 00082461), Executive Vice Chairman

Mr. Ajit Jhunjunwala (DIN: 00111872), Managing Director

Mrs. Nidhi Jhunjunwala (DIN: 01144803), Executive Director

Mr. Alok Pandey, Chief Financial Officer (CFO) and Company Secretary

Declaration of Independent Directors

The provisions of Section 149 pertaining to the appointment of Independent Directors apply to our Company. The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify

themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

Formal Evaluation

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, executive and non-executive Directors individually. The detail on the same is given in the Corporate Governance Report.

Number of board meeting

During the financial year under review seven Board meetings and One independent directors meeting were convened.

Audit Committee

Pursuant to section 134(3) and section 177(8) of The Companies Act, 2013 the Audit Committee comprises of total 3 members. Due to resignation of Mr. G Narayana during the year, the Audit Committee was re-constituted as under :

- 1) Mr. Rajiv Gujral, Chairman
- 2) Mr. A.C. Chakrabortti
- 3) Mr Arun Churiwal

During the reporting period under review four committee meetings have been convened. The Board of Directors accepted all recommendations of the Audit Committee in the reporting period.

Managerial Remuneration Committee

Pursuant to section 178(1) of The Companies Act, 2013 the Nomination and Remuneration Committee comprises of total 3 Non-Executive Directors out of which two are Independent Directors. The names are as follows:-

- 1) Mr. A C Chakrabortti, Chairman
- 2) Mr. Arun Churiwal
- 3) Mr. Subir Bose

Details of the ratio of the remuneration of each director to the median employee’s remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished in Annexure D and is attached to this Report.

Details of every employee of the Company as required pursuant to 5(2) of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished in Annexure E and is attached to this Report.

Remuneration Policy

The Board has, on recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of Directors and other matters as per section 178 of Companies Act 2013 and Regulation 19 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015. The Nomination & Remuneration Policy is available on website of the Company i.e. www.laopala.in.

Vigil Mechanism

In pursuant to section 177(9) and (10) of The Companies Act, 2013, a vigil mechanism for directors and employees to report genuine concerns has been formulated under the name “Whistle Blower Policy”. The details of the policy have been posted on the website of the Company i.e. www.laopala.in.

Particulars of loans, guarantees or investments made under section 186 of the Companies Act, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

Related party transactions

The particular of Contracts or Arrangement made with the related parties pursuant to section 188 are furnished in Annexure F (Form No AOC-2) and is attached to this report. The same have also been disclosed under Note No 42 of the Notes to the Financial Statements.

Investors Education and Protection Fund (IEPF)

Pursuant to Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amount lying with Companies) Rules, 2012, the Company has provided / hosted the required details of unclaimed amounts referred to under Section 124 of the Companies Act, 2013 on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the

relevant from every year.

The members who have not claimed their dividends, may approach the Company’s share transfer agents and claim the same. Members may note that dividends which remain unclaimed for a period of seven years from the date of transfer to the Company’s unpaid dividend account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.

Disclosure on Sexual Harassment of Women at workplace

In order to prevent sexual harassment of women at work place a new Act, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act, every Company has to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Your Company has adopted a policy for prevention of Sexual Harassment of Women at Workplace and has constituted a Committee for implementation of the said policy. During the year 2017-18, there were no complaints.

Human Resource

For La Opala RG Ltd , its people are its strongest asset. The Company invests in building the best-in-class team led by exceptional professionals. Over the years, the Company has been nurturing a meritocratic, empowering and caring culture that encourages excellence. Company nurtures talents by providing its people opportunities to sharpen their capabilities. Company encourages innovation, lateral thinking, and multi-skilling and prepares its people for future leadership roles.

Secretarial Audit

Pursuant to the provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed M/S Drolia and Company, Company Secretaries, Kolkata, to undertake the Secretarial Audit of the Company. The details forming part of Secretarial Audit report in FORM MR-3 is enclosed herewith as Annexure G for financial year 2017-18. There are no reservations, qualification, adverse remark

or disclaimer contained in the Secretarial Audit Report.

Business Reponsibility Report

Your Company forms part of the Top 500 listed companies of India and is mandatorily required to provide a Business Responsibility Report as part of the Annual Report in accordance with the Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/10/2015 dated 4 November 2015. The “Business Responsibility Report” (BRR) of the Company for FY 2017-18 is forming part of the Annual Report.

Corporate Governance

Report on Corporate Governance along with the Certificate of Auditors M/s Singhi & Co. Chartered Accountants, Kolkata confirming the compliances to conditions of Corporate Governance as stipulated in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, form part of the Annual Report.

Business Risk Management

Like all businesses, we are affected by a number of risks and uncertainties. These may be impacted by internal and external factors. The Company has framed a policy and process to help identify, assess and manage risks, pursuant to section 134(3) (n) of The Companies Act, 2013 and Regulation 21 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The policy and process has been in place throughout the reporting period. The Risk Management Process passed through a rigorous discussion to assess the relative profile of each risk and also designated management person to supervise and monitor risk in respective areas. The suggestions of the Internal Auditors are also taken into consideration while evaluating the risk and its mitigation process.

Directors Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:—

- (a) in the preparation of the annual accounts for the year ended 31st March 2018, the applicable

IND Accounting Standards had been followed and there are no material departures from the same;

- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

The Directors express their grateful appreciation of the assistance and cooperation extended by Banks, various Governments and other agencies, shareholders and the suppliers and solicits their continued support. Your Directors also wish to place on record their deep sense of appreciation of the devoted services of the Executives, staff and workers of the Company for another year of successful operation.

By Order of the Board

Place: Kolkata
Date: 30th May 2018

A.C. Chakraborti
DIN:00015622
Chairman