

A portrait of Mr. Sushil Kumar Jhunjhunwala, a middle-aged man with dark hair, wearing a blue pinstriped suit jacket, a white shirt, and a red patterned tie. He is sitting with his arms crossed, looking slightly to the right of the camera. The background is a light blue gradient.

FAITH IN CONSUMERISM IS THE KEY TO SUCCESS

Unshakable faith
in consumerism

*We believe the future of
crocery market in India is
very bright, says
Mr. Sushil Kumar
Jhunjhunwala
(Vice Chairman &
Managing Director of
La-Opala RG Ltd.)
in an exclusive
interview with
ANMI Journal*

Interview

La Opala has had a steady growth in the past years. The net sales and income from operations have risen sharply in the past six months to close at Rs 98.83 crore at the end of September 2014. What factors helped you to register this recent growth and also maintain a consistent performance over years?

La Opala's unshakable faith in consumerism is nesting at the core of its story of success. The company has pioneered Opal technology in India 28 years ago. Thus it showed respect to the consumers of India and began inking the story of tableware in the organized sector of the nation. It was just the beginning. Refusing to sit on its laurel La Opala brought crystal glass technology in this nation and began scripting another pioneering story. Solitaire, the crystal brand of La Opala is a highly respected brand in India. La Opala's passion for leadership is driving the company to scan the globe relentlessly to know about the progress in opal technology. In

La Opala as a brand name has already spread wings beyond India. La Opala is getting ready to accelerate the process of globalization by adding production capacity by mid 2015

2008 La Opala imported world's latest Opal technology and put up the state-of-the-art production unit in Sitargunj, Uttarakhand.

Respect for consumers has prompted us to follow the path of branding and we did it in full flare to deliver high value for money to the consumers on the one hand and growth to the shareholders on the other.

What is the export component of the total sales? Which are the key export markets where La Opala sells? What other markets are you expecting to move into?

Solitaire, the crystal glass brand of La Opala, has its focus on the export market. More than 75% of crystal turnover is exported to countries in Europe, the USA, the UK, Australia, almost all nations in West Asia, among others. With Opal we are moving in war footing. Our exports... we are confident that in this current year, shall grow very significantly.

The nations where we have already established our firm footing with Opal products are Europe, the UK, West Asia and many countries of Africa. We have many more high potential nations in our export radar for 2015. We have already made significant advances in some of those targeted nations.

How do you foresee growth in the domestic market?

The composition of the domestic market at present is rich in growth potential for both, Opal tableware and Crystal. We believe the future of crockery market in India is very bright. At another front the consumer upgradation from stainless steel to glass is gaining momentum.

Over the last year, we are hoping to grow by at least 20 plus percentage points.

What are the key thrust areas in recent times?

In recent years our key focus area had been on achieving growth and expansion of brand portfolio on the one hand and reaching deeper and wider through distribution channel expansion on the other. To net maximum benefit of these marketing and distribution efforts we had been expanding our advertising horizon in a synchronized manner. Needless to say, we had to spare planned attention and effort into expanding production facilities. The encouraging result of last two years has boosted our confidence to propose a more aggressive plan for 2015-16 in the areas, marketing as well as production.

How do you expect to close the second half of the 2014-15 financial year?

The performance in the first half of the year over last year had been very encouraging and that is known to all. We are hoping to sustain a decent rate of growth in the second half of the financial year.

How would you like to see the profit margins to go up by the end of March 2015?

In the financial year 13-14, La Opala reported a revenue growth of 14.52% and an increase in PAT by 30.93%. We are hoping to achieve newer heights by the end of current FY.

How much does La Opala depend on new and innovative designs?

An insight into tableware business has given us the wisdom to understand that the soul of this business nests is in designs. The most talented designers of the industry therefore are our design fountainheads. In every brand we infuse new



designs at least twice in a year. We showed the gumption to break the longstanding codes of the category of 'dinner set for six'. We have shown the industry the road to 'dinner set for four' and then 'dinner set for two'. We therefore firmly believe in 'growth through innovation'.

To what extent is R&D effective in creating new products?

'Taste of the pudding is in eating'. It is our Research and Development which made our products the strongest in the category; it is the same R&D which added the attribute of anti-scratch to our plates; it is their relentless endeavour which has given our consumers the confidence to trust our brands as chip resistant, dish washer and micro-oven compatible. More importantly, they do not sleep over their achievements. The philosophy of our R&D is ~ 'development has no bound'. To augment our range, our marketing orchestrates with R&D to give new product combinations in sync with serving, cooking and eating habits of Indians. It is the marketing-R&D duo which has gifted packaging innovations to keep our brands miles ahead of our competitors. Having the same products for too long can have an adverse effect on the business. As per the BCG Matrix, a company should have some Cash Cows but we keep trying to bring in stars that help us boost our share in the market.

What are your plans for diversification?

La Opala is seeing a major expansion plan afoot in their Sitarganj Plant. We are hoping that the boost in production and the updated machine equipment will provide us with better products and better markup than ever before.

Are you planning to increase your production capacity? If so, how are you planning to raise

funds for the purpose?

We have an expansion plan set up for our plant and production capacity. The funds for the same will be raised from our internal accruals, reserves and other sources.

How do you wish to develop value for investors in La Opala stocks?

The corporate policy of adding and strengthening equity to our brand name had been paying high dividend. We therefore shall keep perusing the policy. Our plan of increasing production to great heights along with very strong marketing and communication efforts will make our investors more wealthy and comfortable.

You have been in glassware manufacturing business for three generations now. How would you like to be "the chosen tableware for every home in the world"?

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accelerate the process of globalization by adding production capacity by mid 2015. Our export division boys are rearing to run in full throttle. The 'chosen brand of the world' is the treasured vision of our management. We are trying our best to fulfill this vision. We are confident that we are not far from it.

What are your budget expectations for 2015?

We are hoping that the budget of 2015-16 will be a business-friendly one. The joint effect of declining fuel prices and growth in the production of agro products as well as manufactured products, we strongly hope will keep inflation under control. We are sure that substantial investments will be made in infrastructure; this in conjunction with sufficient growth in fresh investments would increase the disposable income of our consumers. We are hoping that GST will be implemented this year that will again boost the morale of industry and give more advantages to the government and the people. Overall we are expecting this budget to be a growth oriented one.