

La Opala RG Limited



Date: July 6, 2024

To
The Manager
Department of Corporate Services
BSE Ltd
New Trading Ring, Rotunda Building
P. J. Tower, Dalal Street, Fort
Mumbai – 400 001
Scrip Code: 526947

The Manager
Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Symbol: LAOPALA

Sub: Press Release of the Company

Dear Sir/Madam,

We are enclosing herewith the Press Release being issued today by the Company.

The above is for your information and records.

Thanking you,

Yours faithfully,

For **La Opala RG Limited**

NIDHI RATHI Digitally signed
by NIDHI RATHI
Date: 2024.07.06
16:21:47 +05'30'

(Nidhi Rathi)
Company Secretary

Encl.: As above



Eco Centre, 8th Floor, EM-4, Sector-V, Kolkata-700091
T +91 76040 88814/5/6/7 • info@laopala.in • www.laopala.in
CIN-L26101WB1987PLC042512

Press Release
For Immediate Dissemination

La Opala Announces Suspension of Operations at Madhupur Opal Glass Plant

Kolkata, July 6, 2024: La Opala RG Limited (BSE: 526947, NSE: LAOPALA), a leading manufacturer of Opal Glassware in India, today announced the suspension of operations at its Madhupur Opal Glass Plant, in Jharkhand, effective July 7, 2024. The decision, approved by the Board of Directors in their meeting held on July 6, 2024, was driven by the aging of the plant, outdated machinery, and obsolete semi-automatic technology, resulting in lower efficiency, and higher production costs.

Key Points of the Announcement:

- **Plant Details:** The Madhupur Opal Glass Plant, located in Deoghar District, Jharkhand, was established in 1987.
- **Reasons for Suspension:** The plant's aging infrastructure, outdated machinery, and obsolete semi-automatic technology have made it non-viable to continue operations due to lower efficiency and higher production costs.
- **Impact on Operations:** The suspension will not have a material or adverse effect on the company's operations. The excess capacity at the state-of-the-art Sitarganj plant in Uttarakhand will absorb market demand, ensuring no loss in turnover or financial impact.
- **Future Utilisation:** The company will explore various options for the utilisation of the land parcel, buildings, and plant machinery in the best interest of the company.

Speaking on the decision, Management said, *"The decision to suspend operations at our Madhupur plant was necessary to maintain our commitment to operational excellence and sustainability. By consolidating our production at the Sitarganj plant, which operates with the latest generation of automatic technology, we are positioning La Opala for future growth and innovation. We are confident that this strategic move will enhance our efficiency, reduce production costs, and allow us to better meet the evolving demands of our customers."*

A detailed FAQ being issued in this regard, is attached as an annexure below.

About La Opala RG Limited:

La Opala RG Limited is a renowned name in the Indian glassware industry, known for its premium quality Opal Glassware. The Company introduced Opal Glass technology to India in 1988 and has since become the country's leading Opalware brand with one of the widest distribution networks, supported by strong R&D and design teams who continually create elegant, innovative products to meet evolving consumer needs.

La Opala's leadership is reinforced by the launch of various brands and collections catering to all societal segments. In 2008, the Company introduced 'Diva,' a fashionable Opalware range crafted at its state-of-the-art, fully automated plant in Sitarganj, equipped with European technology. The Company also offers premium Handcrafted 24% Lead Crystalware under the brand Solitaire Crystal.

For more details, please visit <https://www.laopala.in/>

Annexure – FAQs

1) Reason for Suspension of Operations: What are the reasons behind the suspension of operations? Is it due to financial struggles, declining demand, or other factors?

The suspension of operations at our Opal Glass Plant in Madhupur was unavoidable due to several factors, including the aging of the plant, outdated machinery, and obsolete semi-automatic technology. These issues have led to lower efficiency, higher production costs, and reduced customer demand. The production will be relocated to our state-of-the-art plant in Sitarganj, Uttarakhand, which utilises the latest generation of automatic technology. This strategic move is necessary to navigate economic shifts, position the company for future growth, and ensure our organisation remains agile and future-ready, aligning with the industry standards both in India and globally.

2) Financial Impact: What will be the financial implications of the shutdown, including costs associated with closure and potential gains from asset sales?

As previously mentioned, the aging plant and outdated machinery led to lower efficiency and higher production costs. By shifting production to our advanced Sitarganj plant, we anticipate higher efficiency and reduced production costs, positively impacting the company's financial performance. We will explore various options for utilising the land parcel, building, and plant machinery to benefit the company.

3) Job Impact: What support will be provided to displaced employees?

We are developing an attractive Voluntary Retirement Scheme (VRS) package for the displaced employees to support them during this transition.

4) Alternative Plans: Are there plans to relocate production to other facilities or outsource to contract manufacturers?

Yes, production will be shifted to our plant in Sitarganj, Uttarakhand, which operates with the latest automatic technology. This will enhance efficiency and reduce production costs.

5) Customer Impact: How will the shutdown affect customer supply and relationships?

There will be no impact on customer supply and relationships, as products will continue to be supplied from our Sitarganj plant.

6) Asset Utilisation: What will happen to the plant's assets, such as equipment and property? Will they be sold, repurposed, or written off?

We will consider various options for utilising the land parcel, building, and plant machinery to serve the best interests of the company.

7) Strategic Rationale: How does the shutdown align with the company's long-term strategy and goals?

The suspension of operations at our Madhupur Opal Glass Plant addresses the issues of plant aging, outdated machinery, and obsolete technology, which have resulted in inefficiency and higher costs. By shifting production to the advanced Sitarganj plant, we are aligned with our long-term strategy and goals of making the organisation more agile and future-ready. This shift will help enhance efficiency, reduce costs, and position the company for future growth.

8) Cost Savings: What cost savings are expected from the suspension of operations?

We anticipate substantial cost savings due to higher efficiency, streamlined operations, and improved product quality, leading to better realisations. However, it is difficult to estimate the exact amount of savings at this stage.

9) Timeline: What is the expected timeline for the suspension of operations, and when can investors expect to see the financial benefits?

The suspension of operations will commence on 7th July 2024, with financial benefits expected to start materialising from Q3 onwards.