

# Financial Statement Analysis

Of

“LA OPALA RG LTD”

A

Project Report  
Submitted to

Dr. Darshan Ranpura

On

17th October 2021

In partial fulfilment of the requirements for Financial Statements &  
Reporting subject in PGDM (BDA) Programme

Submitted By

Harsh Degamadiya

Jay Parmar

Pritish Swain

Batch: year 2021-23

## INDEX

CHAPTER NUMBER	PARTICULAS	PAGE NO
	<i>Preface</i>	I
	<i>Acknowledgement</i>	I
	<i>Executive Summary</i>	II
	<b><u>PART: 1 ORGANIZATIONAL PROFILE</u></b>	
Chapter 1:		
1.1	Introduction to the Industry	6
1.2	History & Development	6
1.3	Company Profile	8
1.4	Infrastructure	8
1.5	Management	10
1.6	Products	13
	<b><u>PART:2 FINANCIAL ANALYSIS</u></b>	
Chapter 2:	RATIO ANALYSIS	14
2.1	Introduction Of Ratio Analysis	14
2.2	Liquidity Ratios	14
2.3	Profitability Ratios	15
2.4	Turnover/Activity ratio	16
2.5	Capital/ Finance/leverage Ratio	16
2.6	Valuation Ratio	16
2.7	DuPont Analysis	17
Chapter 3:	HORIZONTAL ANALYSIS	
3.1	Comparative Profit & Loss A/c 2018-2019	18
3.2	Comparative Profit & Loss A/c 2019-2020	19
3.3	Comparative Profit & Loss A/c 2020-2021	20
3.4	Comparative Balance Sheet 2018-2019	21
3.5	Comparative Balance Sheet 2019-2020	22
3.6	Comparative Balance Sheet 2020-2021	23
Chapter 4:	VERTICAL ANALYSIS	
4.1	Common-Size Profit & Loss A/C	24
4.2	Common – Size Balance Sheet	24
Chapter 5:	TREND ANALYSIS	
5.1	Trend Analysis of Profit & Loss A/C	25
5.2	Trend Analysis of Balance Sheet	25

Chapter 6:	CASH FLOW STATEMENT	
6.1	Cash flow for the year ended 31 <sup>st</sup> March, 2019	26
6.2	Cash flow for the year ended 31 <sup>st</sup> March, 2020	26
6.3	Cash flow for the year ended 31 <sup>st</sup> March, 2021	26
Chapter 7:	Summary of Management Discussion	27
Chapter 8:	Conclusion	28
	ANNEXTURE	
	Balance Sheet and profit and loss account statement of respective years.	29
	BIBLIOGRAPHY	30

## **PREFACE**

The present report is partial fulfilment of the requirements for Financial Statements & Reporting subject in PGDM (BDA) Programme. In which we have done report on financial statement analysis of LA OPALA RG LTD. The objective of the report was to familiarize the student with the implementation of the knowledge he/she earned during the subject learning, also it helps student to develop understanding of analysing any annual financial report of company.

The report focuses on a few of the important aspects of analysing any financial statements. The initial part starts with introduction of company following with its history, company profile, Infrastructure, Management & products of company. After that, there is detailed discussion about ratio analysis, horizontal analysis, vertical analysis, trend analysis & cash flow statement. In end, it concludes with summary of management discussion. From the report, one can easily get understanding about financial situation and position of company in market.

The present is not free of limitations. There might have problems regarding lack of limitation in some aspects and also some minor mistakes such as typing mistakes. These few drawbacks have occurred merely due to time limitation and lack of secondary sources of information.

Though we have tried our best to keep the report free from errors, we apologize if any error is found which was not deliberately made. If the report can help any person to understand how to analyse any company and current market situation of “LA OPALA RG LTD.”

## **Acknowledgement**

First and foremost, praises and thanks to the God, the Almighty, for His showers of blessings throughout my research work to complete the research successfully.

We would like to express our deepest appreciation to all those who provided us the possibility to complete this report. A special gratitude we give to our faculty mentor, Dr. Darshan Ranpura, whose contribution in stimulating suggestions and encouragement, helped us to coordinate our analysis of report and especially in writing this report. His dynamism, vision, sincerity and motivation have deeply inspired us. He has taught us the methodology to carry out the research and to present the analysis works as clearly as possible. It was a great privilege and honour to work study under his guidance.

Furthermore, We would also like to acknowledge with much appreciation the crucial role of classmates, who gave their valuable suggestions and ideas to complete the task. Last but not least, many thanks go to the all-faculty members who have invested their full effort in guiding the team in achieving the goal. We have to appreciate the guidance given by them for our project presentation that has improved our presentation skills, thanks to their comment and advices.

## **Executive Summary**

This financial analysis report examines a tableware manufacturing company, LA OPALA RG LTD. Financial statements were studied and analysed using various tools and techniques such as ratio analysis and trend analysis to evaluate the company's performance and financial health. The introduction of the report gives an overview of the tableware industry of India and the basic profile of the company.

The ratios which were studied and analysed are Liquidity ratios, Solvency ratios, Profitability ratios, Valuation ratios, Activity Turnover ratios and Du Point analysis.

Horizontal analysis of comparative Profit and Loss statements and Comparative Balance Sheets for the financial years 2017–2021 was conducted using a Year-on-Year methodology which helped identifying trends and growth patterns of the company.

Vertical analysis of common size P&L Statements and Balance Sheets for the financial years 2017–2021 was conducted using a Year-on-Year methodology which helped ascertain the relative balance proportions of each account, thus enabling the identification of relative change in company accounts over the given period.

Trend analysis of the Balance Sheets and Profit and Loss statements helped analysing company data over a period. Using the base year methodology, the analysis helped depicting the percentage growth and decline of various accounts over the calculation period of 2017–2021.

Cashflow analysis gives insights on the company's expenditures and earnings from various activities such as operating, investing, and financing. The company's main source of income is generated from its operations through which the company pays its dividends, capital expenditures and financial activities. The company also generates revenue from equity shareholders which is then used by the company for upgrading plants and acquisition purposes.

# **PART: 1 ORGANIZATIONAL PROFILE**

## **CHAPTER 01**

### **LA OPALA RG LTD**

#### **1.1 INTRODUCTION TO THE INDUSTRY**

La Opala RG Limited is a leading manufacturer and marketer of lifestyle product in the tableware segment. It has spread the wings beyond domestic arena and ventured into the leading market of the world. Promoted by Sushil Jhunjhunwala and Ajit Jhunjhunwala La Opala Glass is involved in the business of manufacturing opalware -- La Opala -- one of the well-established crockery brands in India.

The Kolkata-based company has a wide network of dealers and retailers and a large marketing field force. It is the second-largest crockery manufacturer in the country. La Opala went public in Feb.'95 with an issue of 8.50 lac equity shares aggregating Rs 340 lac and the proceeds were used by financing project with Doosan Glass South Korea to gain the exclusive right to use the technical know-how information and data for the manufacture and sale of crystal ware in India and abroad. The company's products are exported to the East Asian and African countries.

The company made a diversification in the field of glass tableware by producing 24% PbO (lead oxide) lead crystalware at Madhupur Bihar. In Mar.'96 the company commenced commercial production of Crystalware project with the installed capacity of 540 tpa. The merger of Radha Glass & Industries Ltd with the company was successfully concluded with effect from 1st January 1999 following which company was renamed as La Opala RG Limited.

In 1999-2000 for the first time in Indian tableware industry the company's exclusive showroom was opened in Kolkata which has been highly acclaimed by its customers. In 2003-04 the Company launched Celebration range with new design which received good response from the market. The production capacity of 24% Lead Hand Crafted Crystal has been substantially increased. 111000000 Equity Shares of Rs2 each fully paid-up were issued as Bonus Shares in the proportion of 1 Bonus Shares of Rs2/- each for every 1 full paid-up Equity Shares of Rs2/- each held on 23rd March 2018 being the Record Date determined by the Board for the purpose. The bonus shares were allotted on 24th March 2018.

#### **1.2 HISTORY AND DEVELOPMENT**

YEAR EVENTS 1987 - THE COMPANY WAS ORIGINALLY INCORPORATED AS A PRIVATE LIMITED COMPANY UNDER THE NAME OF LA OPALA GLASS PRIVATE LTD. ON 11TH JUNE, AT CALCUTTA. THE COMPANY WAS SUBSEQUENTLY CONVERTED INTO A PUBLIC LIMITED COMPANY AND ITS NAME CHANGED TO LA OPALA GLASS LIMITED. - THE COMPANY WAS PROMOTED BY JHUNJHUNWALA FAMILY, THE MAIN PROMOTER WAS MR. SUSHIL JHUNJHUNWALA AND HIS SON AJIT JHUNJHUNWALA. THE COMPANY ENTERED THE CROCKERY MARKET AND INTRODUCED A WIDE RANGE OF OPALWARE WITH A CAPACITY OF 688 TONNES PER ANNUM AT MADHUPUR, BIHAR. THE MAIN OBJECT OF THE COMPANY IS TO MANUFACTURE GLASS AND GLASS PRODUCTS OF ALL TYPES.

1990 - THE CAPACITY OF OPLWARE PROJECT WAS EXPANDED FROM 688 TPA TO 1,032 TPA. - 96,150 SHARES ISSUED AT PAR.

1993 - 6,00,000 BONUS SHARES ISSUED.

1994 - THE IMPROVED PERFORMANCE WAS ATTRIBUTED TO BETTER FINANCIAL MANAGEMENT, REDUCED INTEREST BURDEN APART FROM BETTER PRODUCT-MIX AND EFFECTIVE COST CONTROL. - 7,50,000 BONUS SHARES ISSUED IN PROP. 1:1.

1995 - THE COMPANY HAD SET UP A PROJECT FOR MANUFACTURE OF 24% PBO LEAD CRYSTALWARE WITH AN INITIAL CAPACITY OF 1,500 KGS. PER DAY SHALL BE INCREASED TO 3,000 KGS. PER DAY FROM SEPTEMBER AT MADHUPUR, BIHAR IN TECHNICAL COLLABORATION WITH DOOSAN GLASS COMPANY LTD., SOUTH KOREA. - DURING FEBRUARY, THE COMPANY OFFERED 18,75,000 NO. OF EQUITY SHARES OF RS. 10 EACH OF WHICH 4,17,500 SHARES WERE OFFERED AT A PREMIUM OF RS. 30 PER SHARE TO THE PROMOTERS, THEIR FRIENDS AND RELATIVES (ALL WERE TAKEN UP), 3,49,700 SHARES TO NRIS, OCBS (PREM. RS. 40 PER SHARE. ALL WERE TAKEN UP), 2,57,800 SHARES TO INDIAN MUTUAL FUNDS (PREM. RS. 40 PER SHARE. ALL WERE TAKEN UP), 6,200 SHARES TO EMPLOYEES (PREM. RS. 30 PER SHARE, ONLY 5,000 SHARES WERE TAKEN UP). - REMAINING 8,43,800 SHARES TO THE PUBLIC (PREM. RS. 30 PER SHARE. ALL WERE TAKEN UP INCLUDING UNSUBSCRIBED PORTION FROM EMPLOYEES CATEGORY).

1996 - THE OVERALL PERFORMANCE OF THE COMPANY WAS IMPROVED DESPITE VERY DIFFICULT AND COMPETITIVE CIRCUMSTANCES.

2004 -LA OPALA RG MEMBERS APPROVE COMMENCEMENT OF ELECTRICAL POWER BUSINESS

2006 -LA OPALA RG HAS GIVEN THE BONUS IN THE RATIO OF 1:1

2010 - LA OPALA RG LIMITED HAS APPOINTED MRS. NIDHI JHUNJHUNWALA AS AN ADDITIONAL DIRECTOR OF THE BOARD OF DIRECTORS OF LA OPALA RG LTD WITH EFFECT FROM MAY 20, 2010 AND SUBSEQUENTLY SHE HAS BEEN APPOINTED AS A WHOLETIME DIRECTOR WITH EFFECT FROM MAY 20, 2010 SUBJECT TO APPROVAL IN THE ENSUING ANNUAL GENERAL MEETING.

2011 -THE COMPANY HAVE RECOMMENDED A DIVIDEND OF RS. 1.50 PER SHARE (@ 15%) -AWARD THE STATUS OF ONE STAR TRADING HOUSE -AWARDED WITH CAPEXIL AWARD.

2012 -THE COMPANY HAS PROPOSED DIVIDEND @ 20%(RS.2 PER SHARE). - WINNER OF THE UDYOG RATNA AWARD. -WINNER OF SUPERBRAND AWARD.

2013 -R & T AGENT OF THE COMPANY HAS BEEN CHANGED FROM MCS LTD TO MAHESHWARI DATAMATICS (P) LTD. -LA OPALA RG LTD HAVE RECOMMENDED A DIVIDEND OF RS. 3.50 PER SHARE.

2014 -LA OPALA RG LTD HAS RECOMMENDED THE PAYMENT OF DIVIDEND @ 50%, I.E. RS. 5/-. -LA OPALA RG HAS SPLITS ITS FACE VALUE FROM RS 10/- TO 2/-

2015 -COMMENCEMENT OF COMMERCIAL PRODUCTION OF EXPANSION OF SITARGAN.

## 1.3 COMPANY PROFILE

### VISION

THE DESIRE FOR BEAUTIFUL THINGS IS UNIVERSAL.THE DEDICATION TO ENRICH LIFE WITH BRILLIANCE OF THE BEAUTYIS RARE.VISION IS TO BE THE CHOSEN TABLEWARE OF EVERY HOMEACROSS THE WORLD

### MISSION

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 OPTIMIZE SATISFACTION OF OUR CONSUMERS THROUGH OUR WORLD CLASS PRODUCT AND SERVICES. THIS, WE BELIEVE, IS THE BEST WAY TO ENSURE CONSISTENT SUCCESS FOR OUR COMPANY, SHAREHOLDERS AND EMPLOYEES.

### CORE VALUES

#### INTEGRITY

ACTING AND TAKING DECISIONS IN A MANNER THAT ARE FAIR AND HONEST, FOLLOWING THE HIGHEST STANDARDS OF PROFESSIONALISM AND BEING RECOGNISED FOR DOING SO. INTEGRITY FOR US MEANS NOT ONLY FINANCIAL AND INTELLECTUAL INTEGRITY, BUT ENCOMPASSES ALL OTHER DIMENSIONS.

#### COMMITMENT

WE ARE COMMITTED TO DELIVER VALUE TO ALL OUR STAKEHOLDERS, CONSUMERS, EMPLOYEES AND OTHER BUSINESS PARTNERS. IN THE PROCESS WE ARE BEING ACCOUNTABLE FOR OUR OWN ACTIONS AND DECISIONS.

#### PASSION

WE NEED TO BE PASSIONATE ABOUT OUR WORK AND PASSIONATE ABOUT OUR BUSINESS. WE NEED TO HIRE PASSIONATE EMPLOYEES; WE NEED TO CREATE PASSIONATE CUSTOMERS.

## 1.4 INFRASTRUCTURE

### LA OPALA RG LTD. (LAOPALA) - LOCATIONS

LOCATION TYPE	ADDRESS
REGISTERED OFFICE	CHITRAKOOT (10TH FLOOR) 230 A ACHARYA J C BOSE ROAD KOLKATA - INDIA FAX - 91-033-22870284 PHONE1 - 91-033-760488814/5/6/7 PHONE2 - N.A. EMAIL - <a href="mailto:INFO@LAOPALA.IN">INFO@LAOPALA.IN</a>
CORPORATE OFFICE	CHITRAKOOT 10TH FLOOR 230A AJC BOSE ROAD



	<b>KOLKATA - INDIA</b> <b>FAX - 91-33-2287 0284</b> <b>PHONE1 - 91-33-65036656/7/8/9</b> <b>PHONE2 - N.A.</b> <b>EMAIL - <a href="mailto:INFO@LAOPALA.IN">INFO@LAOPALA.IN</a></b>
<b>FACTORY/PLANT</b>	<b>WINDMILL UNIT</b> <b>GORERA VILLAGE</b> <b>JAISALMER - INDIA</b> <b>FAX - N.A.</b> <b>PHONE1 - N.A.</b> <b>PHONE2 - N.A.</b> <b>EMAIL</b> <b>- <a href="mailto:COMPANYSECRETARY_WCL@WELSPUN.COM">COMPANYSECRETARY_WCL@WELSPUN.COM</a></b>
<b>FACTORY/PLANT</b>	<b>LA OPALA RG LTD</b> <b>MADHUPUR</b> <b>DEOGARH (JHARKHAND) - INDIA</b> <b>FAX - N.A.</b> <b>PHONE1 - N.A.</b> <b>PHONE2 - N.A.</b> <b>EMAIL</b> <b>- <a href="mailto:COMPANYSECRETARY_WCL@WELSPUN.COM">COMPANYSECRETARY_WCL@WELSPUN.COM</a></b>

THE KOLKATA-BASED COMPANY HAS A WIDE NETWORK OF DEALERS AND RETAILERS AND A LARGE MARKETING FIELD FORCE. IT IS THE SECOND-LARGEST CROCKERY MANUFACTURER IN THE COUNTRY. LA OPALA WENT PUBLIC IN FEB.'95 WITH AN ISSUE OF 8.50 LAC EQUITY SHARES AGGREGATING RS 340 LAC AND THE PROCEEDS WERE USED BY FINANCING PROJECT WITH DOOSAN GLASS SOUTH KOREA TO GAIN THE EXCLUSIVE RIGHT TO USE THE TECHNICAL KNOW-HOW INFORMATION AND DATA FOR THE MANUFACTURE AND SALE OF CRYSTAL WARE IN INDIA AND ABROAD. THE COMPANY'S PRODUCTS ARE EXPORTED TO THE EAST ASIAN AND AFRICAN COUNTRIES. THE COMPANY MADE A DIVERSIFICATION IN THE FIELD OF GLASS TABLEWARE BY PRODUCING 24% PBO(LEAD OXIDE) LEAD CRYSTALWARE AT MADHUPUR BIHAR. IN MAR.'96 THE COMPANY COMMENCED COMMERCIAL PRODUCTION OF CRYSTALWARE PROJECT WITH THE INSTALLED CAPACITY OF 540 TPA. THE MERGER OF RADHA GLASS & INDUSTRIES LTD WITH THE COMPANY WAS SUCCESSFULLY CONCLUDED WITH EFFECT FROM 1ST JANUARY 1999 FOLLOWING WHICH COMPANY WAS RENAMED AS LA OPALA RG LIMITED.

IN 1999-2000 FOR THE FIRST TIME IN INDIAN TABLEWARE INDUSTRY THE COMPANY'S EXCLUSIVE SHOWROOM WAS OPENED IN KOLKATA WHICH HAS BEEN HIGHLY ACCLAIMED BY ITS CUSTOMERS.

IN 2003-04 THE COMPANY LAUNCHED CELEBRATION RANGE WITH NEW DESIGN WHICH RECEIVED GOOD RESPONSE FROM THE MARKET. THE PRODUCTION CAPACITY OF 24% LEAD HAND CRAFTED CRYSTAL HAS BEEN SUBSTANTIALLY INCREASED. 111000000 EQUITY SHARES OF RS2 EACH FULLY PAID-UP WERE ISSUED AS BONUS SHARES IN THE PROPORTION OF 1 BONUS SHARES OF RS2/-

EACH FOR EVERY 1 FULL PAID -UP EQUITY SHARES OF RS2/- EACH HELD ON 23RD MARCH 2018 BEING THE RECORD DATE DETERMINED BY THE BOARD FOR THE PURPOSE. THE BONUS SHARES WERE ALLOTTED ON 24TH MARCH 2018.

### **1.5 MANAGEMENT**

The Company reported softer sales growth of 7.2%, which was below the growth rate achieved in the earlier years. This was due to a convergence of various factors like disruptions due to a natural calamity in South India (Kerala), which represents a strong market for the Company's products. Besides, the year under review was marked by the entry of competitors, discount differentials in the pricing of products and the after-effects of GST that extended into the first half of the year under review. Exports were affected by unsettled economic conditions in the Middle East.

#### **What then is the big message that the management intends to send out to shareholders?**

The management is cognizant of the challenges and has taken a number of initiatives: strategic and tactical, to revert to the retrospective sales growth average. Besides, the management responded with speed to prevailing realities, exercised tighter managerial control, moderated costs and implemented strategic pricing to protect profitability.

#### **Were the Company's financials impaired in any way?**

The Company continued to be financially sound. The Company increased dividend from H1.10 per share to H1.20 (H2 face-value). Net worth increased from H503.60 crore as on 31.03.2018 to H529.13 crore as on 31.03.2019, compared with the equity share capital of H22 crore. The Company remained debt-free with sufficient resources to address H150 crore in capital expenditure at the second plant at Sitargunj. The result is that the Company's Balance Sheet remained protected, empowering it to retain its leadership and sustain growth into the future.

#### **Why was capacity expansion necessary at this point?**

This capacity expansion was necessary for multiple reasons. One, India's opalware market continues to grow, making it necessary to invest in additional capacity. Two, we were already at 85% of our capacity utilisation at our Sitargunj plant during the last financial year, so prospective planning was necessary. Three, increased manufacturing capacity sends out a strong signal to our distribution partners that when they develop a market, we would be able to provide them with adequate product quantity. Four, we believe that the proposed capacity expansion will increase our competitiveness in terms of procurement and other economies.

#### **What is the outlook for the Company?**

At La Opala, we are optimistic of our prospects for some good reasons – our product is mature, can be globally compared for quality, is cheaper than pure melamine and bone china and is qualitatively superior compared with these alternatives. As a result, we see a growing relevance for opalware across the foreseeable future. Besides, we are an entrepreneurial organisation managed with a professional commitment; our promoters are hands-on; we are operationally austere with no debt and sizable cash on our book; our margins are attractive; our scale is growing which should translate into increased economies and our expansion will provide a straight three-year visibility until 2023.

#### **What is the role of technology in the Company's growth from this point?**

Our future will be increasingly influenced by cutting-edge technology development. Many of the Company's activities and operating models could undergo large change. To retain leadership and sustain growth (revenues and profit), it will be necessary to introduce technologies that enhance adaptability to changing market dynamics. This will also involve deeper communication with distributors, agents and foreign associates for strengthening the Company's long-term performance.

**How does the Company intend to strengthen its relevance from this point onwards?**

Being the tableware industry leader, we believe that growth will depend on the introduction of new products, new designs, enhanced quality, deeper distribution and continuous cost reduction. More importantly, the Company will strengthen its research spending with the objective to emerge as a world-class and innovative manufacturer of tableware. In view of this, the Company has decided to commission a research & development facility comprising qualified scientists and chemical engineers coupled with the appointment of recognised personalities from the glass and ceramic industries. Besides, the Company will seek to synergistically diversify and seize new opportunities. We believe that these initiatives will not just strengthen our competitiveness but also help us emerge with a larger global personality across the foreseeable future

You can view name and some data of chairman ,ceo ,cfo and management team and board directors of la opala

**MR SUSHIL JHUNJHUNWALA**

MR. SUSHIL JHUNJHUNWALA IS THE PROMOTER AND EXECUTIVE CHAIRMAN OF THE COMPANY. HE WAS APPOINTED AS THE MANAGING DIRECTOR ON THE BOARD OF LA OPALA RG LIMITED EFFECTIVE 29TH OCTOBER, 1994. HE HAS OVER 50 YEARS OF SPECIALISATION IN THE GLASS INDUSTRY. HE HAS HELD IMPORTANT HONORARY POSITIONS IN MANY ORGANISATIONS THAT INCLUDE, THE PRESIDENT OF ALL INDIA GLASS MANUFACTURERS FEDERATION, PRESIDENT OF SOCIETY OF GLASS TECHNOLOGY (INDIAN SECTION) AND PRESIDENT OF CALCUTTA CHAMBER OF COMMERCE. HE IS ALSO A NON-EXECUTIVE DIRECTOR OF M/S BSL LIMITED.

**MR AJIT JHUNJHUNWALA**

MR. AJIT JHUNJHUNWALA IS THE MANAGING DIRECTOR OF THE COMPANY. HE WAS APPOINTED AS A DIRECTOR ON THE BOARD OF LA OPALA RG LIMITED EFFECTIVE 3RD OCTOBER, 1989 AND SUBSEQUENTLY APPOINTED AS THE JOINT MANAGING DIRECTOR OF LA OPALA RG LIMITED EFFECTIVE 1ST OCTOBER, 1997. HE HAS OVER 20 YEARS OF EXPERIENCE IN THE GLASS INDUSTRY. HE IS THE FORMER PRESIDENT OF EASTERN INDIA GLASS MANUFACTURERS ASSOCIATION AND COMMITTEE MEMBER OF CONFEDERATION OF INDIAN INDUSTRIES (MARKETING COMMITTEE).

**MS NIDHI JHUNJHUNWALA**

MS NIDHI JHUNJHUNWALA WAS APPOINTED AS AN EXECUTIVE DIRECTOR ON THE BOARD OF LA OPALA RG LIMITED EFFECTIVE 14TH MAY, 2010. SHE IS RESPONSIBLE FOR THE MARKETING, PLANNING AND PRODUCT DESIGNING OF THE COMPANY. SHE IS AN ACTIVE MEMBER OF LADIES STUDY GROUP, INDIAN CHAMBER OF COMMERCE.

**MR ARUN CHURIWAL**

MR ARUN CHURIWAL WAS APPOINTED AS A NON-EXECUTIVE DIRECTOR ON THE BOARD OF LA OPALA RG LIMITED EFFECTIVE 26TH JUNE, 2004. HE HAS OVER 40 YEARS OF EXPERIENCE IN THE SEGMENTS OF TEXTILES AND AGRO PRODUCTS. HE IS CURRENTLY THE MANAGING DIRECTOR OF M/S RSWM LIMITED AND CHAIRMAN & MANAGING DIRECTOR OF M/S BSL LIMITED, A PART OF M/S LNJ BHILWARA GROUP. HE HAS HELD MANY IMPORTANT POSITIONS OF HONOUR IN MANY ORGANISATIONS, SUCH AS PRESIDENT OF

MERCHANTS' CHAMBER OF COMMERCE, KOLKATA, CHAIRMAN OF INDIAN WOOLEN MILLS FEDERATION, MUMBAI AND PRESIDENT OF MEWAR CHAMBER OF COMMERCE & INDUSTRY BHILWARA, RAJASTHAN.

**MR RAJIV GUJRAL**

MR RAJIV GUJRAL WAS APPOINTED AS A NON-EXECUTIVE DIRECTOR ON THE BOARD OF LA OPALA RG LIMITED EFFECTIVE 26TH OCTOBER, 2007. HE HAS BEEN ASSOCIATED WITH THE TATA GROUP FOR OVER 38 YEARS AND HAS BEEN IN SENIOR MANAGEMENT POSITIONS WITH TAJ GROUP OF HOTELS. PRESENTLY HE IS THE CEO OF TATA INTERNATIONAL / TAJ HOTELS JV FOR AFRICA. HE IS ALSO ON THE BOARD OF M/S PEERLESS HOTELS LTD. AND EX BOARD MEMBERS OF TAJ INTERNATIONAL HOTELS (HK) LTD. AND ORIENTAL HOTELS INTERNATIONAL (HK) LTD.

**MR. SUBIR BOSE**

MR. SUBIR BOSE IS AN NON-EXECUTIVE INDEPENDENT DIRECTOR ON THE BOARD OF LA OPALA RG LIMITED WITH EFFECT FROM 26TH AUGUST, 2017. HE GRADUATED IN CHEMICAL ENGINEERING FROM THE INDIAN INSTITUTE OF TECHNOLOGY, KANPUR AND THEN COMPLETED HIS POST-GRADUATION IN BUSINESS ADMINISTRATION FROM THE INDIAN INSTITUTE OF MANAGEMENT, AHMEDABAD. HE WAS ASSOCIATED WITH BERGER PAINTS INDIA LTD. SINCE 1984 TO 2012 AND HELD POSITION OF MANAGING DIRECTOR FROM 1994 TO 2012. BEFORE THAT HE WAS ALSO ASSOCIATED WITH LARSEN & TOUBRO LTD, ASIAN PAINTS INDIA LTD AND ABUKON NIGERIA LTD.

**PROF. SANTANU RAY**

PROF. SANTANU RAY (DIN 0008451) IS A NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY WITH EFFECT FROM 14TH AUGUST, 2018. 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 PROGRAMS WITH LEADING CORPORATES AND PUBLISHED SEVERAL BOOKS, RESEARCH PAPERS AND ARTICLES WHICH HAVE RECEIVED ACCLAMATION ACROSS THE COUNTRY. HE IS ASSOCIATED WITH NUMEROUS PROMINENT COMPANIES.

**MRS. MAMTA BINANI**

MS. MAMTA BINANI IS A NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY W.E.F 1ST APRIL, 2019. SHE IS A FELLOW MEMBER OF THE INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI) AND HAVING MORE THAN TWO DECADES EXPERIENCE IN CORPORATE CONSULTATION & ADVISORY, COVERING DUE DILIGENCE, SECRETARIAL & LEGAL FUNCTIONS. SHE IS A VICE PRESIDENT OF NATIONAL COMPANY LAW TRIBUNAL KOLKATA BAR ASSOCIATION AND A CHAIRPERSON OF LEGAL AFFAIRS COMMITTEE OF THE MERCHANTS CHAMBER OF COMMERCE & INDUSTRY. SHE HAS BEEN THE FIRST LADY CHAIRPERSON (EASTERN REGION) OF (ICSI) IN 2010 AND SECOND LADY PRESIDENT OF ICSI IN 2016. MRS. BINANI IS A FACILITATOR FOR SOME VERY PRESTIGIOUS PROGRAMMES CONDUCTED BY THE PROFESSIONAL INSTITUTES OF INDIA. SHE HAD BEEN AN EMPANELLED TRAINER WITH ICICI BANK LIMITED, WHERE SHE FACILITATED TRAINING IN SOFT SKILLS UP TO THE CHIEF

MANAGERIAL LEVEL ON AN ALL INDIA BASIS. SHE ALSO SERVES AS AN INDEPENDENT DIRECTOR ON FEW OF THE BOARDS. SHE HAS SERVED AS THE VICE- PRESIDENT OF THE ICSI IN THE YEAR 2015

### **1.5 PRODUCTS**

THIS COMPANY IS A LEADING MANUFACTURER AND MARKETER OF LIFESTYLE PRODUCT IN THE TABLE WEAR SEGMENT. IT HAS SPREAD WINGS BEYOND DOMESTIC ARENA AND VENTURED INTO THE LEADING MARKET OF THE WORLD.

COMPANY'S CLASSIC COLLECTION INVOLVES VARIOUS COLLECTIONS WHICH ARE EXCLUSIVE.

SOME OF THEM ARE NOVO COLLECTION, MELODY COLLECTION AND TEA AND COFFEE COLLECTION AND MUCH MORE.

THE EXTRAORDINARIES OF THE COMPANY ARE ITS METAPHORS AND ARE LISTED BELOW.

1. THEY ARE MICROWAVE SAFE.
2. THEY ARE EXTREMELY WHITE.
3. THEY ARE TOUGHENED EXTRA STRONG.
4. THEY ARE SCRATCH RESISTANT.
5. THEY ARE DISHWASHER FRIENDLY AS WELL.
6. THEY ARE EXTRA LIGHT TO LIFT.
7. THEY ARE 100% RESISTANT.
8. THEY ARE LEAD FREE, THAT MEANS COMPLETELY VEGETARIAN.
9. AND THEY ARE BREAK RESISTANT.

LA OPLA TAKES PRIDE TO BE THE FIRST COMPANY TO BRING OPLA GLASS TECHNOLOGY IN OUR NATION BY 1955 AND ALSO BEING THE MOST POPULAR FIRST TABLE WEAR COMPANY IN INDIA AS WELL.

FROM MAKING THE CROCKERIES TO EXPERIMENTING AND SUCCEEDING LA OPLA HAS CHANGED THE ENTIRE COURSE FOR PLATES, BOWLS, DINNER SETS, SERVING SETS AND WHAT NOT FOR A PERFECT TABLE AND ITS COMPLEMENTARY THINGS.

## **PART:2 FINANCIAL ANALYSIS**

### **CHAPTER 02**

#### **2.1 RATIO ANALYSIS**

Ratios/Year	2017	2018	2019	2020	2021
Current Ratio	9.81	7.82	9.04	9.23	8.28
Quick Ratio	8.35	6.94	7.74	7.84	7.63
Inventory turnover	6.93	8.22	5.75	4.91	7.10
Collection period	51	58	63	59	65
Return on assets	12.55	12.73	12.31	13.78	6.68
Return on equity	14.3	14.58	13.99	15.45	7.44
NPM	26.43	28.32	26.62	31.20	23.46
OPM	37.8	42.2	40.5	38.7	32.5
Asset turnover ratio	1.41	1.34	1.29	1.20	0.92
Price to book ratio	6.87	6.25	4.54	3.04	3.69
DEBT/ ASSET	0	0.7	0.1	0.9	0.2
DEBT/EQUITY	0	0	0	0	0

#### **2.2. LIQUIDITY ANALYSIS: -**

Liquidity ratio is the utilization of a few ratios to decide the capacity of a business to take care of its bills without wasting much time. This analysis is significant for loan specialists and banks, who need to acquire some thought of the monetary circumstance of a borrower or client prior to conceding them credit.

2.2.1 Current ratio: - The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year.

**The current ratio is more than 1 i.e: the ratio is almost 9 from 2017- 2021. This shows that Laopala is having a great liquidity to meet its short term obligations but there is problem in managing capital allocation and holding too much cash in its account.**

2.2.2 Quick Ratio: The quick ratio measures a company's capacity to pay its current liabilities without needing to sell its inventory or obtain additional financing.

**The quick ratio is almost consistent from 2017-2021. The inventory is 400Cr approx. for all these 5 years. Company is more focussed on investment in equities of other companies rather than its own business growth.**

2.2.3 Collection period A collection period is the average number of days required to collect receivables from customers.

**The collection period is almost 65 days whereas the industry rate is 60 days. So it doesn't indicate any liquidity problems.**

2.2.4 Days payable: The Laopala rate is 112 days whereas industry rate is 100 days. Also the collection period is half as compared to the days payable. So it is not a problem for the company to pay its creditors.

## **2.3 PROFITABILITY:**

2.3.1 Return on assets: Return on assets (ROA) is an indicator of how well a company utilizes its assets in terms of profitability.

**The higher the ROA, the more efficient the company is at generating profits. A 13% ROA shows the company is using its assets effectively to generate profits.**

2.3.2 Return on equity: Return on equity (ROE) is a measure of a company's financial performance, calculated by dividing net income by shareholders' equity.

**ROE for laopala is 7.44 which is very lower than past ROE of company is mainly due to covid 19 before that roe was hovering around 13.00 which is more than industry's ROE of 11.5. it shows company is profitable and gives good returns to its equity holders**

2.3.3 NPM: Net profit margin measures how much net income is generated as a percentage of revenues received.

**Company has net profit margin around 30% for all these years which shows that company has good hold on its market. Company has good margin over its cost incurred for manufacturing. This is mainly due to its monopoly in opal products. So company can easily charge higher price for their goods.**

2.3.4 OPM: The operating margin represents how efficiently a company is able to generate profit through its core operations.

**Operating profit is more than 30% which shows company is more reliable on their operating activity than any other source of income. Also, it shows that the company is efficiently managing it's operations for their profit generations.**

## 2.4 TURNOVER RATIOS

2.4.1 Inventory turnover: Inventory turnover measures how many times in a given period a company is able to replace the inventories that it has sold.

**Inventory turnover ratio is steadily increasing which shows company is efficiently managing its inventory whether its raw material acquisition or manufactured goods available to sale.**

2.4.2 Asset turnover ratio: The asset turnover ratio measures the efficiency of a company's assets in generating revenue or sales.

**Asset turnover ratio is decreasing every year which is showing company is not using their assets efficiently to generate income.**

## 2.5 FINANCIAL LEVERAGE RATIO

2.5.1 Debt/ equity

**Company is debt free since 2017. Which is good sign that company can transfer its whole profit to its equity holder in terms of dividend or they can reinvest it into other operating activity. Also we can say that company is not using its financial leverage to gain capital for business.**

2.5.2 Debt/ asset

**Company has very minimal asset which has debt on it. Company has mainly acquire their asset from their capital and used very minimum debt to acquire asset also company has only taken short term debt which they can easily meet in given time line.**

## 2.6 VALUATION RATIO

2.6.1 PRICE TO EARNING RATIO

LA OPALA	INDUSTRY PE
55.53	32.2

**La opala has more price to earnings ratio than industry which is mainly due to its higher profit margin less amount of debt. Which shows company is in very good position and will be able to grow on its own and will give good return to its equity holders.**

2.6.2 Price to book ratio:

The P/B ratio measures the market's valuation of a company relative to its book value.

**Company has PB ratio of 5.3 which shows company has generated good amount of profit upon its booked value and has potential to grow exponentially.**



## 2.7 DUPONT ANALYSIS: -

	2020	2021
NPM (Profitability)	31.2	23.46
Asset turnover (Efficiency)	1.2	0.92
financial leverage (Leverage)	0.46	0.34
ROE	15.5%	7.4%

$$\text{ROE} = \text{Net Income} / \text{Equity}$$

$$= \text{Profitability} \times \text{Efficiency} \times \text{Leverage}$$

$$= \text{NI/Sales} \times \text{Sales/Assets} \times \text{Assets/Equity}$$

$$= 15.49\% \text{ for FY 2020}$$

$$= 7.4\% \text{ for 2021}$$

As clearly we can see the ROE is almost half for the year 2021 when compared to 2020. The three main reasons are :

1. The net profit has dropped down from 31.2% to 23.46%.
2. Efficiency has dropped from 1.2 to 0.92.
3. Leverage has also dropped from 0.46 to 0.34.

The reason behind these decrease in the above 3 points is because of covid situation.

## Chapter 3: HORIZONTAL ANALYSIS

### 3.1 COMPARATIVE PROFIT & LOSS A/C 2018-2019

Rs Cr	Mar-18	Mar-19
<b>Sales</b>	<b>259</b>	<b>278</b>
% Growth YOY	10%	7%
Expenses	150	165
Material Cost (% of Sales)	11%	13%
Power and Fuel	13%	16%
Other Mfr. Exp	9%	9%
Employee Cost	16%	18%
Selling and Admin Cost	6%	7%
<b>Operating Profit</b>	<b>109</b>	<b>113</b>
Operating Profit Margin	42%	41%
Other Income	11	17
Other Income as % of Sales	4.1%	6.1%
Depreciation	14	16
Interest	1	1
Interest Coverage(Times)	127	186
Profit before tax (PBT)	105	113
% Growth YOY	23%	7%
PBT Margin	41%	40%
Tax	32	39
<b>Net profit</b>	<b>73</b>	<b>74</b>
% Growth YOY	18%	1%
Net Profit Margin	28%	27%
EPS	6.6	6.7
% Growth YOY	18%	1%
Price to earning	43.4	32.5
<b>Price</b>	<b>287</b>	<b>217</b>
Dividend Payout	16.6%	18.0%
Market Cap	3,183	2,408
Retained Earnings	61	61

Company's sales has growth 7% yoy which is regular rise for company. The more sales growth the more revenue generation.

But company's expenses has also increased which mainly due to rise in price of material cost, price of fuel increase. Also company has recruits more employees which has increased their expenses which in turn has affected companies operating margin.

Company's net profit margin has only increased by 1% which is mainly due to decreased in company's operating margin decreased also company has sales growth of only 7%.

### 3.2 COMPARATIVE PROFIT & LOSS A/C 2019-2020

Rs Cr	Mar-19	Mar-20
<b>Sales</b>	<b>278</b>	<b>270</b>
% Growth YOY	7%	-3%
Expenses	165	166
Material Cost (% of Sales)	13%	13%
Power and Fuel	16%	15%
Other Mfr. Exp	9%	9%
Employee Cost	18%	19%
Selling and Admin Cost	7%	6%
<b>Operating Profit</b>	<b>113</b>	<b>105</b>
Operating Profit Margin	41%	39%
Other Income	17	17
Other Income as % of Sales	6.1%	6.2%
Depreciation	16	16
Interest	1	1
Interest Coverage(Times)	186	185
Profit before tax (PBT)	113	105
% Growth YOY	7%	-7%
PBT Margin	40%	39%
Tax	39	20
<b>Net profit</b>	<b>74</b>	<b>84</b>
% Growth YOY	1%	14%
Net Profit Margin	27%	31%
EPS	6.7	7.6
% Growth YOY	1%	14%
Price to earning	32.5	19.4
<b>Price</b>	<b>217</b>	<b>148</b>
Dividend Payout	18.0%	15.8%
Market Cap	2,408	1,638
Retained Earnings	61	71

In 2020 due to e-tails company has seen slight deep in their sells compare to last year. Also, due to covid 19 in Chinese market. China imports laopala glass and opal table ware which has shown significant fall due to sanctions and other policies which has affected companies over all performance but due to increasing demand in domestic market company has seen rise in their net profit.

### 3.3 COMPARATIVE PROFIT & LOSS A/C 2020-2021

Rs Cr	Mar-20	Mar-21
<b>Sales</b>	<b>270</b>	<b>211</b>
% Growth YOY	-3%	-22%
Expenses	166	143
Material Cost (% of Sales)	13%	8%
Power and Fuel	15%	11%
Other Mfr. Exp	9%	9%
Employee Cost	19%	20%
Selling and Admin Cost	6%	5%
<b>Operating Profit</b>	<b>105</b>	<b>69</b>
Operating Profit Margin	39%	32%
Other Income	17	8
Other Income as % of Sales	6.2%	3.7%
Depreciation	16	12
Interest	1	0
Interest Coverage(Times)	185	257
Profit before tax (PBT)	105	64
% Growth YOY	-7%	-39%
PBT Margin	39%	30%
Tax	20	14
<b>Net profit</b>	<b>84</b>	<b>50</b>
% Growth YOY	14%	-41%
Net Profit Margin	31%	23%
EPS	7.6	4.5
% Growth YOY	14%	-41%
Price to earning	19.4	49.7
<b>Price</b>	<b>148</b>	<b>222</b>
Dividend Payout	15.8%	33.6%
Market Cap	1,638	2,462
Retained Earnings	71	33

In 2021 company has seen significant fall in sales due to covid 19. Demand of products has drop down which has affected sales. Which has mainly affected company's net profit, operating profit. But to gain trust of equity holders company has given dividend pay-out. Which has in turn increased share price to 222 from 148. Also company's market cap has increased to 2462 from 1638 mainly due to decreased in substitute demand.

### 3.4 COMPARATIVE BALANCE SHEET 2018-2019

Rs Cr	Mar-18	Mar-19	% change
Equity Share Capital	22	22	0
Reserves	481	507	5.4
Borrowings	4	1	-75
Other Liabilities	69	71	2.8
<b>Total</b>	<b>577</b>	<b>601</b>	4.15
Net Block	131	121	-7.63
Capital Work in Progress	0	2	200%
Investments	361	356	-1.3%
Other Assets	84	122	45.2%
<b>Total</b>	<b>577</b>	<b>601</b>	4.1%
Working Capital	15	51	24%
Debtors	41	48	17%
Inventory	32	48	5%
Cash & Bank**	2,605	3,546	36.1%
Debtor Days	58	63	8.6%
Inventory Turnover	8	6	-25%
Fixed Asset Turnover	2.0	2.3	0.15
Debt/Equity	0.0	0.0	0
Return on Equity	15%	14%	-6.6
Return on Capital Employed	21%	21%	0

Capitol work in progress is increased by 200% the reason is company is developing new facility which has caused this increased. With this company has increased their cash and cash equivalent by 36.1% this will give company more liquidity to pay their short term debt very easily and with this company has increased their debtor days by 8.6% which have gave company cushion for their payment to creditors. Company has decreased their borrowing which clearly is result of cash richness of company.

### 3.5 COMPARATIVE BALANCE SHEET 2019-2020

Rs Cr	Mar-19	Mar-20	% change
Equity Share Capital	22	22	0%
Reserves	507	523	3%
Borrowings	1	5	400%
Other Liabilities	71	61	-14%
<b>Total</b>	<b>601</b>	<b>611</b>	<b>2%</b>
Net Block	121	122	1%
Capital Work in Progress	2	25	1150%
Investments	356	340	-4%
Other Assets	122	124	2%
<b>Total</b>	<b>601</b>	<b>611</b>	<b>2%</b>
Working Capital	51	63	24%
Debtors	48	44	-8%
Inventory	48	55	15%
Cash & Bank**	3,546	4,739	34%
Debtor Days	63	59	-6%
Inventory Turnover	6	5	-17%
Fixed Asset Turnover	2.3	2.2	-4%
Debt/Equity	0.0	0.0	
Return on Equity	14%	15%	6.6%
Return on Capital Employed	21%	19%	-10%

Company has borrowed extensively for their new venture in this year also their capital work in progress has been increased due to their investment in increasing fixed asset which shows company is doing something in view of future growth. Also company has decreased their investments to have more liquidity in their hand. Which gives company free flow of cash for their operating activity. Inventory turnover rate has decreased due to less investment in inventory acquisition during this period.

### 3.6 COMPARATIVE BALANCE SHEET 2020-2021

Rs Cr	Mar-20	Mar-21	
Equity Share Capital	22	22	0%
Reserves	523	644	23%
Borrowings	5	2	-60%
Other Liabilities	61	74	21%
<b>Total</b>	<b>611</b>	<b>742</b>	<b>21%</b>
Net Block	122	114	-7%
Capital Work in Progress	25	81	224%
Investments	340	461	36%
Other Assets	124	86	-31%
<b>Total</b>	<b>611</b>	<b>742</b>	<b>21%</b>
Working Capital	63	11	-83%
Debtors	44	38	-14%
Inventory	55	30	-45%
Cash & Bank**	4,739	5,829	23%
Debtor Days	59	65	10%
Inventory Turnover	5	7	40%
Fixed Asset Turnover	2.2	1.8	-18%
Debt/Equity	0.0	0.0	
Return on Equity	15%	7%	-53%
Return on Capital Employed	19%	10%	-47%

Company has increased their efforts towards building their own e tail system which has clearly put impact on their capitol work in progress also company has increased their investment activity cause company has seen decline in their inventory acquisition and management company had enough cash to do investment activity also company has forecasted covid 19 impact which can clearly seen by decreased inventory which inturn has increased inventory turnover ratio by 40%. In tough time of covid company was able to increase their asset by 21% and company has decreased is borrowings by 60% which clearly suggest company is self-relying for their day to day operations.

## CHAPTER 4: COMMON SIZE STATEMENT

### 4.1 COMMON-SIZE PROFIT & LOSS A/C

	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Sales	100%	100%	100%	100%	100%
Raw Material Cost	12.7%	11.2%	13.4%	12.7%	8.2%
Change in Inventory	-2.9%	-1.1%	5.6%	2.9%	-12.0%
Power and Fuel	11.8%	13.1%	16.2%	15.5%	11.0%
Other Mfr. Exp	9.1%	8.9%	8.9%	9.0%	9.1%
Employee Cost	16.1%	16.3%	17.7%	18.9%	20.0%
Selling and admin	5.3%	5.7%	7.2%	6.3%	5.2%
Other Expenses	4.2%	1.6%	1.6%	1.8%	2.0%
Other Income	4.6%	4.1%	6.1%	6.2%	3.7%
Depreciation	5.3%	5.3%	5.9%	5.9%	5.8%
Interest	0.6%	0.3%	0.2%	0.2%	0.1%
Profit before tax	36.6%	40.7%	40.5%	38.8%	30.3%
Tax	10.1%	12.4%	13.9%	7.5%	6.8%
Net profit	26.4%	28.3%	26.6%	31.2%	23.5%
Dividend Amount	4.7%	4.7%	4.8%	4.9%	7.9%

Company has majorly net profit margin from their sales which shows company has strong hold on their operations and other manufacturing activities which shows that company is easily able to increase their profit margin. Over the years company has tried to reduce their raw material costs. Third biggest part from sales goes to power and fuel which in turns suggests company should look towards more efficient way for their logistics.

### 4.2 COMMON-SIZE BALANCE SHEET

	Mar- 17	Mar-18	Mar-19	Mar-20	Mar-21
Equity Share Capital	2%	4%	4%	4%	3%
Reserves	86%	83%	84%	86%	87%
Borrowings	0%	1%	0%	1%	0%
Other Liabilities	12%	12%	12%	10%	10%
<b>Total Liabilities</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Net Block	22%	23%	20%	20%	15%
Capital Work in Progress	0%	0%	0%	4%	11%
Investments	61%	63%	59%	56%	62%
Other Assets	17%	15%	20%	20%	12%
<b>Total Assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Receivables	7%	7%	8%	7%	5%
Inventory	7%	5%	8%	9%	4%
Cash & Bank	0%	0%	1%	1%	1%



Over the years company has less borrowing in its liability and has more reserves which suggests that company should use their reserve to new development or for other investment purposes. In asset part companies major assets are in investment which suggests company is using its assets for investment activity where we can see company has less capital in work which suggest company is not utilizing its assets for operations

## Chapter 5: TREND ANALYSIS

### 5.1 P&L STATEMENTS TREND ANALYSIS

P&L	2018	2019	2020	2021
Sales	10%	7%	-3%	-22%
Raw Material Cost	-3%	25%	15%	-42%
Change in Inventory	-59%	-324%	-214%	266%
Power and Fuel	22%	62%	51%	-16%
Other Mfr. Exp	8%	15%	13%	-10%
Employee Cost	11%	30%	34%	11%
Selling and admin	18%	61%	37%	-12%
Other Expenses	-59%	-55%	-50%	-57%
Other Income	-2%	57%	54%	-27%
Depreciation	11%	32%	28%	-2%
Interest	-37%	-54%	-57%	-81%
Profit before tax	23%	31%	22%	-26%
Tax	35%	62%	-14%	-39%
Net profit	18%	19%	36%	-20%
Dividend Amount	10%	20%	20%	50%

We have taken 2017 as base year for trend analysis.

From the Trend Analysis we can see the total revenue has decreased by 22% even after there was decrease in the raw material cost by 42%. This can be due to the Covid situation during 2021 period. However previous year's sales were as per industry. Also we can see the inventory rose to 266% which is a clear sign of the pandemic effects. Net profit has decreased by 20% also as sales had decreased during this period.

### 5.2 BALANCE SHEET STATEMENT TREND ANALYSIS

Report Date	2018	2019	2020	2021
Equity Share Capital	100%	100%	100%	100%
Reserves	14%	20%	23%	52%
Borrowings	2869%	585%	4077%	1131%
Other Liabilities	15%	18%	0%	23%
<b>Total</b>	16%	21%	23%	50%
Net Block	21%	13%	13%	6%
Capital Work in Progress	-97%	84%	1943%	6397%
Investments	19%	17%	12%	51%
Other Assets	3%	49%	51%	5%
<b>Total</b>	16%	4%	2%	21%
Receivables	25%	18%	-9%	-14%
Inventory	-7%	53%	14%	-46%
Cash & Bank	59%	116%	117%	149%
No. of Equity Shares	100%	100%	100%	100%

Trend analysis with 2017 as base year.

Here we see there is an increase in borrowing in 2020 and it decreased in 2021 as they paid back to their creditors because they had cash with them. Moreover, the capital; work in progress has increased by 6000% due to new manufacturing unit setup.

## **Chapter 6: cashflow analysis**

### **6.1 CASHFLOW ANALYSIS 31<sup>ST</sup> MARCH 2019**

<b>Report Date</b>	<b>Mar-19</b>
Cash from Operating Activity	50.62
Cash from Investing Activity	-32.14
Cash from Financing Activity	-18.32
Net Cash Flow	0.16

Company is mainly focusing towards generating cashflow from its operations rather than investing and financing activity also company has less interested in getting cash flow from financing as we can see company has very minimal debt company has net cash flow of 0.16 which shows company can easily meet their short term financial goals.

### **6.2 CASHFLOW ANALYSIS 31<sup>ST</sup> MARCH 2020**

<b>Report Date</b>	<b>Mar-20</b>
Cash from Operating Activity	73.18
Cash from Investing Activity	-45.09
Cash from Financing Activity	-28.72
Net Cash Flow	-0.63

Company has seen significant rise in cash flow from operations and seen deep in cash from investment as company has invested in some underperforming equities and other investment. Company should look into good investment activity to maximize its cashflow from investing activity

### **6.3 CASHFLOW ANALYSIS 31<sup>ST</sup> MARCH 2021**

<b>Report Date</b>	<b>Mar-21</b>
Cash from Operating Activity	83.28
Cash from Investing Activity	-79.23
Cash from Financing Activity	-4.09
Net Cash Flow	-0.04

Company has seen rise in operating cash flow because company has been more focused on operating efficiency which gives company good amount of cash flow from operating activity. Company's net cash flow has decreased due to their investment and financing activity which is mainly due to decreased in equity market in this year.

## CHAPTER 7: SUMMARY OF MANAGEMENT DISCUSSION

The global economy reported degrowth of 3.5% in 2020 compared to a growth of 2.9% in 2019, the sharpest contraction since World War II. This steep decline in global economic growth was largely due to the outbreak of the novel coronavirus and the consequent suspension of economic activities across the world. This led to global supply chain disruptions, resulting in a de-growth in some of the largest global economies. At the start of 2020, India was among five largest global economies; its economic growth rate was the fastest among major economies (save China); its market size at 1.38 billion was the second largest in the world.

Amid the COVID-19 crisis, the global tableware market size stood at USD 40.8 billion in 2020 and is projected to reach USD 55 billion by 2027, growing at a CAGR of 4.3% during this period of time.

The global tableware market has been growing on account of multiple factors, some of these being higher living standards, especially in the developing economies, owing to robust economic growth. Furthermore, this has led to an increase in disposable incomes and a rise in the demand for tableware.

The Indian retail market contributes~10% to the country's GDP and the COVID-19 lockdown affected the opal ware market. A stronger demand for the delivery of essential retail goods through e-commerce platforms is expected, whereas non-essential items may take a backseat. The lockdown impacted the hospitality and restaurant businesses, which may result in a decline in investments in premium crockery.

The Indian retail market contributes~10% to the country's GDP and the COVID-19 lockdown affected the opal ware market. A stronger demand for the delivery of essential retail goods through e-commerce platforms is expected, whereas non-essential items may take a backseat. The lockdown impacted the hospitality and restaurant businesses, which may result in a decline in investments in premium crockery.

### Opportunities

- Decline in the unorganised market due to the COVID-19 threat
- Decline in imports, leading to a dependence on the domestic market

### Threats

- Lower spending on non-essential goods
- Overall decline in budgetary spending on luxury goods, individual and institutional.

### Financial review

The net worth of the Company increased by 22.13% from H545.10 Crore as on 31st March, 2020 to H665.76 Crore as on 31st March, 2021 owing to an increase in Reserves and Surplus. The Company did not have any long-term borrowings. Revenues from operations during 2020-21 were Rs.211.28 Crore against Rs.270.01 Crore in 2019-20. Other incomes of the company reduced to half from year 2019-20 to 2020-21, and its share in company's revenue is just 3.82% which shows company's sole dependency on its core business operations.

## CHAPTER 8: CONCLUSION

“LA OPALA RG LTD” has legacy and experience of more than 50 years. After doing the analysis of last 5 years of company’s financial performance, we can say that company is doing exceptionally well in majorly every aspects. It’s liquidity, profitability, Asset turnover, solvency, RoE- all ratios are well in comparison with the industry. It’s valuation is also very good in market and still having huge potential for growth.

Apart from these, when we compare it’s performance with horizontal, vertical & trend analysis, we can see that company’s revenue, operating profit & net profit margin is continuously increasing with huge numbers. Also, it is having less debts. Overall, company is having good amount of operation excellency and continuously reducing its cost of operation comparison with growth in net sales amount. Company is also having enough cash flow for investing in increasing manufacturing capacity or to run business smoothly.

Moreover, Management of company is very experienced and trustworthy. The company has always given good amount of return on investment of equity. So for the investment point of view, this company is very good option in tableware and glass sector.

## ANNEXTURE

### Consolidated Balance Sheet Statement of LA OPALA RG LTD for FY17 to FY21

Report Date	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	
Equity Share Capital	11.1	22.2	22.2	22.2	22.2	
Reserves	423.7	481.4	506.94	522.9	643.56	
Borrowings	0.13	3.86	0.89	5.43	1.6	
Other Liabilities	60.34	69.1	71.18	60.62	74.38	
<b>Total</b>	495.27	576.56	601.21	611.15	741.74	
Net Block	107.64	130.69	121.43	122.03	114.41	
Capital Work in Progress	1.24	0.04	2.28	25.33	80.56	
Investments	304.53	361.42	355.79	340.26	461.17	
Other Assets	81.86	84.41	121.71	123.53	85.6	
<b>Total</b>	495.27	576.56	601.21	611.15	741.74	
Receivables	32.61	40.87	48.24	43.82	37.8	
Inventory	33.92	31.53	48.36	55.05	29.74	
Cash & Bank	1.75	2.79	3.78	3.8	4.35	
No. of Equity Shares	55500000	111000000	111000000	111000000	111000000	
New Bonus Shares		55000000				
Face value		10	10	10	2	2

### Consolidated P&L Statement of LA OPALA RG LTD for FY17 to FY21

Report Date	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Sales	235.25	259.29	278.1	270.01	211.28
Raw Material Cost	29.92	29.01	37.39	34.41	17.31
Change in Inventory	-6.93	-2.81	15.51	7.88	-25.33
Power and Fuel	27.76	33.97	45	41.8	23.24
Other Mfr. Exp	21.4	23.09	24.67	24.23	19.28
Employee Cost	37.95	42.3	49.33	50.99	42.31
Selling and admin	12.43	14.65	20.07	16.97	10.99
Other Expenses	9.93	4.05	4.51	4.99	4.23
Other Income	10.84	10.67	17.05	16.69	7.88
Depreciation	12.44	13.78	16.46	15.97	12.23
Interest	1.34	0.84	0.61	0.57	0.25
Profit before tax	85.99	105.46	112.62	104.65	63.99
Tax	23.81	32.03	38.58	20.38	14.41
Net profit	62.19	73.44	74.04	84.27	49.57
Dividend Amount	11.1	12.21	13.32	13.32	16.65

## References

<https://www.screener.in/company/LAOPALA/#peers>

<https://www.business-standard.com/company/la-opala-rg-4939/financials-ratios/1>

<http://www.laopala.in/>