



La Opala RG Limited

Rating History

Instrument	Amount (in Rs. crores)	Amount Outstanding (as on 31 st March, 2010) (in Rs. crores)	Ratings	
			As in September 2010	As in June 2009
Fund Based Limit- Term Loan	25.90	22.50	LBBB- (Stable)	LBBB-
Fund Based Limit- Cash Credit	18.00	13.97	LBBB- (Stable)	LBBB-
Non Fund Based Limit- Letter of Credit/Bank Guarantee	3.00	NA	A3	A3

ICRA has reaffirmed the long term rating of LBBB- (pronounced L triple B) to the Rs. 25.90 crore¹ term loans and Rs. 18.00 crores fund based bank facilities of La Opala RG Limited (LORL) †. The outlook on the long term rating is stable. ICRA has also reaffirmed the short term rating of A3 (pronounced A three) to the Rs. 3.00 crore non fund based bank facilities of LORL.

The rating reaffirmation takes into account LORL's achievement of its expected improvement in profits and cash accruals in 2009-10, its long track record in the glassware and tableware segments for more than two decades, established brands and increasing market presence and product portfolio in both the value and premium segments in the market. ICRA notes that LORL's manufacturing facility at Sitarganj has low cost of operations because of availability of cheap power from the state grid and fiscal benefits enjoyed by the industrial units in the state of Uttarakhand as per the Government scheme. The ratings are however constrained by the high working capital intensity in LORL's business that exerts pressure on liquidity, the company's moderate scale of operations and a competitive market structure including threat of competition from international brands. ICRA also notes that growth in the tableware segment would be influenced by changing lifestyle and disposable income of consumers. Any change in these factors may impact the scale of operations and profitability of the company.

Company Profile

LaOpala Limited was incorporated in 1987 and is involved in the business of manufacturing opalware (brand LaOpala), an established crockery brand in India. In March 1996, the company commenced the commercial production of crystalware under the brand name of "Solitaire". In January 1999, the company merged its group company Radha Glass & Industries Limited with itself, following which it was renamed "La Opala RG Ltd" (LORL). The opalware and crystalware products are manufactured at LORL's Madhupur plant, situated in the state of Jharkhand. The company set up its new production facility at Sitarganj, Uttarakhand, where the commercial production of its premium range of opalware has started in 2007-08.

Recent Results

The company reported a net profit of Rs. 2.82 crore in FY10 on an OI of Rs. 74.90 crore, as compared to a net profit of Rs. 0.81 crore on an OI of Rs. 62.17 crore during FY09.

September 2010

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¹ 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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