

BWR/MUM/DM/BLR/2015-16/0091
August 4, 2015

Mr. Raj Kumar Agarwal
 Managing Director
Lawreshwar Polymers Ltd.
 A-243 (A), Road No. 6
 V.K.I. Area
 Jaipur – 302 013
 Rajasthan, India

Dear Sir,

Sub: Rating for Bank Loan Facilities of Lawreshwar Polymers Limited amounting to ₹ 31.88 Cr (INR Thirty One Crore and Eighty Eight Lakhs only).

Ref: Your mandate dated June 12, 2015

Thank you for giving us an opportunity to undertake the rating of the Bank loan Facilities of **Lawreshwar Polymers Limited**. Based on the information and clarifications provided by you, we are pleased to inform you that **Lawreshwar Polymers Limited's** Bank loan facilities availed from Punjab National Bank aggregating **₹ 31.88 Cr (INR Thirty One Crores and Eighty Eight Lakhs only)** have been assigned the following ratings:

Facility	Limit (₹ Cr)	Tenure	Rating
Cash Credit Fund Based	19.00	Long Term	BWR BBB- (Pronounced BWR Triple B Minus) Outlook: Stable
Term Loan Fund Based	8.88		
FLG (Buyers Credit) Non-FundBased	3.00	Short Term	BWR A3 (Pronounced BWR A Three)
ILC/FLC Non-FundBased	2.00		
Total	31.88	(INR Thirty One Crore and Eighty Eight Lakhs only)	

Note:-Balance O/s of Term Loan as on July 30, 2015.

The Rating is valid for twelve months from this letter date and subject to terms and conditions as per your mandate dated June 12, 2015, and other correspondence, if any, and Brickwork Ratings' standard disclaimer appended at the end of this letter. The definitions of the rating are available on our website.

Brickwork Ratings India Pvt. Ltd.

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Lawreshwar Polymers Ltd.-BLR-Rs.31.88Cr

The rated Bank Loan facilities would be under surveillance during the said period. You are required to submit information periodically as per annexure for the purpose of surveillance/review.

Please let us have your acceptance of the Rating and Rationale within two days of the date of this letter. Please note that unless acceptance is received by us by the said date, the ratings are not valid and should not be used for any purpose whatsoever.

Best Regards,



Dinesh Mahabal
Deputy General Manager – Ratings
Brickwork Ratings India Pvt. Ltd.

Note: In case of all accepted Ratings, respective Rating Rationale is published on Brickwork Ratings website. Interested persons are well advised to refer to our website www.brickworkratings.com, if they are unable to view the rationale, they are requested to inform us on brickworkhelp@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

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Lawreshwar Polymers Ltd.-BLR-Rs.31.88Cr

Annexure

The following documents/ information should be submitted to BWR:

1. Confirmation from the Company that all the terms and conditions stipulated in the Bank's sanction letter has been fully complied with.
2. Certified copy of periodical book debts/bills receivables statements submitted to the bank.
3. Confirmation about payment of interest as and when paid.
4. Certified copy of Quarterly Information Statements (QIS) and Half Yearly Information Statements (HYIS) submitted to the bank.
5. Certified copy of Banks' Statements of Accounts on a quarterly basis.
6. Quarterly / Half yearly financial statements (unaudited or with limited review) and Annual financial statements (provisional as well as audited).
7. Information on delays/default in servicing bank loans, letters of credit, letters of guarantee, NCDs, bonds and other borrowings, if any, by the Company as at the end of March, June, September and December each year.
8. Information on delays / defaults in servicing of debt obligations of any subsidiary / other group companies, if any, as at the end of March, June, September and December each year.
9. Any other statement / information sought by BWR from time to time.
10. All the aforesaid information should be mailed to dat@brickworkratings.com.



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Rating Rationale

Brickwork Ratings assigns “BWR BBB-” and “BWR A3” rating for the Bank Loan Facilities of ₹ 31.88 Cr of Lawreshwar Polymers Ltd.

Brickwork Ratings (BWR) has assigned the following **ratings**¹ for the Bank Loan facilities of ₹ 31.88 Cr of Lawreshwar Polymers Ltd. (*LPL or the Company*) availed from PNB.

Facility	Limit (₹Cr)	Tenure	Rating
Cash Credit Fund Based	19.00	Long Term	BWR BBB- <i>(Pronounced BWR Triple B Minus)</i> Outlook: Stable
Term Loan Fund Based	8.88		
FLG (Buyers Credit) Non-FundBased	3.00	Short Term	BWR A3 <i>(Pronounced BWR A Three)</i>
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Total	31.88	(INR Thirty One Crore and Eighty Eight Lakhs only)	

Note: - Balance O/s of Term Loan as on July 30, 2015.

BWR has principally relied upon the audited financial results of FY13, FY14 and FY15, projections for FY16 & FY17, publicly available information and information/clarifications provided by the company’s management.

The rating inter alia factors the promoter’s experience and successful track record in the footwear industry, established brand name and distribution network, consistent growth in revenues, above average financial risk profile marked by healthy capital structure and moderate profitability. However, the rating is constrained by moderate scale of operations, profitability susceptible to volatility in raw material prices, intense competition in highly fragmented and competitive footwear industry and its working capital intensive of operations.

Company Profile

Lawreshwar Polymers Limited (LPL) was originally incorporated as a private limited company in 1994 by Mr. Raj Kumar Agarwal and Mr. Naresh Agarwal. Subsequently in 1996, LPL was reconstituted as a public limited company. The company is engaged in the manufacturing of footwear of various types which includes hawai chappals, canvas shoes, Ethyl Vinyl Acetate (EVA) injected footwear, Poly-Vinyl Ride (PVC) footwear, Polyurethane (PU) footwear and sports footwear. LPL has its manufacturing facilities located in Jaipur

¹Please refer to BWR website www.brickworkratings.com for definition of the rating assigned
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having an annual installed capacity of 90 lakh pairs of hawai chappals, 12 lakh pairs of canvas shoes, 15.87 lakh pairs of EVA injected footwear, 9.60 lakh pairs of PVC footwear, 45 lakh pairs of PU footwear, 15 lakh pairs of fabricated footwear and 6 lakh pair of sports footwear. The company has revamped its manufacturing facility by setting up a new plant at Kaladera industrial area which became operational since June, 2015 for better capacity utilisation and superior product quality.

LPL markets its products under the brand name of “LEHAR” through a marketing network of 450 distributors having its presence across tier II & tier III cities and rural markets of Rajasthan, Gujarat, Madhya Pradesh, Chattisgarh and Maharashtra.

Shareholding Pattern

The Company is listed on Bombay Stock Exchange. As of March 31, 2015 promoter & promoter group (Agarwal family) held 65.86% shareholding in the company followed by Individual & Others 29.92%, Non-Institutions Bodies Corporates 3.81% and FII's 0.40%. As of Aug 3, 2015, the shares of the company were trading at ₹ 45.60 at BSE.

Management Profile

LPL is promoted by Mr. Raj Kumar Agarwal, Managing Director aged 55 years who looks after finance & accounts and marketing streams of the company. Mr. Naresh Agarwal son of Mr. Ramesh Chandra Agarwal is the executive director of the company and looks after manufacturing, research & development, material procurement and day-to-day affairs of the company. The company also has a well-defined organizational structure supported by qualified and experienced second tier management.

Financial Performance

LPL has reported increase in net revenues to Rs.83.66 Cr in FY15 from Rs.77.05 Cr in FY14, registering a growth of 8.56%. The operating profit margins and Net Profit margin were recorded at 8.16% and 2.56% respectively in FY15. The company's debt to equity ratio stood at 0.91 times in FY15. ISCR of 2.41 times and DSCR of 1.88 times reflect adequate debt-repayment capacity. Tangible net worth of the company improved to Rs.34.87 Cr in FY15 compared to Rs.32.78 Cr in FY14 on account of plough back of profits.

Rating Outlook

The outlook is expected to be stable for the current year. Going forward, the company's ability to increase the scale of operations, achieve projections, improve profitability margins and manage working capital efficiently will be the key rating sensitivities.

Analyst Contact	Relationship Contact
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