

**February 05, 2016**

Facilities	Amount (Rs. Crore)	Rating
PC/PCFC	3.00*	SMERA A4+ (Assigned)
FBP/FUBD/REBA	2.00*	SMERA A4+ (Assigned)

* Total fund based working capital limit of Rs.5.00 for pre-shipment and post-shipment are combined.

SMERA has assigned a rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.5.00 crore bank facilities of Sana International (SI). The outlook is '**Stable**'. The rating draws comfort from the extensive experience of the promoter, healthy relations with customers and suppliers and revenue visibility supported by confirmed orders in hand. However, the rating is constrained by the working capital intensive operations, susceptibility of operating margins to volatility in raw material prices and operations in a highly fragmented and competitive leather industry.

Rating Sensitivity Factors

- Substantial and sustainable growth in revenues or operating margins
- Efficient working capital management
- Ability to further scale up revenues from current levels
- Price trend of key raw material
- Future capital expenditure plans and its funding mix thereof

About the Company

Established in 2011, Sana International (SI) is a proprietorship concern promoted by Mr. K. L. Raghavan of Tamil Nadu. The firm is engaged in the manufacture of leather shoes, flip flops (slippers) and sandals. The annual installed capacity stands at over 10 million units per annum from two manufacturing units based in Chennai and Ranipet, Tamil Nadu.

For FY2014-15, SI reported profit after tax (PAT) of Rs.0.53 crore, on operating income of Rs.20.26 crore, as compared with PAT of Rs.0.20 crore on operating income of Rs.9.08 crore in the previous year.

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SMERA RATINGS LIMITED

Sana International (SI)

**Rating
Rationale**

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