



SMERA RATINGS LIMITED

**Chandak Brothers (CB)****Rating  
Rationale****September 07, 2015**

Facilities	Amount (Rs. Crore)	Rating
Packing Credit	22.00*	SMERA B+ /Stable (Assigned)
Post-Shipment Credit	07.00*	SMERA B+ /Stable (Assigned)
Gold Card	5.80	SMERA B+ /Stable (Assigned)

*\* Full Interchangeability from pre-shipment credit to post-shipment credit and vice versa.*

SMERA has assigned a rating of '**SMERA B+ (read as SMERA single B plus)**' to the Rs.34.80 crore bank facilities of Chandak Brothers (CB). The outlook is '**Stable**'. The rating takes into account the weak financial risk profile of the company, customer and geographic concentration risk and working capital intensive nature of operations. However, the above weaknesses are partly offset by an experienced management and healthy profitability margins.

**Outlook:Stable**

SMERA believes that Outlook for CB will remain Stable over medium term on the back of experienced promoters. The outlook may be revised to Positive if the company achieves improvement in its capital structure and coverage indicators. Conversely the outlook may be revised to Negative in case of lower than expected revenues and profitability or deterioration in capital structure.

**Rating Sensitivity**

- Higher than expected debt funded Capex plans
- Efficient working capital management

**About the Firm**

CB, set up in 1968 by Mr. Ghanshyamdas Chandak and his wife, Mrs. Pushpa Devi, as a partnership firm manufactures and exports hardware products such as door handles, curtain rods, towel rails, window fittings among others to its UK-based client, Block & Quayle. The firm's manufacturing unit is located in Aligarh, Uttar Pradesh.

CB reported net profit of Rs.0.38 crore on operating income of Rs.43.89 crore in FY2013-14, as compared with profit after tax (PAT) of Rs.0.61 crore on operating income of Rs.41.49 crore in FY2012-13. The firm's net worth stood at Rs.08.22 crore as on March 31, 2014, as compared with Rs.8.65 crore a year earlier.

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## Chandak Brothers (CB)

**Rating  
Rationale**

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