

APRIL 20, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF S CHAND AND COMPANY PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	65 (enhanced from Rs.50 crore)	CARE A+ (Single A Plus)	Reaffirmed
Short-term Bank Facilities	10.50	CARE A1 (A One)	Reaffirmed
Total Facilities	75.50 (Rupees Seventy Five crore and Fifty lakh only)		
Short-term Instrument (Commercial Paper)*	20	CARE A1 (A One)	Reaffirmed

*Carved out of sanctioned working capital limits.

Rating Rationale

The ratings of S. Chand & Company Private Limited (SCCPL) continue to derive strength from its long track record, consistent growth in the scale of operations, favourable financial risk profile underpinned by high profitability and low gearing, established brand name and its strong market position. However, these rating strengths are partially offset on account of its exposure to volatile raw material prices and elongated operating cycle.

Going forward, SCCPL's ability to sustain growth in its operations, profitability and maintaining comfortable capital structure will be the key rating sensitivities.

Background

SCCPL belongs to the S. Chand Group of companies which was started in 1937 by Late Mr Shyam Lal Gupta and is one of the leading school book and technical book publishers in India. SCCPL was incorporated as a private limited company in 1970. SCCPL is engaged in the publishing of mainly academic books and other educational services through its subsidiaries. SCCPL sells products in the categories of competitive exams & reference books, technical & professional books, KG to 12th school books and higher academic books. SCCPL, through its subsidiary DS Digital Private Limited, also offers digital learning solutions for private schools.

CARE, while arriving at the rating of SCCPL, has considered consolidated financials which includes SCCPL's seven wholly-owned subsidiaries, two subsidiaries and two associate companies which are under the same management.

SCCPL had a total income of Rs.480.49 crore with PAT of Rs.34.74 crore on a consolidated basis in FY15 (refers to the period April 1 to March 31) as compared with a operating income of Rs.364.17 crore with a PAT of Rs.41.23 crore in FY14.

Analyst Contact

Name: Mr Gaurav Dixit

Tel: 011-45333235

Cell: 9717070079

Email: gaurav.dixit@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com**Mr. Amod Khanorkar**

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

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