

April 13, 2015

CARE REVISES / REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF S. CHAND & COMPANY PVT LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	50 (reduced from Rs.50.75 crore)	CARE A+ (Single A Plus)	Revised from CARE A (Single A)
Short-term Bank Facilities	10.50 (reduced from 11.50)	CARE A1 (A One)	Reaffirmed
Total Facilities	60.50		
Short-term Instrument (Commercial Paper)*	20	CARE A1 (A One)	Reaffirmed

*Carved out of sanctioned working capital limits.

Rating Rationale

The revision in the long-term rating of S. Chand & Company Private Limited (SCCPL) takes into account its consistent growth in operations, both organically and through strategic acquisitions in complimentary segments leading to healthy profitability and comfortable capital structure. The ratings continue to derive strength from the long track record of SCCPL in the publishing sector, established brand name and market position and well-established marketing network. However, these rating strengths are partially offset by 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 educational software. SCCPL sells products in the categories of- competitive exams & reference books, technical & professional books, KG to 12th school books, higher academic books. SCCPL, through its subsidiary DS Digital Pvt. Ltd., 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 one associate company which are under the same management.

SCCPL had a total income of Rs.364.17 crore with a PAT of Rs.41.23 crore on consolidated basis in FY14 (refers to the period April 1 to March 31). As per the unaudited 9MFY15 results (refers to the period April 1 to December 31) the company has reported a total operating income of Rs.138.82 crore.

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

² Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.

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