

## S Chand and Company Ltd : Average Issue IPO Note : Over priced as well as Loss-making : Ranking\*\*



**S.CHAND<sup>®</sup>**  
AND COMPANY LIMITED

### Issue details

Price band (Rs)	Rs.660-670
IPO Opening Date	26/03/17
IPO Closing Date	28/03/17
Issue Size	Rs. 728.56 Cr.

### Recommendation

Total revenue grew at a **CAGR of 32.64%** from Rs.174.64 Cr for the FY 2012 to Rs.540.62 Cr for FY 2016 and **Net Profit grew at a CAGR of 33.49%** in the same period. For the first nine months ended on 31.12.16 it has posted loss of Rs. 88.49 crore on a turnover of Rs. 150.80 crore. According to the management, the company has history of posting losses for first three quarters and generates almost 75 per cent of total revenue and commensurate profits in the final quarter of every year and hence the first nine months figures cannot be compared due to seasonality of the company's business. Financials upto Dec 2016: Huge loss at EBITDA levels as well as PAT levels, Cash Flow from operations also into losses, company has increased debt, EPS is in negative and therefore P/E becomes non-relevant Based on 31.3.16 performance, the asking price is at a **P/E of 49** plus against its peer Navneet education trading at a P/E of 25. S Chand seems over priced as well as it is loss-making - better wait for listing and than enter after proper price-discovery

### Highlights

- New Delhi based S Chand and Co. Ltd (SCL) is the leading Indian education content company in terms of revenue
- An established player for more than 75 years and the largest K-12 player in India providing educational contents for Early Learning, K-12 and Higher Education segments with Pan India presence
- K-12 segment has been contributing nearly three fourth of the total revenue mix.
- Company offered 55 consumer brands across knowledge products and services including S. Chand, Vikas, Madhubun, Saraswati, Destination Success and Ignitor
- Topline and bottomline grew at a CAGR of 33% and 34% since last 4 years.

### Company Introduction

Incorporated in 1970, S Chand And Company Limited operates as an education content company in India. The company develops and delivers content, solutions, and services in the education K-12, higher education, and early learning segments.

Company is involved in publishing, printing, sale, purchase, export, and import of various books and other literary work; agency ship and distribution of publishers for books and other literary work; selling of educational toys; and publishing books for children, schools, colleges, and universities, as well as digital content and interactive learning systems to schools and running pre-schools.

The company also provides digital data management services and digital content books to schools and colleges; solutions for higher education in colleges, universities, and technical institutes; and DTP printing, DTP jobs, page making, editing and proof reading, and cover designing services of books, journals, tabloids, magazines, bulletins, brochures, and periodicals in the form of hard copy, compact disks, and e-forms. S Chand And Company Ltd offers 53 consumer brands



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[www.schandpublishing.com](http://www.schandpublishing.com)

### Financial Summary (Rs. In Crore)

Particulars	nine month ended Dec. 2016	FY2016	FY2015	FY2014
Total Income	150.8	540.62	478.5	370.95
Net Profit	-88.48	46.64	32.76	42.57
EPS (Rs)	-	13.44	9.44	12.26

Source: RHP and ACE Equity

### RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

across knowledge products and services including S.chand, Vikas, Madhubun, Saraswati, Destination Success and Ignitor. The company also exports its printed and digital content to Asia, the Middle East, Africa, and internationally

### Company Promoters:

1. Mr. Dinesh Kumar Jhunjhnuwala
2. Ms. Neerja Jhunjhnuwala
3. Mr. Himanshu Gupta

### The object of the issue

- Repayment of loans availed by the Company and one of their Subsidiaries, EPHL, which were utilized towards funding the acquisition of Chhaya
- Repayment/prepayment in full or in part, of certain loans availed of by the Company and their Subsidiaries, VPHPL and NSHPL
- General corporate purpose

### IPO Issue Proceed

To meet partial repayment of loans, raise general corporate funds the company is coming out with a maiden IPO comprising offer for sale of 6023236 equity share of Rs. 5 each via book building route with a price band of Rs. 660-670 and fresh equity issue worth Rs. 325 crore. Thus the total issue size will be of Rs. 728.56 crore (Approx. at the upper price band). Minimum application is to be made for 22 shares and in multiples thereon, thereafter. Issue opens for subscription on 26.04.17 and will close on 28.04.17. Post allotment, shares will be listed on BSE and NSE. BRLMs to this offer are JM Financial Institutional Securities Ltd, Axis Capital Ltd and Credit Suisse Securities (India) Pvt Ltd. Link Intime India Pvt Ltd is the registrar to the issue.

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