

May 26, 2025

## Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>BUY</b>		<b>BUY</b>	
<b>Target Price</b>	<b>286</b>		<b>294</b>	
Sales (Rs. m)	8,095	8,827	8,301	9,041
% Chng.	(2.5)	(2.4)		
EBITDA (Rs. m)	1,562	1,721	1,557	1,701
% Chng.	0.3	1.2		
EPS (Rs.)	23.5	26.0	24.2	26.6
% Chng.	(3.1)	(2.2)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	6,626	7,197	8,095	8,827
EBITDA (Rs. m)	1,098	1,350	1,562	1,721
Margin (%)	16.6	18.8	19.3	19.5
PAT (Rs. m)	566	635	827	918
EPS (Rs.)	16.1	18.0	23.5	26.0
Gr. (%)	72.4	12.1	30.2	10.9
DPS (Rs.)	3.0	4.0	4.0	4.0
Yield (%)	1.3	1.8	1.8	1.8
RoE (%)	6.2	6.6	8.1	8.4
RoCE (%)	5.1	7.3	8.3	8.6
EV/Sales (x)	1.2	1.0	0.9	0.8
EV/EBITDA (x)	6.9	5.5	4.6	3.9
PE (x)	14.1	12.6	9.7	8.7
P/BV (x)	0.8	0.8	0.8	0.7

### Key Data

SCHA.NS | SCHAND IN

52-W High / Low	Rs.257 / Rs.157
Sensex / Nifty	82,176 / 25,001
Market Cap	Rs.8bn / \$ 94m
Shares Outstanding	35m
3M Avg. Daily Value	Rs.25.03m

### Shareholding Pattern (%)

Promoter's	47.02
Foreign	3.84
Domestic Institution	2.94
Public & Others	46.21
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	13.4	14.0	(6.1)
Relative	9.3	11.0	(13.9)

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## BS health improves; growth trajectory eyed

### Quick Pointers:

- Revenues to surpass Rs8,000mn in FY26E.
- EBITDA margin likely to be in the band of 18-20% in FY26E.

**SCHAND reported an in-line operating performance with EBITDA margin of 43.1% (PLe 42.2%) while there was a narrow miss at bottom-line level due to higher-than-expected tax rate of 26.7% (PLe 21.9%) amid non-recognition of DTAs in subsidiaries. Management expects revenues to surpass Rs8,000mn with EBITDA margin of ~18-20% in FY26E led by 1) 5-7% increase in volumes as NCERT is expected to announce new syllabus books for grades 4,5,7&8, 2) multiple content syndication deals and 3) single digit price hike across product portfolio. Backed by these factors, we expect sales/PAT CAGR of 11%/21% over FY25E-FY27E. SCHAND trades at attractive valuations of 9.7x/8.7x our FY26E/FY27E EPS estimates with FCFF yield of ~9%. We have cut our EPS estimates by 3%/2% for FY26E/FY27E as we re-align our tax rate assumptions and retain 'BUY' with a TP of Rs286 valuing the stock at 11x FY27E (no change in multiple).**

**Topline up 7.8% YoY:** Top line increased 7.8% YoY at Rs4,714mn (PLe of Rs4,718mn).

**GM at 67.9%:** Gross profit increased 6.8% YoY to Rs3,203mn (PLe of Rs3,156mn) with a GM of 67.9% (PLe 66.9%) as against 68.6% in 4QFY24.

**EBITDA margin at 43.1%:** EBITDA increased by 9.0% to Rs2,032mn (PLe Rs1,990mn) with a margin of 43.1% (PLe 42.2%) as against an EBITDA margin of 42.6% in 4QFY24. PAT increased by 10.4% to Rs1,416mn (PLe Rs1,473mn).

**Key highlights:** 1) NCERT is expected to release new textbooks for grades 4,5,7 & 8 pertaining to the upcoming academic session soon. 2) FY25 volume growth stood at 5%, with FY26E target of 5-7%. 3) Revenue loss due to piracy stood at Rs200-250mn for FY25. 4) S Chand's content licensing business generated ~Rs200mn in revenue in FY25, with FY26E guidance of Rs250-300mn. 5) The content licensing business includes a mix of one-time and periodic licensing revenue. 6) Costs associated with the content licensing business include conversion cost and royalty. These costs typically form ~25% with margins making up the rest. 7) Sales returns currently forms ~14% of total revenue. 8) For grades, where new syllabus has been announced, ~85-90% of the schools have transitioned to the new curriculum. 9) S Chand caters to ~40-45K (ICSE, CBSE, affiliated, unaffiliated) schools a year. 10) The FY25 tax rate was elevated at 35% amid non-recognition of DTAs in subsidiaries. 11) K-to-12 accounts for ~80% of S Chand's revenue. 12) Receivable days/Net Working Capital days for 4QFY25 stood at 140/151 days respectively, down from 143/157 respectively in 4QFY24. 13) S Chand ended FY25 with a positive net cash balance of Rs1,036mn.

**Exhibit 1: Q4FY25 Result Overview (Rs mn)**

Y/e March	4QFY25	4QFY24	YoY gr (%)	3QFY25	QoQ gr (%)	4QFY25E	% Var.	FY25	FY24	YoY gr (%)
<b>Net Sales</b>	<b>4,714</b>	<b>4,372</b>	<b>7.8</b>	<b>1,002</b>	<b>370.7</b>	<b>4,718</b>	<b>(0.1)</b>	<b>7,197</b>	<b>6,626</b>	<b>8.6</b>
<b>Expenditure</b>										
Raw Materials	1,512	1,373	10.1	298	407.4	1,562	(3.2)	2,290	2,262	1.2
% of Net sales	32.1	31.4		29.7		33.1		31.8	34.1	
Personnel	507	421	20.5	437	16.0	433	17.0	1,744	1,503	16.1
% of Net sales	10.8	9.6		43.7		9.2		24.2	22.7	
Selling , dist & Other Exp	663	714	(7.1)	458	44.7	732	(9.4)	1,813	1,763	2.8
% of Net sales	14.1	16.3		45.8		15.5		25.2	26.6	
Total Expenditure	2,682	2,508	6.9	1,193	124.8	2,728	(1.7)	5,847	5,527	5.8
<b>EBITDA</b>	<b>2,032</b>	<b>1,863</b>	<b>9.0</b>	<b>(192)</b>	<b>NM</b>	<b>1,990</b>	<b>2.1</b>	<b>1,350</b>	<b>1,098</b>	<b>22.9</b>
Margin (%)	43.1	42.6		NM		42.2		18.8	16.6	
Depreciation	118	125	(5.9)	103	14.3	109	8.2	423	462	(8.4)
<b>EBIT</b>	<b>1,914</b>	<b>1,738</b>	<b>10.1</b>	<b>(295)</b>	<b>NM</b>	<b>1,881</b>	<b>1.7</b>	<b>927</b>	<b>636</b>	<b>45.6</b>
Interest	46	48	(4.8)	32	44.2	30	53.6	129	153	(15.5)
Other Income	63	8	680.1	16	309.2	33	92.1	130	99	32.1
Share of P/L in associates	-	-	NM	-	NM	-	NM	-	-	NM
Exceptional items	-	-	NM	-	NM	-	NM	-	-	NM
<b>PBT</b>	<b>1,932</b>	<b>1,698</b>	<b>13.7</b>	<b>(311)</b>	<b>NM</b>	<b>1,884</b>	<b>2.5</b>	<b>928</b>	<b>582</b>	<b>59.4</b>
Tax	516	416	24.1	(55)	NM	412	25.2	326	71	359.1
Tax Rate (%)	26.7	24.5		NM		21.9		35.1	12.2	
<b>Reported PAT</b>	<b>1,416</b>	<b>1,282</b>	<b>10.4</b>	<b>(256)</b>	<b>NM</b>	<b>1,473</b>	<b>(3.9)</b>	<b>602</b>	<b>511</b>	<b>17.8</b>
Minority interest	(3)	(10)	NM	(9)	NM	(0)	NM	(33)	(55)	NM
OCI	(8)	(15)	NM	2	NM	(1)	NM	(7)	(14)	NM
<b>Total comprehensive income</b>	<b>1,407</b>	<b>1,267</b>	<b>11.0</b>	<b>(254)</b>	<b>NM</b>	<b>1,471</b>	<b>(4.3)</b>	<b>595</b>	<b>498</b>	<b>19.6</b>
<b>Reported EPS</b>	<b>40.2</b>	<b>36.4</b>	<b>10.3</b>	<b>(7.0)</b>	<b>NM</b>	<b>41.8</b>	<b>(3.9)</b>	<b>18.0</b>	<b>14.5</b>	<b>24.1</b>

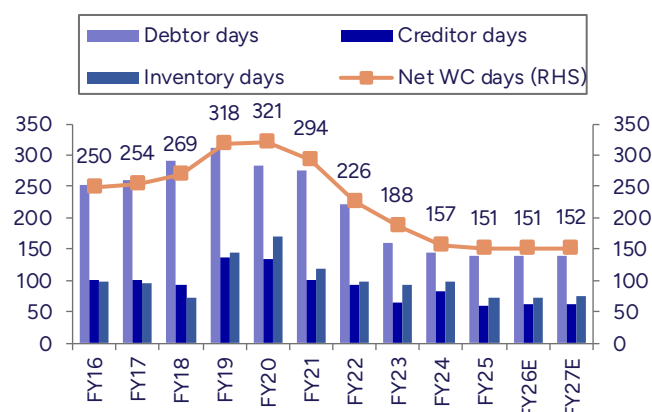
Source: Company, PL

**Exhibit 2: OCF/EBITDA ratio to be at 0.7x in FY25E**

Particulars (Rs mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OCF/EBITDA (x)	NM	NM	2.0	1.7	0.8	1.1	0.7	0.7	0.7
OCF	386	484	1,076	1,066	811	1,211	999	1,071	1,252
EBITDA	(312)	(220)	547	614	963	1,098	1,350	1,562	1,721

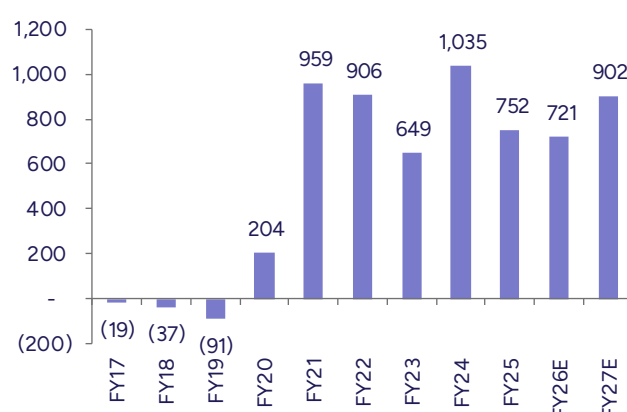
Source: Company, PL

**Exhibit 3: NWC of SCHAND to be at 152 days in FY27E**



Source: Company, PL

**Exhibit 4: FCFF to be at Rs902mn in FY27E**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>6,626</b>	<b>7,197</b>	<b>8,095</b>	<b>8,827</b>
YoY gr. (%)	8.6	8.6	12.5	9.0
Cost of Goods Sold	2,262	2,290	2,590	2,825
Gross Profit	4,364	4,907	5,505	6,002
Margin (%)	65.9	68.2	68.0	68.0
Employee Cost	1,503	1,744	1,902	2,074
Other Expenses	1,763	1,813	2,040	2,207
<b>EBITDA</b>	<b>1,098</b>	<b>1,350</b>	<b>1,562</b>	<b>1,721</b>
YoY gr. (%)	14.1	22.9	15.7	10.2
Margin (%)	16.6	18.8	19.3	19.5
Depreciation and Amortization	462	423	471	527
<b>EBIT</b>	<b>636</b>	<b>927</b>	<b>1,091</b>	<b>1,194</b>
Margin (%)	9.6	12.9	13.5	13.5
Net Interest	153	129	85	74
Other Income	99	130	140	155
<b>Profit Before Tax</b>	<b>582</b>	<b>928</b>	<b>1,146</b>	<b>1,275</b>
Margin (%)	8.8	12.9	14.2	14.4
Total Tax	71	326	344	383
Effective tax rate (%)	12.2	35.1	30.0	30.0
<b>Profit after tax</b>	<b>511</b>	<b>602</b>	<b>802</b>	<b>893</b>
Minority interest	(55)	(33)	(25)	(25)
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>566</b>	<b>635</b>	<b>827</b>	<b>918</b>
YoY gr. (%)	72.7	12.2	30.2	10.9
Margin (%)	8.5	8.8	10.2	10.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>552</b>	<b>628</b>	<b>827</b>	<b>918</b>
YoY gr. (%)	(13.4)	13.7	31.7	10.9
Margin (%)	8.3	8.7	10.2	10.4
Other Comprehensive Income	(14)	(7)	-	-
Total Comprehensive Income	498	595	802	893
<b>Equity Shares O/s (m)</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>
<b>EPS (Rs)</b>	<b>16.1</b>	<b>18.0</b>	<b>23.5</b>	<b>26.0</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>3,400</b>	<b>3,715</b>	<b>4,315</b>	<b>4,915</b>
Tangibles	1,270	1,481	1,831	2,181
Intangibles	2,130	2,234	2,484	2,734
<b>Acc: Dep / Amortization</b>	<b>1,863</b>	<b>2,261</b>	<b>2,732</b>	<b>3,259</b>
Tangibles	472	635	846	1,086
Intangibles	1,391	1,625	1,886	2,173
<b>Net fixed assets</b>	<b>1,915</b>	<b>1,989</b>	<b>2,144</b>	<b>2,245</b>
Tangibles	1,176	1,381	1,547	1,685
Intangibles	739	608	597	560
Capital Work In Progress	-	8	8	8
Goodwill	3,325	3,325	3,325	3,325
Non-Current Investments	255	317	319	322
Net Deferred tax assets	829	755	717	681
Other Non-Current Assets	192	267	275	283
<b>Current Assets</b>				
Investments	402	526	526	526
Inventories	1,761	1,401	1,619	1,790
Trade receivables	2,601	2,753	3,105	3,386
Cash & Bank Balance	1,273	1,169	1,301	1,624
Other Current Assets	142	123	129	136
<b>Total Assets</b>	<b>12,734</b>	<b>12,656</b>	<b>13,493</b>	<b>14,350</b>
<b>Equity</b>				
Equity Share Capital	176	176	176	176
Other Equity	9,234	9,727	10,413	11,190
<b>Total Networth</b>	<b>9,410</b>	<b>9,903</b>	<b>10,589</b>	<b>11,366</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	386	460	476	492
Provisions	-	-	-	-
Other non current liabilities	111	133	136	138
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	943	622	522	422
Trade payables	1,517	1,176	1,375	1,499
Other current liabilities	338	367	400	437
<b>Total Equity &amp; Liabilities</b>	<b>12,734</b>	<b>12,656</b>	<b>13,493</b>	<b>14,350</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	582	928	1,146	1,275
Add. Depreciation	462	423	471	527
Add. Interest	153	129	85	74
Less Financial Other Income	99	130	140	155
Add. Other	84	(27)	52	49
Op. profit before WC changes	1,281	1,453	1,754	1,925
Net Changes-WC	162	(193)	(339)	(291)
Direct tax	(232)	(261)	(344)	(383)
<b>Net cash from Op. activities</b>	<b>1,211</b>	<b>999</b>	<b>1,071</b>	<b>1,252</b>
Capital expenditures	(169)	(234)	(350)	(350)
Interest / Dividend Income	-	-	-	-
Others	(72)	(260)	(279)	(281)
<b>Net Cash from Invt. activities</b>	<b>(241)</b>	<b>(495)</b>	<b>(629)</b>	<b>(631)</b>
Issue of share cap. / premium	5	4	-	-
Debt changes	(186)	(418)	(100)	(100)
Dividend paid	(106)	(106)	(141)	(141)
Interest paid	(127)	(95)	(85)	(74)
Others	(117)	(138)	16	17
<b>Net cash from Fin. activities</b>	<b>(530)</b>	<b>(752)</b>	<b>(310)</b>	<b>(299)</b>
<b>Net change in cash</b>	<b>440</b>	<b>(248)</b>	<b>132</b>	<b>323</b>
Free Cash Flow	1,035	752	721	902

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	16.1	18.0	23.5	26.0
CEPS	29.2	30.0	36.8	41.0
BVPS	267.2	280.9	300.4	322.4
FCF	29.4	21.3	20.5	25.6
DPS	3.0	4.0	4.0	4.0
<b>Return Ratio(%)</b>				
RoCE	5.1	7.3	8.3	8.6
ROIC	5.2	5.5	6.8	7.1
RoE	6.2	6.6	8.1	8.4
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.1)
Net Working Capital (Days)	60	80	78	78
<b>Valuation(x)</b>				
PER	14.1	12.6	9.7	8.7
P/B	0.8	0.8	0.8	0.7
P/CEPS	7.8	7.5	6.1	5.5
EV/EBITDA	6.9	5.5	4.6	3.9
EV/Sales	1.2	1.0	0.9	0.8
Dividend Yield (%)	1.3	1.8	1.8	1.8

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Net Revenue</b>	<b>1,107</b>	<b>374</b>	<b>1,002</b>	<b>4,714</b>
YoY gr. (%)	(0.4)	(1.5)	31.2	7.8
Raw Material Expenses	304	176	298	1,512
Gross Profit	802	199	704	3,202
Margin (%)	72.5	53.1	70.3	67.9
<b>EBITDA</b>	<b>84</b>	<b>(574)</b>	<b>(192)</b>	<b>2,032</b>
YoY gr. (%)	(38.1)	15.3	(52.3)	9.0
Margin (%)	7.6	NM	NM	43.1
Depreciation / Depletion	102	101	103	118
<b>EBIT</b>	<b>(18)</b>	<b>(675)</b>	<b>(295)</b>	<b>1,914</b>
Margin (%)	(1.6)	NM	NM	40.6
Net Interest	28	23	32	46
Other Income	30	22	16	63
<b>Profit before Tax</b>	<b>(16)</b>	<b>(676)</b>	<b>(311)</b>	<b>1,932</b>
Margin (%)	(1.5)	NM	NM	41.0
Total Tax	14	(148)	(55)	516
Effective tax rate (%)	(83.2)	21.9	17.8	26.7
<b>Profit after Tax</b>	<b>(30)</b>	<b>(528)</b>	<b>(256)</b>	<b>1,416</b>
Minority interest	(9)	(11)	(9)	(3)
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>(21)</b>	<b>(517)</b>	<b>(246)</b>	<b>1,419</b>
YoY gr. (%)	NM	28.2	(29.4)	9.8
Margin (%)	(1.9)	NM	(24.6)	30.1
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>(21)</b>	<b>(517)</b>	<b>(246)</b>	<b>1,419</b>
YoY gr. (%)	NM	NM	NM	11.1
Margin (%)	NM	NM	NM	30.1
Other Comprehensive Income	5	(5)	2	(8)
<b>Total Comprehensive Income</b>	<b>(30)</b>	<b>(528)</b>	<b>(256)</b>	<b>1,416</b>
Avg. Shares O/s (m)	35	35	35	35
<b>EPS (Rs)</b>	<b>(0.6)</b>	<b>(14.7)</b>	<b>(7.0)</b>	<b>40.3</b>

Source: Company Data, PL Research

**Price Chart**

**Recommendation History**



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	BUY	294	193
2	12-Feb-25	BUY	305	189
3	09-Jan-25	BUY	322	205
4	12-Nov-24	BUY	322	209
5	04-Oct-24	BUY	312	211
6	13-Aug-24	BUY	312	216
7	09-Jul-24	BUY	307	245
8	30-May-24	BUY	307	238

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,130	875
2	Delhivery	BUY	387	321
3	DOMS Industries	BUY	3,087	2,549
4	Imagicaaworld Entertainment	BUY	97	67
5	Indian Railway Catering and Tourism Corporation	BUY	850	715
6	InterGlobe Aviation	BUY	6,084	5,462
7	Lemon Tree Hotels	BUY	173	139
8	Mahindra Logistics	Hold	287	310
9	Navneet Education	Hold	149	145
10	Nazara Technologies	BUY	1,127	973
11	PVR Inox	Hold	1,040	966
12	S Chand and Company	BUY	294	193
13	Safari Industries (India)	BUY	2,437	1,960
14	Samhi Hotels	BUY	267	176
15	TCI Express	BUY	924	636
16	V.I.P. Industries	BUY	404	338
17	Zee Entertainment Enterprises	BUY	137	111

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

## **ANALYST CERTIFICATION**

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We/I, Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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