

August 12, 2025

Q1FY26 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	286		286	
Sales (Rs. m)	8,095	8,827	8,095	8,827
% Chng.	-	-	-	-
EBITDA (Rs. m)	1,562	1,721	1,562	1,721
% Chng.	-	-	-	-
EPS (Rs.)	23.5	26.0	23.5	26.0
% Chng.	-	-	-	-

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 (%)	1.6	2.1	2.1	2.1
RoE (%)	6.2	6.6	8.1	8.4
RoCE (%)	5.1	7.3	8.3	8.6
EV/Sales (x)	1.0	0.9	0.7	0.6
EV/EBITDA (x)	5.8	4.6	3.8	3.2
PE (x)	11.9	10.6	8.2	7.4
P/BV (x)	0.7	0.7	0.6	0.6

Key Data

52-W High / Low	Rs.258 / Rs.157
Sensex / Nifty	80,236 / 24,487
Market Cap	Rs.7bn/ \$ 77m
Shares Outstanding	35m
3M Avg. Daily Value	Rs.29.54m

Shareholding Pattern (%)

Promoter's	47.02
Foreign	4.95
Domestic Institution	3.33
Public & Others	44.71
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(16.0)	0.5	(15.1)
Relative	(13.6)	(4.6)	(15.7)

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Content licensing revenue shortfall dents profits

Quick Pointers:

- Revenue guidance of >Rs8,000mn with EBITDA margin of 18-20% remains intact for FY26E.

SCHAND IN reported weak operating performance with EBITDA loss of Rs91mn (PLe loss Rs65mn) amid fall in high margin content licensing revenue to Rs30mn in 1QFY26 (Rs115mn in 1QFY25). Given AI dataset deals are lumpy in nature revenue recuperation is expected in 2QFY26E. Management reiterated that revenues are likely to surpass Rs8,000mn with EBITDA margin of ~18-20% in FY26E led by 1) 6-7% increase in volumes as NCERT is expected to release new syllabus books for grades 4,5,7&8 and 2) single digit price hike across product portfolio. Backed by these factors, we expect sales/PAT CAGR of 11%/21% over FY25E-FY27E. SCHAND IN trades at attractive valuations of 8x/7x our FY26E/FY27E EPS estimates with FCFF yield of ~11%. We maintain our EPS estimates and retain 'BUY' with a TP of Rs286 valuing the stock at 11x FY27E (no change in multiple).

Topline down 7.3% YoY: Topline decreased by 7.3% YoY to Rs1,026mn (PLe Rs1,052mn). The revenue decline was driven by shift in content licensing (AI dataset) revenues from 1QFY26 to 2QFY26E, resulting in lower billings.

GM at 67.1%: Gross profit decreased 14.2% YoY to Rs689mn (PLe Rs749mn) with a GM of 67.1% (PLe 71.2%) as against 72.5% in 1QFY25. Lower syndication revenue has led to deterioration in GM on YoY basis.

EBITDA loss at Rs91mn: EBITDA loss came in at Rs91mn (PLe EBITDA loss of Rs65mn) as against an EBITDA of Rs84mn in 1QFY25 with a margin of 7.6%. Loss came in at Rs141mn (PLe loss Rs120mn) as compared to loss of Rs30mn in 1QFY25.

Key highlights: 1) NCERT is expected to release new textbooks for grades 4,5,7 & 8 in FY26E. 2) Capex for the next 2 years is pegged at ~Rs350-400mn, mainly for an integrated press facility. The project is expected to be completed within 12 months and deliver a 15-20% improvement in production capacity and efficiency. 3) The total number of employees as of 1QFY26 stood at ~1,900. 4) The AI content licensing business has expanded from 2 clients last year to 7 clients currently, with an even split between in-house and outsourced content at ~50% each. 5) Paper prices have declined by 5-7% since the start of the year and are expected to remain stable. 6) S CHAND IN is evaluating 3 potential acquisitions: in the test prep segment (currently under due diligence), in the international board segment, and in the regional segment. Acquisitions are likely to be funded through internal accruals and combined revenue of all 3 target companies under consideration is likely to be less than Rs500mn. 7) Curriculum changes for classes 9-12 is expected in FY27E. 8) S CHAND IN ended 1QFY26 with a positive net cash balance of Rs1,161mn. 9) Receivable days/Net Working Capital days for 1QFY26 stood at 89/119 days respectively, down from 92/132 respectively in 1QFY25.

Exhibit 1: Q1FY26 Result Overview (Rs mn)

Y/e March	1QFY26	1QFY25	YoY gr (%)	4QFY25	QoQ gr (%)	1QFY26E	% Var.	FY26E	FY25	YoY gr (%)
Net Sales	1,026	1,107	(7.3)	4,714	(78.2)	1,052	(2.5)	8,095	7,197	12.5
Expenditure										
Raw Materials	338	304	10.9	1,512	(77.7)	303	11.4	2,590	2,290	13.1
% of Net sales	32.9	27.5		32.1		28.8		32.0	31.8	
Personnel	434	385	12.6	507	(14.5)	462	(6.1)	1,902	1,744	9.1
% of Net sales	42.3	34.8		10.8		43.9		23.5	24.2	
Selling , dist & Other Exp	346	333	3.8	663	(47.9)	353	(1.9)	2,040	1,813	12.5
% of Net sales	33.7	30.1		14.1		33.5		25.2	25.2	
Total Expenditure	1,117	1,023	9.2	2,682	(58.3)	1,118	(0.0)	6,533	5,847	11.7
EBITDA	(91)	84	NM	2,032	NM	(65)	NM	1,562	1,350	15.7
Margin (%)	NM	7.6		43.1		NM		19.3	18.8	
Depreciation	105	102	3.3	118	(10.5)	120	(12.4)	471	423	11.4
EBIT	(196)	(18)	NM	1,914	NM	(185)	NM	1,091	927	17.7
Interest	27	28	(2.4)	46	(40.4)	21	30.2	85	129	(34.4)
Other Income	41	30	40.1	63	(34.7)	35	18.4	140	130	7.4
Share of P/L in associates	-	-	NM	-	NM	-	NM	-	-	NM
Exceptional items	-	-	NM	-	NM	-	NM	-	-	NM
PBT	(182)	(16)	NM	1,932	NM	(171)	NM	1,146	928	23.5
Tax	(42)	14	NM	516	NM	(51)	NM	344	326	5.5
Tax Rate (%)	NM	NM		26.7		NM		30.0	35.1	
Reported PAT	(141)	(30)	NM	1,416	NM	(120)	NM	802	602	33.2
Minority interest	(8)	(9)	NM	(3)	NM	(6)	NM	(25)	(33)	NM
OCI	6	5	37.8	(8)	NM	-	NM	-	(7)	NM
Total comprehensive income	(134)	(25)	NM	1,407	NM	(120)	NM	802	595	34.8
Reported EPS	(3.8)	(0.6)	NM	40.2	NM	(3.2)	NM	23.5	17.8	32.0

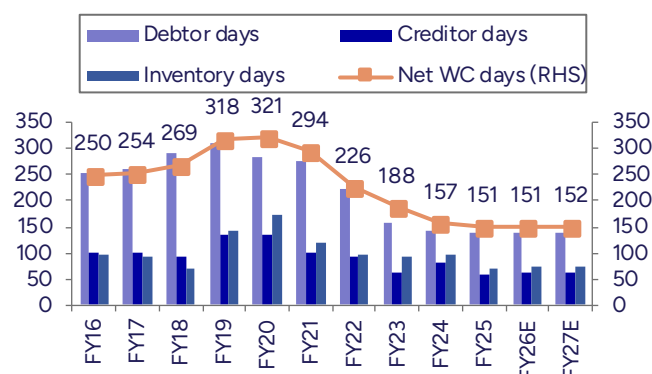
Source: Company, PL

Exhibit 2: OCF/EBITDA ratio to be at 0.7x in FY26E

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

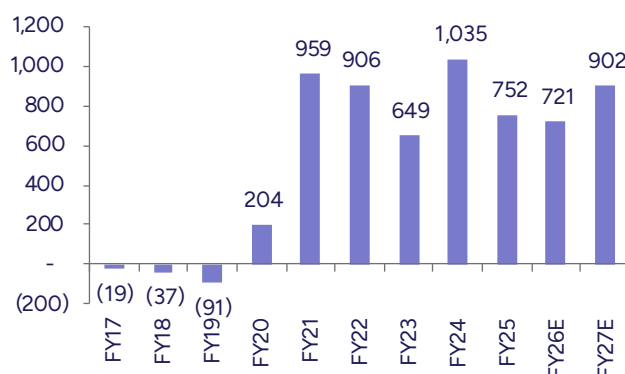
Source: Company, PL

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
Net Revenues	6,626	7,197	8,095	8,827
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
EBITDA	1,098	1,350	1,562	1,721
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
EBIT	636	927	1,091	1,194
Margin (%)	9.6	12.9	13.5	13.5
Net Interest	153	129	85	74
Other Income	99	130	140	155
Profit Before Tax	582	928	1,146	1,275
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
Profit after tax	511	602	802	893
Minority interest	(55)	(33)	(25)	(25)
Share Profit from Associate	-	-	-	-
Adjusted PAT	566	635	827	918
YoY gr. (%)	72.7	12.2	30.2	10.9
Margin (%)	8.5	8.8	10.2	10.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	552	628	827	918
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
Equity Shares O/s (m)	35	35	35	35
EPS (Rs)	16.1	18.0	23.5	26.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	3,400	3,715	4,315	4,915
Tangibles	1,270	1,481	1,831	2,181
Intangibles	2,130	2,234	2,484	2,734
Acc: Dep / Amortization	1,863	2,261	2,732	3,259
Tangibles	472	635	846	1,086
Intangibles	1,391	1,625	1,886	2,173
Net fixed assets	1,915	1,989	2,144	2,245
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
Current Assets				
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
Total Assets	12,734	12,656	13,493	14,350
Equity				
Equity Share Capital	176	176	176	176
Other Equity	9,234	9,727	10,413	11,190
Total Networth	9,410	9,903	10,589	11,366
Non-Current Liabilities				
Long Term borrowings	386	460	476	492
Provisions	-	-	-	-
Other non current liabilities	111	133	136	138
Current Liabilities				
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
Total Equity & Liabilities	12,734	12,656	13,493	14,350

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)
Net cash from Op. activities	1,211	999	1,071	1,252
Capital expenditures	(169)	(234)	(350)	(350)
Interest / Dividend Income	-	-	-	-
Others	(72)	(260)	(279)	(281)
Net Cash from Invt. activities	(241)	(495)	(629)	(631)
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
Net cash from Fin. activities	(530)	(752)	(310)	(299)
Net change in cash	440	(248)	132	323
Free Cash Flow	1,035	752	721	902

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
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
Return Ratio(%)				
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
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.1)
Net Working Capital (Days)	60	80	78	78
Valuation(x)				
PER	11.9	10.6	8.2	7.4
P/B	0.7	0.7	0.6	0.6
P/CEPS	6.6	6.4	5.2	4.7
EV/EBITDA	5.8	4.6	3.8	3.2
EV/Sales	1.0	0.9	0.7	0.6
Dividend Yield (%)	1.6	2.1	2.1	2.1

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	374	1,002	4,714	1,026
YoY gr. (%)	(1.5)	31.2	7.8	(7.3)
Raw Material Expenses	176	298	1,512	338
Gross Profit	199	704	3,202	689
Margin (%)	53.1	70.3	67.9	67.1
EBITDA	(574)	(192)	2,032	(91)
YoY gr. (%)	NA	NA	9.0	NA
Margin (%)	NA	NA	43.1	NA
Depreciation / Depletion	101	103	118	105
EBIT	(675)	(295)	1,914	(196)
Margin (%)	NA	NA	40.6	NA
Net Interest	23	32	46	27
Other Income	22	16	63	41
Profit before Tax	(676)	(311)	1,932	(182)
Margin (%)	NA	NA	41.0	NA
Total Tax	(148)	(55)	516	(42)
Effective tax rate (%)	21.9	17.8	26.7	22.8
Profit after Tax	(528)	(256)	1,416	(141)
Minority interest	(11)	(9)	(3)	(8)
Share Profit from Associates	-	-	-	-
Adjusted PAT	(517)	(246)	1,419	(133)
YoY gr. (%)	NA	NA	9.8	NA
Margin (%)	NA	NA	30.1	NA
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	(517)	(246)	1,419	(133)
YoY gr. (%)	NA	NA	11.1	NA
Margin (%)	NA	NA	30.1	NA
Other Comprehensive Income	(5)	2	(8)	6
Total Comprehensive Income	(528)	(256)	1,416	(141)
Avg. Shares O/s (m)	35	35	35	35
EPS (Rs)	(14.7)	(7.0)	40.3	(3.8)

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-25	BUY	286	229
2	26-May-25	BUY	286	227
3	09-Apr-25	BUY	294	193
4	12-Feb-25	BUY	305	189
5	09-Jan-25	BUY	322	205
6	12-Nov-24	BUY	322	209
7	04-Oct-24	BUY	312	211
8	13-Aug-24	BUY	312	216

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,071	882
2	Delhivery	Accumulate	466	430
3	DOMS Industries	BUY	3,087	2,503
4	Imagicaaworld Entertainment	BUY	77	61
5	Indian Railway Catering and Tourism Corporation	BUY	864	785
6	InterGlobe Aviation	BUY	6,517	5,740
7	Lemon Tree Hotels	BUY	170	142
8	Mahindra Logistics	Hold	383	408
9	Navneet Education	Hold	136	140
10	Nazara Technologies	Hold	1,241	1,357
11	PVR Inox	Hold	1,052	1,036
12	S Chand and Company	BUY	286	229
13	Safari Industries (India)	BUY	2,434	2,101
14	Samhi Hotels	BUY	308	221
15	TCI Express	Hold	778	744
16	V.I.P. Industries	Hold	455	450
17	Zee Entertainment Enterprises	BUY	177	134

PL's Recommendation Nomenclature (Absolute Performance)

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

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