



## S Chand And Company Limited

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Date: May 28, 2026

To Listing Department BSE Limited 25 <sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai, Maharashtra 400001	To Listing Department, National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051
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Dear Sir,

**Re: Transcript of conference call – Q4FY25 - pursuant to Regulation 30 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)**

The Company organized a conference call for the Analysts and Investors on Monday, May 25, 2026 at 12:30 A.M. to discuss the financial results for the quarter and year ended March 31, 2026. The transcript of the said conference call held with the Analysts and Investors is enclosed herewith.

The Company shall also disseminate the above information on the website of the Company- [www.schandgroup.com](http://www.schandgroup.com).

Request you to kindly take note of the same.

Thanking You.

Yours Sincerely,

For S Chand And Company Limited



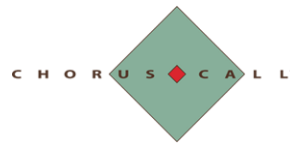
**Jagdeep Singh**  
Company Secretary  
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Address: A-27, 2<sup>nd</sup> Floor,  
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Encl: as above



“S Chand and Company Limited  
Q4 FY26 Investor Conference Call”

May 25, 2026



**MANAGEMENT: MR. HIMANSHU GUPTA – MANAGING DIRECTOR – S  
CHAND AND COMPANY LIMITED**

**MR. SAURABH MITTAL – GROUP CHIEF FINANCIAL  
OFFICER – S CHAND AND COMPANY LIMITED**

**MR. ATUL SONI – HEAD – INVESTOR RELATIONS,  
STRATEGY AND M&A - S CHAND AND COMPANY  
LIMITED**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the S Chand and Company Limited Q4 FY26 Investor Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone. Please note that this conference is being recorded.

I would now like to hand the conference over to the senior management of S Chand for their opening remarks. Thank you, and over to you, sir.

**Himanshu Gupta:**

Thank you. Good afternoon, ladies and gentlemen. I am Himanshu Gupta, the Managing Director of S Chand and Company Limited. I would like to welcome you all to our fourth quarter and full year results conference call for FY26 and thank you all for taking the time-out and joining us here today.

The FY26 sales season was an excellent season with strong volume growth with both Old and New Syllabus books being adopted in schools for the new Academic year. Looking ahead, we are quite optimistic for FY27 since the new syllabus books for K-8 are already released and CBSE has released a circular in April, 2026 stating that the new syllabus for Classes – 9th, 10th, 11th and 12th would be launched during the next few months. On back of this development, we expect FY27-28 to see complete adoption of the new syllabus books for the K-12 segment which should strongly support our growth trajectory over the next 2 years.

On the AI Dataset content licensing revenues, we had a great year with over 60%+ YoY revenue growth during FY26. We believe that this revenue stream has a huge potential to grow and deliver for our Group in the coming years. Saurabh will give more details around this in his remarks.

Curriculum sales adoption grew faster for the all new Mylestone, My Zen, SmartK and Solid Steps being adopted in over 1500 schools. On the Higher Education front, Test Prep partnerships with YouTubers along with Government adoptions for Panchayats was in focus.

Our multiple partnerships for content and Licensing including Allied (ICSE Books), Penguin (English Readers), Jump Maths, Discovery, Money Prep (Financial Literacy), Speedlabs (JEE and NEET Foundation) and many more held us in good stead for enhancing our sales momentum and diversifying our portfolio.

We have completed our 1st International acquisition in January 2026 when we acquired CPD Singapore which gives us Curriculum capabilities for the India and Asia markets. CPD Singapore is a publisher of supplementary books adhering to the Singapore / IGCSE (A Level and O Levels) /IB Curriculum for the K12 school segment. This fills a gap in our product portfolio and makes us future ready for this fast-growing segment which has over 1000 schools in India. Overall IGCSE has over 4000 schools across the world with largest concentration in Middle East and South Asia with over 1000 schools. The number of IB Schools world over is more than 6,000 with a large number being in South Asia, Australia and New Zealand. We believe this has the potential to be an US\$8-US\$10 Mn business in a few years.

We are proud to say that we continue to be net debt-free company at the end of FY26 through consistent efforts on working capital management. Our strategic partnerships and collaborations have allowed us to expand our offerings and meet the changing needs of our customers. Our commitment is to continue this positive trend and enhance our financial position over the long term

With that, I would now request our Group CFO, Mr. Saurabh Mittal to apprise all of us on the financial performance of S Chand.

**Saurabh Mittal:**

Thank you. Good Morning everyone. I am Saurabh Mittal, Group CFO of S Chand and Company. I would like to welcome you all to our fourth quarter and full year results conference call for FY26 and thank you all for taking the time-out and joining us here today.

I am extremely happy to share that FY26 has been another strong year for S Chand Group on many parameters. I would like to highlight the following key points for the year gone by-:

1. The company achieved revenue in-line with our guidance of Rs8,000m.
2. We sustained our high Gross Margin levels of approx. 68% this year despite a 6% GST hike in Paper on the back of better product mix.
3. We achieved the Highest EBITDA of Rs. 1449 Mn and EBITDA Margin of 18.1% which meets the guidance range of 18%-20%.
4. We achieved Operating Income of Rs861m which speaks volumes of our operating efficiency
5. We achieved profit growth of 21% and ended the year with PAT of Rs731m.
6. The company continues to build on its net debt free status company at the end of FY26 with a net Cash balance of Rs1,048m, despite a Capex of 362 Mn and Acquisition Outgo of 107 Mn, which gives us ample headway to look at potential M&A and/or Buyback from internal accruals as well.
7. We continued to deliver solid Working Capital Metrics,
8. We have announced an Interim dividend of Rs4/share

All this resulted in generation of strong operating cash flows at Rs747m for FY26. We have proposed an interim dividend of Rs4/share and have remained Net Debt free at year end with a positive net cash balance of Rs1,048m.

In terms of working capital-:

- Trade Receivables increased to Rs3,503m during Q4FY26 vs Rs2,753m during Q4FY25. This increase was driven by shifting of certain receivables from Q4 to Q1 in the Digital business. The war in Middle East also impacted collections from the schools in the region. The metrics will normalize within 1HFY27. In terms of receivable days, it stood at 160 days (vs. 140 days in Q4FY25)
- Inventory increased to Rs1,634m (vs Q4FY25: Rs1,401m). This inventory increase is driven by slightly higher Finished Goods inventory due to the NCF rolls out. In terms of inventory days, it stood at 232 days (vs. 223 days in Q4FY25). With the NCF implementation settling in, we expect the largest improvement in this metric.

- On back of these movements, Net Working Capital increased to 164 days (vs. 151 days in Q4FY25).

In terms of Cash flows, All this resulted in generation of operating cash flows at Rs747m for FY26. Our FY26 Operating Cash flow could have been higher had it not been for-:

- Increase in Receivables due to the shifting of Content licensing collections of over Rs165m from Q4 to Q1.
- Minor Increase in Receivables due to delay in collections from Middle east due to the ongoing conflict.
- Minor Increase in inventory due to NCF roll out.
- We expect Receivables and Inventory to normalize during the 1H of FY27.

Do keep in mind that we have delivered an average OCF of approx. Rs1,000m over the past 5 years. We expect to deliver OCF of over Rs1,000m for FY27.

As we go into FY27, I would like to target the following -:

- Firstly, we are looking to grow Operating revenues by 10%-15% for the year.
- Secondly, we are giving an EBITDA margin band guidance of 17%-19%. This guidance is lower than last year on back of increased costs due to escalation in the prices of paper/logistics/transportation/packaging due to currency depreciation and higher fuel prices in the current year
- Thirdly, we look forward to continuing our focus on working capital metrics and cash flows.
- Fourthly, we are open to evaluate M&A opportunities which fill in the gaps in our portfolio. We aim to leverage our Group's strengths in such acquisitions to deliver superior value to our customers and stakeholders.
- Fifth, We are looking to target revenues more than Rs400m in the Content Licensing opportunities of our text, images and videos repositories and growing the number of clients.

We remain focused on building sustainable long-term value for all our stakeholders, and we believe that our unwavering commitment towards operational excellence and delivering value to our customers will continue to drive our success in the coming years. With this, I would like to open the call for your questions. Thank you.

**Moderator:** Thank you. Our first question comes from the line of Niteen Dharmawat with Aurum Capital. Please go ahead.

**Niteen Dharmawat:** Yes. Thank you for the opportunity. Am I audible?

**Himanshu Gupta:** Yes.

**Niteen Dharmawat:** Yes, yes. So, I wanted to understand first is what is the situation of implementation of NCF now, considering that the rollout has increased as we understand from the media reports. So can you please elaborate that? And how it is going to help us in terms of revenue and spread in the market?

**Himanshu Gupta:** Yes. NCF rollout will be completed, we hope that this year, that exercise should be completed and the implementation will start this year or maybe early next year. That is what we have from the market, and we believe that the benefit will definitely come to the company in that regard.

And we have all the products in the portfolio fully ready and NCERT and all have already announced their books. The rest of the books, which were not out. So, by this year end, I think all the products from the government NCERT will also be out. So, the NCF should be complete this year, on a maximum, I would say, the year after.

**Niteen Dharmawat:** So, this revenue guidance of 10% to 15% does not include any upside because of NCF implementation?

**Himanshu Gupta:** 10% to 15% is a good guidance because it's not a small number. It's a big number. Like this year, we have grown by around 11%. So, these advantages are already we have taken care of and this year also, we should get 10% to 15% growth.

So, this is a decent growth of a large base. We have to understand our base is quite large in terms of other publishing business because their base is smaller, our base is quite large. So I would say, 10% to 15% is a good growth rate.

**Niteen Dharmawat:** Yes. Okay. So, my next question is, you mentioned that the license for this content license for AI has a potential to become big. However, it continues to be onetime or ongoing yearly payment if onetime payment, then how it is likely to become big? Because last year, we did around Rs32 crores.

And prior to that, we did Rs20 crores and we have given a target of Rs40 crores for this year. So how big is the potential and considering the fact that it is onetime or yearly payment?

**Saurabh Mittal:** Yes. So Niteen, if you see, it's a mix of onetime and recurring revenues. See various clients have different requirements. So some of them are doing two years renewal, somebody are doing an annual renewal. And some of them are onetime.

But even in one time, they're not taking the entire content of our repository. So they are only taking, let's say, 10%, 15% of our content. So we still have a lot of potential in the next few years. –In our first year of this business we had 2 clients. In the year gone by we had 5 clients.

During this year, we are picking up 2 more clients. So the number of people working on these LLMs are increasing by the day, and we've also started outreach to more clients. So hopefully, we're trying to build this into a larger business.

**Niteen Dharmawat:** So big means, how big? Rs 40 crores to Rs100 crores or Rs200 crores? What kind of potential is there? And if you can share the split between fixed payment versus annuity as per current status? And where do you see in 3 years to 5 years' timeline?

**Saurabh Mittal:** So as per last year, I think we did about 30% was one time and 70% was a period license. Some of them were 3 years, some of them were 5 years, some were 2 years, some of them was 14

months. So term is 70%, and 30% is one time. That is what happened last year. So that's the way we are going ahead.

And of course, we have a repository of about 10,000 titles of our own plus apart from that, we are also helping them whenever they have a requirement, we are able to source from the industry and provide to them.

**Niteen Dharmawat:** So where do you see this practice leading in the next 3 years' time?

**Saurabh Mittal:** Very difficult to put a number, to be honest. But we probably would outdo what we are planning for this year. And hopefully, we're trying to build it up to at least Rs100 crores business.

**Niteen Dharmawat:** Got it. And what kind of margins are there compared, I'm sure that this must be slightly higher margin compared to our regular business. You mentioned something in the previous call. So if you can elaborate from this years' experience as well?

**Saurabh Mittal:** Unfortunately, we'll not be able to give a margin on this due to client confidentiality clauses.

**Atul Soni:** I think one way to look at it is that wherever in-house content is being used in these contracts, the margin would be higher than where the content has been outsourced from outside the company.

**Saurabh Mittal:** Yes. So wherever our content is going, that is almost 90% margin for us.

**Niteen Dharmawat:** Got it, got it. And my next question is about the cash position. So since we are debt free, as you mentioned. So what kind of net cash position we'll have next year compared to this year, I think we are close to Rs100 crores now. So next year, what kind of cash position we are anticipating?

**Saurabh Mittal:** Considering we have a capex of about Rs20 crores coming up, I would say, we should be around Rs130 crores, Rs135 crores.

**Niteen Dharmawat:** Okay. So we have declared a dividend of Rs4/share. If I am not wrong, this is a similar amount as last year. Since we have a very strong cash flows and we continue to be debt free, so why do we not consider buyback or higher dividend payouts or both? You hinted something on the buyback in your initial commentary. So if you can consider that as well.

**Saurabh Mittal:** Yes, yes, we are considering that. Unfortunately, because of the war situation, we are waiting for things to settle down because it's best to have cash in books for this uncertain period. Once this gets over, then of course, we'll definitely consider. This year, we're not sure what kind of paper prices, what consumable prices are going to be, so that's one issue.

And coming back to one earlier question that you had around growth. If you see most of our growth last year was driven by volume growth. Pricing growth was very limited. So when you see we did expand our market share in the business. Volume growth was very good last year as compared to pricing was still muted. So just to answer that question, why 10% to 15% is looking good? Because, again, mostly driven by volume growth.

**Niteen Dharmawat:** Fantastic. And how is the paper price now? Just final question, how it is shaping up? Do you see any increase in the paper prices now considering the war situation and some difficulties in the raw material for the paper companies?

**Himanshu Gupta:** Yes, yes. Paper prices, definitely, we expect to grow by 10% to 15% this year at least, maybe more also. But right now, we are in negotiation stage with all the paper mills, and we have not finalized our rates for this year. But we expect a 10% to 15% increase, which surely be there not only in paper, but on chemicals, glue, plates etc. And even with the new Labor Code coming in the cost for the labour will increase. So all the raw materials everywhere will show price increase.

**Niteen Dharmawat:** So we will have some hike because last year, we have not taken. So we'll take some hike in the prices also?

**Himanshu Gupta:** Of course, we'll take some price hike in the way we increase our prices. But we also cannot take too much of hike. We expect that the price hike would be in the range of 6% to 8%. That's only maximum we can take. We can't take beyond that because then there is a pushback from the customers from the market.

So seeing that we can only expect to grow at that level. So we are still in the process of finalizing our internal budgets and all where we will be able to see where we can cut costs without affecting sales and where we can improve our margins. But next month or so, we'll be able to finalize all those things.

**Niteen Dharmawat:** Got it. Okay. Thank you so much for answering my questions. Wishing you best.

**Himanshu Gupta:** Thank you. Thank you.

**Moderator:** The next question comes from the line of Praneeth with SJ Investments. Please go ahead.

**Praneeth:** Question. So in terms of licensing, what percentage of our IP is already licensed versus not licensed today?

**Saurabh Mittal:** What percentage is very difficult to say because to each client, it's a different set of content that is going through. So how do I answer that question to you? I would say about -- on an average, about 30% to 40% is licensed as on today.

**Praneeth:** Got it, sir. So is it fair to assume like the cumulative revenues we've done so far, that's what it's left going forward also, right? Because our IP is limited, and I understand we're doing acquisitions. But do you think to get to the Rs100 crores mark, either that we have to acquire more IP or we need to sell the same information to different customers.

So do you think the other customers will also offtake the same information, which is already sold to the rest of them because it's already available in the market, at least on the web?

**Saurabh Mittal:** So everybody is building their own LLM and they would need licenses to train their LLMs. So it's not that if it's available in the market, they can also use it. It's specifically licensed to that

company. So I would say more customers is, more clients are required, I would say. And we are in the process of doing that.

**Atul Soni:** So Praneeth, let me just give you an example. So for example, if we have, let's say, a book on mathematics, okay? So if it's a mathematic book, then the same will be required by whichever client wants to build an LLM. So if you have licensed it if we have given it to one client, it doesn't mean we cannot give to 9 others because, for example, primary class mathematics remains the same. So to that extent, it's not as if it's been used by one, it cannot be used by other clients.

**Praneeth:** Understood, sir. So got it. So do you see the pricing by any chance reducing for the same information we gave in the past because I'm pretty sure that the business model is getting caught up in the market, like similar publishers with similar IP must be also coming into the market. Do you see any price erosion in that terms compared to the past?

**Saurabh Mittal:** Pricing is completely very confusing as of now, to be honest. It is varying so much from one client to the other, it is difficult to put a specific finger on it. But I would say it's more about (A), the period of the license that they are taking and (B) the segment of the books that they are taking, (C) what language they're taking it and so pricing is very dynamic across. Yes, we've seen a slight correction in that, but it's not gone down substantially as yet.

**Praneeth:** Got it, sir. But in terms of the overall norms set for content, the AI players are they doing similar with other types of content also? It's only with education that they're doing these licenses, and we are able to capitalize on this opportunity because everything seems to be still a lot on the sense in terms of other licensing agreements also. But I was just wondering how are we able to capitalize on it so efficiently while other people are still confused on how to license and all of those things?

**Saurabh Mittal:** No, I think it's happening across. It's happening across other areas as well like medical, legal etc. I'm sure a lot of people are working around that. I'm not privy to most of it, but definitely aware that a lot of work is going on in the medical segment, in the financial segment. I mean there are thousands of companies working on various models around so it's not only education.

**Praneeth:** Got it, sir. But I already mentioned that most of it is usually a onetime, at least it's split between onetime and 2 years at max at this point of time. But do you think these licenses will be continuously required or after training, there will not be any requirement? So I'm just wondering if this can be an annuity income of sorts. So let's say, you just lease the asset out and you can get to annuity income for the next 4 years. Can that be possible or once the information is trained, it's unlikely they will come back to us to buy the same information back?

**Saurabh Mittal:** So once they've used it, if they've taken a perpetual license, then of course, they can continue to use it for perpetuity. But if they have taken a term license, they'll need to continue to renew the licenses. Otherwise, it's very difficult taking out the information from the model once you've trained the model on it.

- Praneeth:** Got it. So is it a fair understanding that once the information is given out even for a year or whatever, whatever percentage of the information has given out, it's likely that that's the end of the revenue with the client unless it's new information?
- Saurabh Mittal:** Yes. So far, there has been renewals of whatever we've given on a term basis. There's been no renewals that have not fallen on the side. So far, it is, as I would say, 100% customer retention. There have been renewals wherever they have been given the content on the renewal basis.
- Praneeth:** So sir, out of the 5 clients, how many are the perpetual ones versus how many are, let's say, recurring ones out of the probably 5 customers we gave to?
- Saurabh Mittal:** Three were perpetual, two were period licenses. But the two that were period licenses account for most of the revenues.
- Praneeth:** So most of this year's revenues are most of the period licenses, right?
- Saurabh Mittal:** The period licenses are the larger revenues that came to us.
- Praneeth:** Got it, sir. And one more thing with regards to, let's say, this year's margin improvement, most of it seemed to have been coming from the digital revenues growth, even like it was approximately like Rs10 crores, we grew Rs10 crores in terms of EBITDA we grew and our approximately our EBITDA margin that would have generated from the incremental revenue from digital would have contributed to that. So does that mean that our underlying business is still facing some headwinds in terms of pricing and overall the cost progression that is with final customer? Is that fair understanding?
- Saurabh Mittal:** No. So this year, on the contrary, the margins from the digital business were lower than last year, while the revenue grew by about Rs10 crores to Rs11 crores the margins were lower by about Rs4 crores. So the incremental margins have come from the publishing business, not from the licensing business.
- Atul Soni:** And the reason for that is the source of the content.
- Saurabh Mittal:** Last year was largely our content. This year, we sourced content. So that's why the margin profile has shifted.
- Praneeth:** So let's say, if you like 100% of license 100% content, what was the sourced content versus our content this year?
- Saurabh Mittal:** Last year it was 80% ours, 20% sourced. This year, it's 30% ours and 70% sourced.
- Praneeth:** Got it, sir. Just one question in terms of the NCF. So as I understand it, during syllabus change is the time we can actually gain market share and also at the same time, increase our prices because the supply of those books is a lot lower. But why are we not able to increase the prices? I understand why is state pushing back? Just trying to understand how the market dynamics are at this point of time.
- Saurabh Mittal:** Who's pushing back?

**Praneeth:** You mentioned that pricing, we were not able to increase this year. But usually, the pricing increase happens during the syllabus change, right? So I was wondering, is trade pushing back or why are we not able to increase the prices during like one of the transitional times where we can actually get the pricing right?

**Saurabh Mittal:** The pricing is again a function of multiple participants in the market. And then again, these are education books that we are providing. We continue to believe that books have to be affordable to students. So it's not that we can take a hike that is unreasonable. Beyond a particular level we are also not comfortable raising prices of the books.

**Praneeth:** Understood, sir. So some perspective and our growth strategy for the, let's say, the new international syllabus business. So where are we at today and where do we think we can go in the, let's say, next 3 years? And how are we exactly working towards this in terms of management bandwidth and everything because we already have a lot of brands in the country. So how are we able to concentrate there also?

**Saurabh Mittal:** So we don't have a brand currently in India, which functions in the international curriculum space. CPD Singapore, which we've acquired does not have any presence in India at the moment. We would have to market this content to the Indian schools. It has a presence in South Asia, which we are trying to further enhance through marketing. And so that's the plan. It has huge potential because, again, that's about 4,000, 5,000 schools that we can target. But taking slow steps and we'll probably get there in 3-4 years' time.

**Praneeth:** So sir, in this international business, let's say, what is the value of a school if we onboard that school international syllabus business and how many schools are we already at with the CPD business today?

**Himanshu Gupta:** The CPD business right now is only mainly concentrated in Singapore and some bit of in Malaysia and Indonesia. And in Singapore, there are around 482 schools and those are all mostly government schools and the government prescribe the IGCSE curriculum in Singapore. And we are present in a lot of schools there, more than 200 schools, we are already present there.

But the CPD was mainly concentrated in that kind of a market. So we want to grow now not only in the Southeast Asian market, we want to grow in the Indian subcontinent also and we are bringing those books to India and neighbouring countries of India like Sri Lanka, Nepal, Bhutan, Burma and even taking them to Middle Eastern markets when the situation improves.

And it will take us, I would say, 1 or 2 years to at least establish this business because these businesses take time and they don't happen overnight. And we are trying to build a team around it. We are trying to create more content, even localize the content if need to be and doing all those necessary steps. It's just only 4-5 months back we acquired that company. So it's a very short period of time right now. We're also understanding its processes, its products, its systems. So maybe we will be able to give you a clearer picture by, I would say, next year to what is happening in that company.

**Atul Soni:** So right now, all of the sales are from Singapore and Malaysia. There are no India sales as of now.

- Praneeth:** Understood. But what are the full year revenues and profitability for that particular business, sir?
- Himanshu Gupta:** Last year revenue was around USD0.5 million.
- Atul Soni:** It was around, Rs5 crores approx.
- Himanshu Gupta:** INR5 crores to INR6 crores of revenue in Indian Rupee.
- Atul Soni:** And this is a December year ending business.
- Praneeth:** Understood. Was it a profitable business? Or was it breakeven?
- Saurabh Mittal:** It was profitable for 2 years, yes. Last year it was not because, of course, this whole transaction was happening. And of course, the earlier promoter was losing focus, but it will make money this year.
- Praneeth:** Got it, sir. So what kind of investments will we need to put in because building a team and also doing marketing is an expensive endeavour. So what kind of capital outlay do we see for this particular division that we see in the next 2 to 3 years, especially when we're establishing a presence across different countries?
- Himanshu Gupta:** So it doesn't require a similar level of team as we acquire in the domestic business. I think a marketing team of 4- 5 people are required. It's not a very big team. In Singapore, we have only a small team of 6 people.
- So a very small team. We may be going to expand that from 6 people to maybe 8 or 10 people, but not more than that. And in India, we will have 4- 5 people plus 1 or 2 more people in the publishing side.
- So the total team would be like 10-15 people. It's not going to be a very large team. So we don't envisage a very huge capital investments in terms of team or marketing. And all marketing also will be done locally. So we have already network and distribution network and marketing things available. So we are not going to spend too much of money, maybe a small capital investment in the next 2 to 3 years of maybe Rs5 crores to Rs7 crores, nothing large, nothing major.
- Praneeth:** Understood, sir. And the Rs20 crores we had in mind for spending during this year, what was that mostly going into? Was it mostly content or something else?
- Himanshu Gupta:** That's mostly capital expenditure towards building a new printing plant, state-of-the-art near Delhi. And for that, we require to invest money there.
- Praneeth:** Understood. So right now, what percentage of our printing is in-sourced versus outsourced?
- Himanshu Gupta:** Almost, I would say, 80% to 85% is done in-house and 15% to 20% is outsourced.
- Praneeth:** So we'll probably in-source that and for the incremental capacity, this new plant is for, right?

- Himanshu Gupta:** Right now, the plant that we have currently has less space, and we want to have more space and more workable area and maybe we'll need to add some new machines because in today's time, digital printing machine is coming out and people are investing there, and we are also planning to invest in that region also. So we need bigger spaces and bigger infrastructure, and that's why we're investing money there.
- Praneeth:** Will this contribute any margin improvement, sir? Or is it just going to sustain our margins?
- Saurabh Mittal:** Initially, of course.
- Himanshu Gupta:** I think first year, second year, it will be difficult to say. But I would say after that, when the plant gets fully integrated and fully operational, then we will come to know the exact details of the incremental margins. But definitely, it will help us increase the volume. It will help us improve our efficiency, quality, delivery and also margins also ultimately.
- Saurabh Mittal:** Also, working capital will be more efficient once we have more POD machines.
- Himanshu Gupta:** Yes. That will also happen eventually.
- Saurabh Mittal:** Then we can cater to smaller print runs and then, of course, the inventory holding will be lower.
- Himanshu Gupta:** Yes. Sure.
- Moderator:** Thank you. The next question comes from the line of Keshav Garg with Counter Cyclical PMS. Please go ahead.
- Keshav Garg:** Sir, my question is on the share buyback. Now if we see the company came out with the IPO 9 years back at Rs670 and now the stock price is roughly one-fourth of that. And our enterprise value is like Rs500 crores, and our EBITDA is like Rs130 crores. So basically, the whole business is trading at less than 4x EBITDA. So why I'm not able to understand that what is the, by not doing buyback, basically the management is, the apprehension in the shareholders' mind is that this is a dying business?
- That is why even at less than 4x EBITDA, this business is not worth doing a share buyback. So it's better to go out and buy some other company and maybe 10x, 15x EBITDA rather than doing own share buyback. So that is the apprehension that comes in the mind of shareholders when you don't do a share buyback at these valuations and with this kind of net cash and balance sheet?
- Himanshu Gupta:** I don't know, Atul, you want to answer that?
- Atul Soni:** Yes. So I mean buyback is something that is being considered. And I mean, the Board usually considers matters like these. We give this feedback, and we will see in the coming times when it happens.
- Saurabh Mittal:** Having said that, yes. Please also look at the performance of the other buybacks in the same industry where people have done it, if it has done anything to the share price. So I'm not saying that we will not do it, but if somebody is saying that share buyback will have something to do with the share price, I don't know.

Perception of the industry, of course, may be whatever it is. I think we are still a very financially strong and stable industry, which has got less impact of the global war as compared to the others. And the K-8 segment for schools will continue to be there.

There is no way around that. Kids outside India also have come back to books, whether it is Sweden, whether it's all the other countries which had gone digital, they are back to books. So K-8 segment is not going anywhere, and we will continue to be there.

**Keshav Garg:**

Sir, now the thing is that the other players who has done regular buybacks, they are trading at like 10x- 11x EBITDA, whereas we are trading at 4x EBITDA in the same business. So it does make a difference. That is the first thing. And the second related question is that the other player also their publishing revenue is also flat since FY19. And just like ours is flat since FY18.

So I'm not able to understand that what exactly happened to this industry that after FY18, FY19, the industry doesn't seem to be growing. At least the big players don't seem to be growing. So what is the reason behind that?

**Himanshu Gupta:**

My friend, the big reason was Corona. I think we all know about it. We all were affected. And education industry was one of the most highly affected industries in that period of time. Corona had an impact of 2.5 years for the whole industry and education was very highly affected.

And we were able to keep afloat and manage our companies. That was a big challenge. So we were looking at that mostly. And after the Corona got over, we got back on track and got our revenues where we started from, and we are back again there at that level. And we are focusing more on improving our working capital and cash flows, and that's what our focus is, and that's what we are doing.

**Keshav Garg:**

Sir, and what is the steady-state net working capital days that we should expect in this business forward?

**Atul Soni:**

So the working capital days depends on quarter-to-quarter. So if you look at the Q4 numbers, we can do some improvement in our receivable days and inventory days from whatever has been reported in this quarter. That is the maximum amount of guidance that probably we can give. But most of the improvement, if you see the 5-year performance or 7-year performance of receivable days and inventory days, we are probably down 50% to 70% in terms of where we were 7 years ago or 5 years ago.

So these levels, you can probably improve them by 10% odd, 15% odd. But yes, I think that will be probably a stabler level for the Q4 at least. And if you have tracked our company's quarterly performance, every quarter, it will be different. So right now, I'm only giving an answer for Q4.

**Keshav Garg:**

Understood. And sir, lastly, has there, what is our current market share? And what was it, let's say, 9 years back?

**Himanshu Gupta:**

In terms of?

**Keshav Garg:**

In terms of market share in the segment that we are there, any approximate number?

- Himanshu Gupta:** There's no exact number, very difficult to calculate because there are many, many players and very unorganized segment. Very difficult to say, but we anticipate our market share of the school business to be in the range of 10% to 15% of the private school publishing market approximately. That is also very, I would say, cannot be an exact figure, but that's a figure that we feel is maybe closer to the market numbers, 10% to 15%.
- Keshav Garg:** Sir, and how has this changed over the past decade?
- Saurabh Mittal:** It has not changed much.
- Himanshu Gupta:** It has not changed much because the market, more players have come in, plus what I said earlier, the corona impact was a major impact and companies are trying to stabilize after that. And the market has grown, but not to the extent that we expected that the huge market opportunity is there. But we have grown the market share, but I would not say a very huge number.
- Saurabh Mittal:** Just to add to that, pre-COVID, higher education constituted almost 20% of our market. Currently, it's about 8%. So, the degrowth has happened in the higher education segment. The school segment continues to still grow. So, we are higher by about 20% to 25% in the school segment. It is the higher education that has degrown over the last 8 years.
- Keshav Garg:** Sir, so what is ailing the higher education pie of our business?
- Saurabh Mittal:** Students are not buying books.
- Atul Soni:** And it's not just our business, the whole higher education segment, the college segment, students, we see there is an increase in piracy. There is a decrease in the number of books which are purchased by students. So, this is a segment and an industry-wide phenomenon for higher education segment.
- Keshav Garg:** Understood sir, Thank you very much.
- Moderator:** Thank you. The next question comes from the line of Riya Mehta with Equitas Small Finance Bank.
- Riya Mehta:** Hi, this is Riya from Equitas Investments. So, my first question is in terms of when we for FY27, we have guided a range for EBITDA margins. Does this take into consideration the higher cost, which we are anticipating for paper and other raw materials, etcetera?
- Saurabh Mittal:** Yes.
- Atul Soni:** Yes, it does.
- Riya Mehta:** So, despite the cost pressure, we are confident of at least minimum 17% EBITDA margin?
- Saurabh Mittal:** Yes, we'll be able to pass on some of it and the rest we'll make up from our internal efficiencies.
- Riya Mehta:** Okay. My second question is in terms of where do we generally procure paper from? Is it domestic mills? Or is it imported paper also? And what kind of inventory do you have for paper?

**Himanshu Gupta:** So, we have a mix of acquiring paper from both international paper mills and domestic mills. The ratio depends on year-to-year. It can be almost 50-50 in most years or 60-40. That is the range that we see.

But now the dollar pricing has actually increased a lot in the last 1 year and the paper prices have also increased in terms of the normal paper prices, plus the logistics costs also increased. So, we have to see this year how much paper we can import. So, we don't have right now a figure for that. We are still negotiating with our suppliers. And what was the second question, sorry?

**Atul Soni:** Yes, we have given it in our investor presentation. I think Rs29 crores is the raw material inventory at the year-end. There is a chart about this in our investor presentation. It's on Page 12 of our investor presentation

**Himanshu Gupta:** Page 12. Raw material is around Rs29 crores.

**Riya Mehta:** Yes. I have seen that amount. I just wanted to know how many months of inventory does that constitute?

**Himanshu Gupta:** Rs29 crores of paper inventory would be in the peak season, it will be inventory of less than a month. And in the non-peak season, it might be inventory for 3 months.

**Moderator:** Thank you. The next question comes from the line of Murtaza with PinPoint X Capital. Please go ahead.

**Murtaza:** Hi Sir, good afternoon. Am I audible?

**Saurabh Mittal:** Yes.

**Murtaza:** Thank you for the opportunity. Please excuse me if this question has been taken. I just wanted to understand despite having a 6% GST hike, we had maintained our gross margin. So was the full impact of this felt in FY26? Or has there been any partial carry forward impact into FY27? And how much have we been able to pass it on?

**Saurabh Mittal:** So, the GST impact came in, in November, of course, there is no way we could pass it on because all our pricing happens in by September, our catalogs go to the market, right? So, whatever we had to do, we had to manage internally. Of course, we had already sourced about 50% to 60% of our inventory last year. So, the impact was only on 40% of the paper purchases that happened post November. So, some impact will be factored, but that has been already factored into our numbers.

**Murtaza:** Okay, sir. And sir, my second question is regarding NCF coming in, in FY27 with the new books, new better realization, there should -- I believe the EBITDA should be a little bit higher and we have been guided a slightly lower 17% to 19%, where I think it should be a bit higher.

So, I just wanted to understand what sort of specific cost investment are we looking at? Is it CPD or is it sales team expansion or some price hikes that we are taking in or some content development cost that's coming in? I just wanted to understand this better.

- Atul Soni:** Murtaza, your voice is not clear. Your voice is echoing a lot. We couldn't understand your question. It will be great if you can either speak loudly or maybe if you're on a speakerphone, go to a direct line and speak slowly because we couldn't understand what you were saying. You have to repeat your question.
- Murtaza:** Is this better?
- Atul Soni:** Yes.
- Murtaza:** Sir, my question was with NCF coming in, in FY27, ideally better realizations are expected. So, I just wanted to understand the EBITDA guidance that you have given -- the EBITDA margin guidance that has been given, that is 17% to 19%. I feel it should be a little bit higher. So, I just wanted to understand why exactly it isn't? Are we taking in some cost investments such as CPD? Or is it some sales team expansion or content development or some price hikes that we're expecting in? Just wanted to understand a bit better.
- Saurabh Mittal:** So, we specified that in our call also. See, the 17% to 19% is also because the price of paper, price of consumables, printing, all the direct costs associated with the books will increase. And of course, with the inflation increasing because of diesel, petrol, that will have also an impact on the employee costs. So, that's why we've given a 1% lower range as compared to last year.
- Moderator:** The next question comes from the line of Raunak Khetan with Ishanika Securities. Please go ahead.
- Raunak Khetan:** Yes. So, with respect to the digital revenues, I wanted to understand if this forms part of the statutory licensing revenues as per the government because under statutory licensing, the royalties are already predetermined and it's fixed. So, there is no negotiation which is involved because the rights for the title can be easily accessible. So, do we form a part of the statutory licensing revenues, or this is something else?
- Saurabh Mittal:** This is not statutory license.
- Raunak Khetan:** So, there is a negotiation power, which we hold?
- Saurabh Mittal:** Whether we hold it or not, it depends on the client relationship. There's no statutory thing, but there are negotiations that do happen.
- Raunak Khetan:** Okay. So, are you in a position to reveal some of your clients or that is not possible?
- Atul Soni:** There are NDAs around that. We cannot reveal the names.
- Raunak Khetan:** All right. So, when you're looking into procuring outsider content and essentially process it and forward it to such clients, I wanted to understand what is the value addition that is present here, wherein the client is not directly procuring it from whom you are procuring?
- Saurabh Mittal:** Multiple things. The client cannot open an account with multiple people plus.

- Atul Soni:** So, also, it's a matter of relationships that we have. So, if, let's say, there is a big US company and they want to procure Tamil books, for example, they might not be in the best place to reach out to every publisher in that space. And we might have a better relationship where we can source it for them.
- Saurabh Mittal:** See, also the quantum of content that is available with multiple people, may be too small to get into small, small contracts. So, we act like one-stop service providers for that.
- Raunak Khetan:** All right. So, when you're talking about M&A, does it also include such content acquisition? Or is it mostly directed towards acquiring other smaller publishing houses?
- Saurabh Mittal:** So, that includes licensing also. We've done one last year.
- Moderator:** The next question comes from the line of Manpreet Arora with Aurora Wealth Advisors. Please go ahead.
- Manpreet Arora:** So, sir, first, I would just like to understand the perpetual license versus term-based licenses. Now isn't it in our favor to go for more term-based licenses, which will allow us to have annuity income rather than go for perpetual licenses?
- And given the industry structure, we have the content with us, is the bargaining power with us in terms of defining what kind of contracts we get into? Or is it the buyer who has the more power in terms of -- if you can help understand how this whole thing works.
- Saurabh Mittal:** It's a mix of both. Sometimes we have it, sometimes the buyer has it. It depends upon the size of the company we are in discussion.
- Atul Soni:** And also, the content being requested for.
- Manpreet Arora:** Sorry, can you please say that again?
- Saurabh Mittal:** So, of course, we prefer a period license, that works for us. But where the buyer is adamant on a perpetual license, of course, he'll pay higher and take it.
- Manpreet Arora:** Okay. So, perpetual means there is no end date to it. It is for the next 100 years?
- Saurabh Mittal:** Content also has a life. We continue to revise every 2, 3 years. So, content also has a life -- and it's a nonexclusive license that goes. So, it's not that I cannot use it.
- Manpreet Arora:** All right. Sir, my next question is, we've been speaking to Principals of some private schools to understand the buying decisions of schools. So, what we have been hearing is Principals or the private schools engage with multiple publishers and for 2, 3 years, they will buy from one publisher and then for fresh content, then they move on to another publisher.
- So, in this -- the kind of loyalty to a publisher or a brand, it appears to us by speaking to some of these Principals that they stay with the publisher for 2, 3 years and then move on to another publisher for fresh content. So, is that observation true for the universe of schools we serve also

where they stay with us for a couple of years and move on to new publishers and come back to us? Is that how the whole industry works?

**Himanshu Gupta:** Ultimately, my friend, it's all about how your good relationship with that particular school or customer is or how good your service quality is, how good your product quality is. It all matters. It doesn't only matter if the school has to shift or the school never will not shift. It's not ever black and white. It's always in the gray.

But you have to make sure that you give good customer service, good quality product and maintain a good relationship with the customer, and they will have a long-term business relationship with you. So, it's all about the relationship management. So, that we have been doing for last more than 8 decades, almost 9 decades now.

And we have seen that most of our customers that we deal in the school business, we retain them. I would say we have a retention rate of more than 70% in the school business and that we continue to retain and we continue to add more customers.

**Saurabh Mittal:** There have been some schools that have been using it for decades now. So, it's not that schools have to shift every 3 years. There is no norm as such. Every school has got its own listing. Again, it is also a matter of what subject.

**Himanshu Gupta:** And also innovate content also. We keep on innovating. It's not the content that we have created 10 years back is the same content that we are selling today. We keep on innovating, keep on upgrading, keep on changing as per the market requirement, as per the customer requirement. And we can also, depending on customer to customer, even customize the content. If the school wants us to customize the content for them, it's a large school, it's a large school chain, then we can customize for them also.

**Moderator:** Thank you. The next question comes from the line of Sanchita Sood with RoboCapital. Please go ahead.

**Sanchita Sood:** Hi. Thank you for the opportunity. My question was related to the content licensing division. So, this Rs400 million plus revenue that we've targeted for FY27, how much of this would come from third parties and how much would be our own?

**Saurabh Mittal:** Very difficult to tell you right now, but my sense is this year should be a large portion should be from in-house. I would say 60-40. That's a guess at this moment, but it's very difficult to say what content a customer might need at what point of time. We are in discussion with a couple of customers. So far, I think so it's more our own content that is going. But again, when we come to more clients then we'll get to know.

**Atul Soni:** See Sanchita, and also, this is looking as of the pipeline as of today, okay? Maybe 3 months down the line, ratios and numbers can be different as well.

**Sanchita Sood:** Okay. And sir, this Rs400 million figure, is this based on a per user basis? Is that how it's been estimated? Because with more and more people using AI, there might be a high chance that this number might increase, right? So, would this be a conservative figure?

- Saurabh Mittal:** So this is not per user basis. This is per SKU, per title that we get license for.
- Sanchita Sood:** Okay. I see. Alright, that's all from my side. Thank you.
- Moderator:** The next question comes from the line of Moksh Ranka with Aurum Capital. Please go ahead.
- Moksh Ranka:** We are estimating our AI datasets revenue as INR40 crores and 50% to 60% is from in-house content approximately. And in-house content, almost everything close to the bottom line. Don't you think our margin guidance of 17% to 19% is quite conservative because we are increasing our mix of AI datasets revenue, which is even third party would-be higher margin than the publishing business?
- Saurabh Mittal:** See that's why the band is 17% to 19%. So last year, we did 18%. We could go to 19%. So, it's a band that we've given.
- Atul Soni:** Also, there is another thing to note here. Currently, you are seeing fuel price increases, right? So, this is the situation in May. If, let's say, by August, our costs are different then obviously, we will end up at a higher margin level.
- Moksh Ranka:** Provide some color as to like what is stopping us from making this Rs100 crores business because I think it's quite asset-light and the scalability should be quite high in this. What is the key impediment for us stopping us from like growing it to Rs100 crores with these AI datasets?
- Saurabh Mittal:** Nothing is stopping us. We are working towards that.
- Moksh Ranka:** Because I think we did INR19 crores in FY25.
- Saurabh Mittal:** See, again, it depends upon the clients' budgets. Clients also have budgets on how much they can spend on content. Everybody has got their own budgets. That is the constraint that they have.
- Moksh Ranka:** Okay.
- Atul Soni:** See this is not like a traditional business where you can put feet on the street, the more number of people you have, the more number of sales you do. You have to understand that this is a B2B kind of a business. And every customer will have a different mindset with regards to the spending that they want to do.
- Moksh Ranka:** Okay. And do you have any idea about the market size of this business and maybe like our market share, like anything if you have some color regarding that?
- Saurabh Mittal:** No, we would not have any color.
- Atul Soni:** See, we cannot give we don't have a view into what the other companies. I mean, what our customers are spending on their other content acquisitions.
- Saurabh Mittal:** Everybody got NDA's. Nobody is discussing this out in the market, to be honest. And since we are a listed company, we are still discussing about this. But to be honest, the other publishers are

not even talking about it. So very difficult to get color on what is being sourced. Even our clients are not saying how much they are taking from X, Y or Z, right?

**Moksh Ranka:** Okay. Got it, thanks for all the clarifications.

**Moderator:** The next question comes from the line of Praneeth with SJ Investments. Please go ahead.

**Praneeth:** Thank you for the follow up. Just one question regarding our EBITDA margins. You mentioned you guided for the next year around 17% to 19%. Is it possible for us to go back to, let's say, 2015 levels or 2017 levels of 25%? I understand the mix of higher education was higher and all of that. But is there a future where we can get back to the 25% EBITDA margin business?

**Saurabh Mittal:** I would rather see if you look back at those numbers, please also look at the cash flow that came with that. See, we are working towards an efficient working capital and a cash-generating business, right? To go to this EBITDA margin of 25%, if we try to push revenue growth, incremental growth may give you EBITDA and not give you cash. So, look at those numbers at Rs800 crores, we were doing...

**Saurabh Mittal:** Rs38 crores of cash flow from operations. This year at Rs800 crores, we've done Rs75 crores. There is no comparison between those times. I mean what would you prefer as a business? Would you prefer cash coming in Rs75 crores or you would prefer that extra 5%, 3%, 4% in margins which do not translate into cash.

At this point of time, whatever profits we are earning is coming to us in cash. It's not lying anywhere in terms of inventory or receivables. So, our focus is to generate cash in this business so that we can continue to do some M&A so that or buybacks or dividends so that every stakeholder gets benefited from that.

At that point of time, with high growth, we were not getting working capital efficient. So, we do not want to get into that more. Yes, of course, if I mean, if there are chances of improving the EBITDA through more efficiency, definitely, we will try. But it's not going to be an easy thing to do.

**Praneeth:** Understood, sir. So, this is sustainable for us to generate consistent cash and grow consistently. This is the right it's like the sustainable EBITDA margin, right?

**Saurabh Mittal:** I mean we have to have a right mix. I mean we are happy generating cash and it's lying in our books rather than borrowing from banks to generate that kind of revenue, which again makes us capital inefficient.

**Praneeth:** Got it, sir. So, and one question regarding our entities. So, as I understand that we have many brands and different entities that we acquired over the years. Is there any plan of consolidating those entities into a stand-alone business? Or do you want to keep them as the subsidiaries itself?

**Saurabh Mittal:** No, they'll continue as separate brands. They can't otherwise, we'll end up killing our own business because 3 different people have to go to schools, 3 different adoptions have to happen. Otherwise, we'll lose market share. So, we cannot consolidate.

**Himanshu Gupta:** The consolidation, the idea of acquiring these companies was, you have to understand the basic concept of it was like you're acquiring the school bag share of each child. So, every child normally in India when he goes to a school, let's say, a child goes to a sixth-grade class in a school, he will carry 10 to 12 books in his bag.

So, when we started acquiring, maybe we had a bag share of maybe 1 book per child in that, let's say, 1 subject as example as math. But when we acquired, keep on acquiring companies, we acquired 1 more company. So, we acquired, we got 1 more book in his bag. We acquired 1 more, we acquired 1 more book in his bag.

So maybe today, that child is carrying 3 or 4 books in his bag rather than having 1 book in his bag. So it was more of acquiring the school bag share, keeping the companies and the brands and the teams and the sales team on the ground level separate. We never wanted to consolidate that.

If I were to consolidate them, then we will still be remaining on 1 book only because when you go to a school as a 1 salesperson, the school does not give you all the books to that person because they have to also entertain other salespeople.

So basically, we had that's why we had separate sales team, and we have a separate office for them and everything. And they work as a completely separate entity. And that's why we have a better market share now what we previously used to have.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the senior management of S Chand for the closing remarks.

**Himanshu Gupta:** Thank you. It was quite interesting, and we had got lot of questions this time, and we are happy to answer all of them. If any questions are left, you can e-mail us, and we can be happy to answer them. And have a great day and take care of yourselves. Good afternoon once again. Thank you.

**Saurabh Mittal:** Thank you.

**Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of S Chand Group, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

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