

November 20, 2025

S Chand and Company Limited: Rating upgraded to [ICRA]A (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based/ Overdraft facilities	95.00	100.00	[ICRA]A (Stable); upgraded from [ICRA] A- (Stable)
Long-term – Fund-based/ Term loans	10.00	10.00	[ICRA]A (Stable); upgraded from [ICRA] A- (Stable)
Long-term – Unallocated limits	5.00	0.00	-
Total	110.00	110.00	

*Instrument details are provided in Annexure I

Rationale

While assessing the rating, ICRA has considered the consolidated financials of S Chand and Company Limited (SCCL) with all its subsidiaries (mentioned under Annexure II), collectively referred to as the SCCL Group, given the strong business (same line of business viz. education material publishing and related works), and financial and managerial linkages among the same.

The rating upgrade factors in the gradual improvement in the margin profile, with OPBDIT margin rising to ~19% in FY2025 from sub 15% till FY2022, led by better operating efficiencies and favourable paper prices since the last two fiscals. The Group's working capital efficiency posted an improvement, driven by continued efforts to optimise inventory and reduce dealer collection period. The financial risk profile is further supported by steady revenue growth (CAGR of 9% over FY2023-FY2025) and net debt free status as on March 31, 2025, facilitated by sequential deleveraging of its balance sheet, despite increasing scale of operations, through prudent working capital management. The Group reported ~9% growth in operating income (OI) in FY2025 and 3% in H1 FY2026. It is expected to surpass the pre-Covid levels (peak OI of Rs. 790 crore in FY2018) in FY2026 led by growth in K12 books business segment. The debt coverage metrics have strengthened. ICRA expects these positive trends to persist, ensuring a comfortable financial risk profile over the medium term.

The rating continues to take cognisance of the Group's strong operational profile with established market position in the K-12 (or schoolbooks) textbook publishing industry, having over eight decades of track record in the industry and experienced promoters. Established relationships with schools and tie-ups with various authors and professors and a robust distribution network of ~3,000 partners strengthen its foothold in pan-India market. Additionally, the Group's increasing focus on digital offerings, though currently contributing marginally to revenues, positions it well for future competitiveness.

The rating, however, remains constrained by the inherent seasonality of operations and elongated working capital cycle on account of lengthy receivable cycle and high inventory requirements (notwithstanding the improving trend in the recent years). Any material sales return/write-offs could adversely impact its profitability and hence remains a key monitorable. Nonetheless, the Group's adequate liquidity position is corroborated by its comfortable cushion in the form of undrawn fund-based working capital limits and the company's practice to maintain cash reserves equivalent to three months of total expenses at any time, as liquidity buffer. The rating is constrained by the susceptibility of the business to volatile raw material prices and the intense competition due to the fragmented industry structure. Moreover, the Group is exposed to digital transformation, regulatory risks and piracy. The digital transformation requires a significant change in content distribution and the content provider's position between retailers and authors. The Group's inability to adapt to the transition faster than its competitors may render its products obsolete or it may lose its competitive edge and market share. The publishing industry in India faces challenges of

piracy and copyright issues, which can lead to significant revenue losses, erode brand value and undermine the return on intellectual property investments.

The Stable outlook on the long-term rating reflects ICRA's opinion that SCCL will sustain a steady revenue growth with healthy profits and strong cash flow from operations in the near term. Further, the outlook underlines ICRA's expectations that SCCL's working capital requirements would be funded in a manner that it is able to durably sustain its debt protection metrics, while maintaining adequate liquidity.

Key rating drivers and their description

Credit strengths

Comfortable financial risk profile – The Group's financial risk profile remains comfortable with steady revenue growth (led by stable demand from education sector), improving trend in profit margins (due to better manufacturing efficiencies and stable paper prices), healthy net worth (Rs. 990 crore as on March 31, 2025) and limited dependence on external debt. The working capital intensity improved on a sequential basis (NWC/OI of 41.1% in FY2025, improving from 43.3% in FY2024 and 46.9% in FY2023) owing to continued focus on reduction in collection period and optimising inventory levels, which has supported the decline in its dependence on external debt, facilitating deleveraging of its balance sheet (reflected in TD/TNW of ~0.1 times as on March 31, 2025). The Group reported 8.6% rise in OI in FY2025, led by growth in the K-8 segment and a steady increase in prices. It expects to surpass the peak pre-pandemic OI (of around Rs. 790 crore in FY2018) in FY2026. The debt coverage metrics have strengthened (interest cover at 10.5 times and DSCR at 3.9 times in FY2025 versus 7.2 times and 3.2 times in FY2024). ICRA expects this positive trend to persist, ensuring a comfortable financial risk profile over the medium term.

Extensive track record of promoters in publishing business – The Group has been in the publishing business since 1939. It delivers content, solutions and services across the education lifecycle through its presence in four business segments — early learning, K-12, higher education and digital offerings. The Group is one of the market leaders in the K-12 segment for the CBSE/ICSE and West Bengal State Board curriculum books. Further, its established relationships with schools and long-standing agreements with various authors and professors have strengthened its foothold. Moreover, in the recent years, the Group has increased its efforts to improve its digital offerings to remain competent. It has strong relationships with authors, which ensures good quality content in the books published.

Strong pan-India sales and distribution network – The Group has a strong marketing team of over 700 employees spread across the country, who stay in regular touch with schools and teachers. It helps in content development of the books through regular feedback and helps in assessing the demand for the books to facilitate the planning of production activities accordingly. The Group's marketing efforts are supported by an extensive pan-India distribution network of approximately 3,000 dealers.

Credit challenges

High working capital intensive nature of business and inherent seasonality of operations – The Group predominantly caters to the K12 sector, so it witnesses maximum demand from January to April, and full recovery of receivables occur by December. As a result, the debtors are usually high as on balance sheet date, reflecting in the high working capital intensity. Further, the inventory peaks from September to January when paper is procured, and books are printed for the next academic year – this is based on past trends as well as new enquiries. However, the Group's long track record of operations and its demonstrated ability to optimise inventory and debtor days over the years resulted in improved NWC/OI of ~41% in FY2025 from ~43% in FY2024 and ~47% in FY2023, which provides comfort. SCCL avails bill-discounting facilities for payment to the suppliers and funding its working capital requirements. Its ability to prudently manage the working capital cycle, given the increasing scale, will remain a key rating sensitivity. Considering the seasonality in business, the first three quarters are generally constrained in terms of lower OI and profitability. Nevertheless, the company maintains adequate liquidity through the year to sustain the lean seasons and the profit in the last quarter (Q4) are more than adequate to recoup the losses in the initial three quarters (Q1-Q3).

Profitability exposed to volatility in raw material prices and intense competition in fragmented industry – The raw material cost constitutes around 30-40% of the Group's OI, making profitability susceptible to volatility in paper prices - the key raw material. However, the Group's integrated procurement process for paper and other raw materials enables economies of scale and strengthens bargaining power with the domestic suppliers, with whom it has long-term relationships. The fragmented nature of the publishing industry results in stiff competition and limited pricing flexibility, keeping the profitability margins at a moderate level. Nevertheless, SCCL's strong brand equity provides some support to profitability. ICRA notes that any material sales returns or write-offs could adversely impact the Group's profitability and remain a key monitorable.

Exposed to risk of digital transformation, government regulations and piracy – Post pandemic, there is a rapid shift towards e-books/digital content instead of physical books, particularly in the higher education segment. The Group's ability to adapt to the transition faster than its competitors remains the key rating monitorable. The Group has undertaken measures to promote its affordable digital learning applications and executed agreements for content distribution to increase its digital learning proportion to the revenue. Changes in the syllabus by the government (e.g., ongoing implementation of National Curriculum Framework Syllabus) and implementation of the same by the schools, results in inventory building/ lower revenue to the publishers, which adversely impacts working capital intensity. It may lead to write-off of the old curriculum books, which may impact the Group's profitability. Also, the publishing industry in India faces challenges of piracy and copyright issues, which can lead to significant revenue losses, erode brand value and undermine the return on intellectual property investments for publishers.

Environmental and social risks

Environmental considerations – Paper is the key raw material required for the printing industry and its availability as well as waste reduction remains a key concern for the industry. Besides, the environmental risk for printing companies arises from the use of electricity to power the manufacturing units and use of water resources for cleaning and for other manufacturing processes. The Group would remain exposed to tightening environmental regulations related to breach of waste and pollution norms, which could lead to an increase in the operating costs and new equipment installation costs.

Social considerations – Entities in the printing sector are exposed to risks of disruptions due to their inability to properly manage the human capital in terms of fair wages, working conditions and overall well-being. Increasing use of digital platforms necessitates investments towards student data protection and cybersecurity.

Liquidity position: Adequate

The Group's liquidity is expected to remain adequate, with annual cash flow from operations of ~Rs. 100 crore, supported by unencumbered cash and liquid investments of ~Rs. 49 crore as on September 30, 2025, which is sufficient to meet the capex, debt servicing obligations (Rs. 6.7 crore in FY2026 and Rs. 5.5 crore in FY2027) as well as the margin funding requirements for working capital. The Group's adequate liquidity position is corroborated by its comfortable cushion in the form of undrawn fund-based working capital limits, which stood at ~Rs. 173 crore as on March 31, 2025, with average 12-month utilisation at 34% in FY2025. However, the working capital cycle remains elongated, which remains a key monitorable. Nonetheless, the Group's adequate liquidity position is corroborated by its comfortable cushion in the form of undrawn fund-based working capital limits and the company's practice to maintain cash reserves equivalent to three months of total expenses at any time, as liquidity buffer.

Rating sensitivities

Positive factors – ICRA may upgrade SCCL’s rating if it demonstrates sustained growth in revenue and profitability, alongside improved business diversification and working capital efficiency, while maintaining comfortable liquidity and debt protection metrics.

Negative factors – Pressure on the SCCL’s rating could arise if there is a decline in the Group’s revenues and earnings, resulting in lower cash flows on a sustained basis. Any large capex/inorganic investment or deterioration in the working capital cycle or inventory write-offs significantly impacting the Group’s liquidity position could also be a trigger for a rating downgrade. Specific credit metrics that would be a key monitorable include TD/OPBDITA of over 2 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has consolidated the financials of S Chand and Company Limited and its ten subsidiaries (as mentioned in Annexure-II), given the strong business, financial and managerial linkages among the same.

About the company

SCCL is part of the S. Chand Group, founded by the Late Shyam Lal Gupta, and is among India’s leading publishers of school and technical books. Incorporated in 1970 as a private limited company, SCCL has been listed on the National Stock Exchange and Bombay Stock Exchange since May 2017. The company specialises in academic publishing and offers educational services through its subsidiaries. Its portfolio spans competitive exam guides, reference materials, technical and professional titles, K–12 schoolbooks, higher education texts and integrated curriculum solutions. SCCL’s core focus is the K–12 segment, catering primarily to schools affiliated with CBSE, ICSE, and the West Bengal State Board.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	662.6	719.7
PAT	51.1	60.2
OPBDIT/OI	16.6%	18.8%
PAT/OI	7.7%	8.4%
Total outside liabilities/Tangible net worth (times)	0.3	0.2
Total debt/OPBDIT (times)	1.2	0.8
Interest coverage (times)	7.2	10.5

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)					Chronology of rating history for the past 3 years					
FY2026					FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based/ Overdraft facilities	Long-term	100.00	Nov 20, 2025	[ICRA]A (Stable)	Sep 27, 2024	[ICRA]A- (Stable)	Sep 05, 2023	[ICRA]A- (Stable)	Feb 23, 2023	[ICRA]BBB+ (Stable)
Fund-based/ Term loans	Long-term	10.00	Nov 20, 2025	[ICRA]A (Stable)	Sep 27, 2024	[ICRA]A- (Stable)	Sep 05, 2023	[ICRA]A- (Stable)	-	-
Unallocated limits	Long-term	-	-	-	Sep 27, 2024	[ICRA]A- (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based/ Overdraft facilities	Simple
Long-term – Fund-based/ Term loans	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term – Fund-based/ Overdraft facilities	-	-	-	100.00	[ICRA]A (Stable)
NA	Long-term – Fund-based/ Term loans	-	-	-	10.00	[ICRA]A (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Entity Name	SCCL Ownership	Consolidation Approach
Chhaya Prakashani Limited	100%	Full Consolidation
Vikas Publishing House Private Limited	100%	Full Consolidation
New Saraswati House (India) Private Limited	100%	Full Consolidation
Safari Digital Education Initiatives Private Limited	100%	Full Consolidation
S. Chand Edutech Private Limited	100%	Full Consolidation
Indian Progressive Publishing Co Private Limited	100%	Full Consolidation
Convergia Digital Education Private Limited	100%	Full Consolidation
Edutor Technologies India Private Limited	54.86%	Full Consolidation
BPI (India) Private Limited	100%	Full Consolidation
Shri Shyamlal Printing Press Private Limited (w.e.f. 25 February 2025)	100%	Full Consolidation

Source: Company

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Suprio Banerjee
+91 22 6114 3443
supriob@icraindia.com

Ritu Goswami
+91 124 4545826
ritu.goswami@icraindia.com

Devansh Jain
+91 124 4545856
devansh.jain@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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