



S Chand And Company Limited

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Date: August 27, 2019

To Listing Department BSE Limited 25 th 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 for the Analysts and Investors

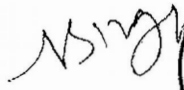

The Company had organized a conference call for the Analysts and Investors on Tuesday, August 13, 2019 at 1:00 P.M. to discuss the financial results for the quarter ended June 30, 2019. The transcript of the said conference call held with the Analysts and Investors is enclosed herewith.

The Company shall also disseminate the above information on the website of the Company-
www.schandgroup.com.

Request you to kindly take note of the same.

Thanking You.

For S Chand And Company Limited



Jagdeep Singh
Company Secretary & Compliance Officer
Membership No: A15028
Address: A-27, 2nd Floor,
Mohan Co-operative Industrial Estate,
New Delhi-110044

Encl: as above

S-Chand & Company Ltd.

Q1 FY 20 Earnings Call - 13th August 2019

Moderator:

Good day ladies and gentlemen, and a very warm welcome to the S. Chand & Company Limited Q1 FY 20 Earnings Conference call hosted by Prabhudas Lilladher Private Limited. As a reminder all participants' 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 the conference call please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jinesh Joshi from Prabhudas Lilladher Private Limited. Thank you and over to you sir.

Mr. Jinesh Joshi – Prabhudas Lilladher Private Limited:

Thanks. On behalf of Prabhudas Lilladher Private Limited I welcome you all to the Q1 FY 20 earnings call of S. Chand & Company Limited. We have with us the management represented by Mr. Dinesh Jhunjhnuwala – Executive Director, Mr. Saurabh Mittal – CFO and Mr. Atul Soni – Head Investor Relations. I would now like to hand over the call to the management for opening remarks after which we can open the floor for Q&A. Thank you and over to you sir.

Mr. Dinesh Jhunjhnuwala – Executive Director, S. Chand & Company Limited:

Thank you. Thank you. Good morning ladies and gentlemen. I am Dinesh K Jhunjhnuwala, the Executive Director of S. Chand & Company Limited along with Saurabh, our CFO and Atul, our Head Investor Relations. We would like to welcome you all to our first quarter result conference call for FY2020 and thank you all for taking the time-out and joining us here today.

The S Chand group is primarily engaged in the K to 12 content business which is a very seasonal in nature and 80%-85% of the annual revenues come for us in the Jan-March quarter which is linked to the school academic session which starts from March-April onwards.

The first quarter is the start of the academic session for schools in CBSE and ICSE and it is also the period where K12 sales cycle comes to an end for us. The company usually begins to chart the new publishing plans for the next academic session based upon the feedback from the school teachers. Further, the higher education segment orders from channel partners for the first semester also begins to get executed during the last month of this quarter

As you are aware, we had taken a conscious call during the last quarter to work towards improving our cash flows by focusing on better terms of trade with our channel partners, reducing costs , focusing on reducing inventory, improving use of data for business and

achieving timely payment cycles. This was implemented through the S Chand 3.0 plan which involved various steps to achieve higher free cash flows going ahead.

I am happy to report that the implementation has already started yielding results which can be seen in the huge reduction in EBITDA & PAT losses seen in the quarter. Additionally, we are seeing the strongest collection and working capital parameters in the past 4 years. Details of which are shared in the investor presentation across Slide no 6 & 7.

We have already completed most of the steps planned during the quarter for achieving lower costs with regards to manpower right sizing, product rationalisation, warehouses and office rationalization, vendor negotiation etc. We have seen partial benefits from these steps flow through in our numbers in Q1 and we expect Q2 to reflect additional benefits arising from these steps.

We are on the way to a new destination in the journey of S Chand as a company where we are ready to usher in a new focus for the company where we look at improving free cash flows for the groups, driving synergies from the acquisitions done in the past 7 years and increase spread of our digital and services offerings.

In addition, the quarter also saw the Draft New Education Policy being launched on May 31st, 2019. We view the NEP as a positive for us going ahead which should provide us with a strong runway of growth for at least 2-3 years. With this announcement, the next step would be the release of the New National Curriculum Framework or NCF by end of CY2020. Do note that the NCF is being developed after a gap of 15 years so it would eliminate the impact of second-hand book market and would lead to strong growth for us in coming years. We had released a note on the impact of the New Education policy on S Chand and the industry in June to the exchanges and it is also available on our company web site. I would request you to go through the document to get more details.

In terms of our Digital and Service initiatives, Firstly, we have launched our all-in-one learning platform LearnFlix on the Android platform during the quarter. Learnflix is a learning app focused on students from class 6th to 10th for subjects like Maths and Science. This would enable a larger audience to learn on the move. Secondly, I would like to share that Test Coach, our online testing app, has received great response from students who have used it and we are looking at multiple channels to bring students appearing of various recruitment examinations onto our online testing application. Thirdly, we have started test marketing of Smart K, our PreK curriculum offering in the NCR market. Mylestone, our curriculum offering for K-12, is implemented in over 300 schools and has made its first presence felt in the International market. We feel that these products and services would be the future growth drivers for the Group.

With that, I would now request my colleague, our CFO, Mr. Saurabh Mittal to apprise all of us on the financial performance of S. Chand in Q1 of FY2020.

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Good afternoon everyone and thank you for your time. I am Saurabh Mittal, CFO of S. Chand.

In terms of numbers for the 1st quarter, our consolidated operating revenues came at Rs613 million versus Rs577 million in the same quarter last year. Our Gross margins are also improving as a result of product rationalisation. On the back of our planned cost rationalisation, Manpower, Selling & Distribution and Other expenses are lower, the larger impact of which would further be seen in Q2. Our EBITDA loss reduced sharply by 43% to Rs276 million vs EBITDA loss of Rs488 million in the corresponding quarter last year. Our net loss also reduced by 24% to Rs378 million versus net loss of Rs498 million in the same quarter previous year.

In terms of working capital, debtor days have reduced by 90 days this quarter to 221 days vs 311 days at the end of Q4FY19. This is the highest decrease in Q1 receivables in terms of days in the past 4 years. Our Net Working capital days also decreased by 37 days QoQ to 280 days (vs. 317 days in Q4FY19) which again has been the highest decrease in NWC seen in the past 4 years. Do keep in mind that this improvement is on back of our renewed focus on improving our collection efficiency and focus on effective working capital management

In terms of debt, we reduced our gross debt by Rs273m during the quarter and ended with Net debt of Rs1724 million and cash of Rs483million.

With this, I would like to open the call for your questions. Thank you.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone phone. If you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Aditya Bagul from Axis Capital. Please go ahead.

Mr. Aditya Bagul – Axis Capital:

Good afternoon gentlemen, a couple of questions from my end. Firstly, can you help me understand how is the product rationalization aiding our contribution margin and what is the extent to which our contribution margin? If I remember correctly the peaks could be as high as 60% and 65%. In the same breath can you also talk about...

Moderator:

Aditya, I'm sorry to interrupt you. Your voice is breaking.

Mr. Aditya Bagul – Axis Capital:

Hello, am I audible now?

Moderator:

Yeah now it is better.

Mr. Aditya Bagul – Axis Capital:

I am sorry. So just wanted to understand a bit on our product rationalization strategy, how is that panning out especially with regards to the inventory levels? And second is on the operating cost part, how is the cost rationalization exercise going on? We have trimmed down a little bit of our staff as well. So what kind of improvements do we see on the cards going forward?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Yeah, thank you Aditya. So on the product rationalization what we have done is we've looked at our product list and whatever titles fall below certain category in terms of quantities sold, we have moved them to a different category where we would not be reprinting those titles. We will only be servicing them on print on demand basis and we would liquidate whatever inventory we have of these titles and that would also help us. In terms of product rationalization earlier we would probably come out with 200 new products every year which we have trimmed to about key 50-60 products where we will be focusing more on. We have seen in the past incremental new title production does not add more than 2-3% of revenues and always brings higher cost in terms of product development, specimens, higher inventory and higher returns. So net net, new products while they do help us in terms of getting revenues, but they do not add much to our margins. So we will be focusing on lesser number of products and better marketing of the new list that comes which will be a smaller list. So that is on the product rationalization stage.

On the cost rationalization, we have taken number of steps including resizing in terms of the people that we have, in terms of processes we have brought them together by the backend process of HR, IT, we have consolidated for the group entities and that has been able to help us to rationalize. Even on the product development side, we have been able to bring people together and stop replicating the same process. So that has helped us reduce duplication and wastage of effort. Our overall target for this year in terms of costs on the HR side are about Rs. 25 to 30 crores and so that is largely on the employee side. In terms of our logistics and warehousing we had already started this process a year back in terms of bringing down our number of warehouses to 4-5 locations because the more locations you have, the larger inventory you need to keep so that will help us reduce inventory also and reduce overall cost and bring more efficiency in terms of supply to the market also because that will be more specialized in terms of the product distribution from 5 locations. So overall, we are targeting about Rs. 40-45 crores of reduction in overall cost this year through our S Chand 3.0 plan.

Mr. Aditya Bagul – Axis Capital:

Sure sir. So just leading on to that, would it be fair to assume that you would be ending the year on an overall margin of more than 25% this year around or is that unfair to assume?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

On an EBITDA level not really because A) our revenues as compared to previous years are much lower. So of course, while we are reducing cost I don't see the immediate impact on EBITDA being high considering last year we have had negative EBIDTA but this year target is anything between 20-22%. However, I would add that our long-term target once we see the full effect of cost rationalization which will come in the full year next year would be upwards of 25% margins. This year of course we will see partial impact. Once we see full impact of cost rationalization and we see revenue growth being higher of course than our overall target is between 25-30%.

Mr. Aditya Bagul – Axis Capital:

Oh okay, perfect. That helps. Just on this new NCF when do we see the new curriculum kicking in? If the policy is going to come out in end of calendar year 2019, then is it fair to assume that for academic year 22 the policy will be in course?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

So as per what is there in the draft policy the new curriculum should come in by the end of 2020. So even if assuming that NEP comes in by end 2020, I don't see new books being available or probably at the earliest in Academic year 2021-22 or FY21 from a company sales perspective and latest by Academic year 2022-23 or FY22 from a company sales perspective. But again, the implementation would be over a phased manner over a period of 2-3 years.

Mr. Aditya Bagul – Axis Capital:

Sure. And last question Saurabh - a data point. Just wanted to understand what is our CFO for Q1 20 and Q1 19, if you can share that to me?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

So it is positive of course. We can get back to you on the exact number, but it is positive for this quarter definitely.

Mr. Aditya Bagul – Axis Capital:

Perfect. Thank you so much and wish you all the best for the quarters to come.

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Thank you.

Moderator:

Thank you. Before we take the next question, we would like to remind participants that you may press '*' and '1' to ask your question. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Mr. Deepak Poddar – Sapphire Capital:

Yeah, thank you very much sir for the opportunity. So my first question pertains to your presentation where you have given a case study with China. So in that you are endorsing yourself as a billion-dollar enterprise in education industry by 2025. So just can you just elaborate more on that or any kind of pointers on that would be helpful?

Mr. Atul Soni, Head Investor Relations , S. Chand & Company Limited:

See I think that case study is more there to give an idea about what is the potential which can be. We are not making forward-looking statement that we will be you know, X size or Y size based on that. This is a market view you know of how things have progressed as an example in China.

Mr. Deepak Poddar – Sapphire Capital:

Okay but do you have any vision to see yourself as a billion-dollar kind of an enterprise?

Mr. Atul Soni, Head Investor Relations, S. Chand & Company Limited:

Yeah, definitely. Education is a growth industry with multiple cylinders of growth.

Mr. Dinesh Jhunjhnuwala – Executive Director, S. Chand & Company Limited:

Though It will take a whole lot to get there.

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Considering the initiative that we have taken in terms of our digital line services plus our core publishing we do see a shift in terms of our revenue mix over the next 4-5 years.

Mr. Deepak Poddar – Sapphire Capital:

Somewhere there in 4-5 years?

Mr. Atul Soni, Head Investor Relations, S. Chand & Company Limited:

Deepak, we don't want to make forward-looking statement as of now but I'm saying the whole idea of this example or case study is just to give you an example of how fast the shift can be. We are not saying that we will be X or Y number but you know at the same time we should be aware of how a shift happens. And that is the reason for this case study.

We are not giving a forward-looking statement of our 2025 revenue guidance or anything like that.

Mr. Deepak Poddar – Sapphire Capital:

Understood, fair enough. And then sir you mentioned a long-term target of 25 to 27% EBITDA margins. So in how many years you are looking for that?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

So that is our target for next year.

Mr. Deepak Poddar – Sapphire Capital:

FY 21?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Yeah, we have been regularly at about 24-25% margins and last year of course we have had a dip in terms of change in the business model because of some market issues plus returns that we have received. But we see that our core publishing business would continue to do at this range.

Mr. Deepak Poddar – Sapphire Capital:

Understood.

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

And even now I mean, if you see whatever we are getting 24%-25% is a mix of digital and publishing on a consolidated level. So publishing would definitely be higher in terms of where it stands right now.

Mr. Deepak Poddar – Sapphire Capital:

Understood, fair enough. And sir can you just give some idea of how much debt you are looking to repay and this free cash to EBITDA target of 50% is for this year?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Yes, free cash to EBITDA target of over 50% is a very achievable target because we are looking at more liquidation of our existing inventory. So I think that is a very, very achievable target and debt reduction overall we have given ourselves a 3 years target of being net debt free.

Mr. Deepak Poddar – Sapphire Capital:

3 year target of being net debt free, okay. And I missed that number what is the net debt currently?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Net debt is about Rs. 172 crores.

Mr. Deepak Poddar – Sapphire Capital:

Sure, sure. Okay that is it from my side. All the very best.

Moderator:

Thank you. A reminder to the participants anyone who wishes to ask a question may please '*' and '1' at this time. Participants to ask a question please press '*' and '1'. The next question is from the line of Jinesh Joshi from Prabhudas Lilladher Private Limited. Please go ahead.

Mr. Jinesh Joshi – Prabhudas Lilladher Private Limited:

Yeah just a few questions. We are planning to kind of rationalize our working capital cycle by improving our receivable days so just wanted to understand in this exercise are we facing any resistance from our channel partners and is it kind of impacting our sales so to say?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

To say that it will not impact sales and not facing resistance of course is not true.

Mr. Dinesh Jhunjhnuwala – Executive Director, S. Chand & Company Limited:

I think any change always brings about some resistance, that is a given. But we are persistent, we're at it and I think we are showing them the reasons why we are wanting the change. We are on the right track and getting a positive feedback eventually.

Mr. Jinesh Joshi – Prabhudas Lilladher Private Limited:

So has it kind of led to any reduction in our channel partners if you look at the absolute quantum? So have we kind of ironed out certain what should I say, channel partners which were not kind of paying on time and how is the situation on that front?

Mr. Dinesh Jhunjhnuwala – Executive Director, S. Chand & Company Limited:

Yes there has been some filtration on that front for sure because if some partners who have been late payers and so on, we have had to part ways with them.

Mr. Jinesh Joshi – Prabhudas Lilladher Private Limited:

And secondly on the rationalization front, we see that the annualized impact for other expenses will be closer to about Rs. 7.5 - 10 crores. If you can just elaborate a bit on this part?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

So on the other expenses of course there is a rental cost which we have rationalized because of the warehousing that we shut down at about 15-16 locations and brought them down to 5, and apart from that of course we have been very prudent in terms of the other costs. We are renegotiating whatever contracts we have with our vendors on various fronts. So we have looked at all of that plus of course the employee numbers coming down, the other expenses proportionately would come down.

Mr. Jinesh Joshi – Prabhudas Lilladher Private Limited:

Okay, thanks a lot.

Moderator:

Thank you. A reminder to the participants, anyone who wishes to ask a question may please press '*' and '1' at this time. The next question is from the line of Deepan Sankar from Trustline Portfolio Management. Please go ahead.

Mr. Deepan Sankar - Trustline Portfolio Management:

Yeah, thanks a lot for the opportunity. So just want to understand what is the share of revenues from this K1 to K8 in our total revenue stream?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

So K to 8 would be about 60-65% of total revenues.

Mr. Deepan Sankar - Trustline Portfolio Management:

Okay, and this K8 to 12 market is that shrinking for us or we still see improvement in growth perspective?

Mr. Dinesh Jhunjhnuwala – Executive Director, S. Chand % Company Limited:

It should be 9 to 12.

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

You are saying 9 to 12 or...?

Mr. Deepan Sankar - Trustline Portfolio Management:

Yeah 9 to 12.

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

No, 9 to 12 is not really a shrinking market. 9 to 12 is largely an OTC market which had most of the bestsellers in the business. So I don't see the market shrinking it all.

Mr. Deepan Sankar - Trustline Portfolio Management:

Okay so we will be able to grow that segment also?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Yeah, yeah that segment should definitely grow. So that segment is there in three of our entities; S. Chand, New Saraswati and Chaya Prakashani. So all three of them should see positive growth this year.

Mr. Deepan Sankar - Trustline Portfolio Management:

Okay, and are we seeing any kind of impact of this new curriculum on this K-8 books because it constitutes major portion for us?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

The impact can start from FY21 at the earliest subject to the fact that the new syllabus or National Curriculum Framework (NCF) is announced within the deadline of end 2020. We don't see any impact being there during the current year because the curriculum will only come in by the end of CY2020. Once it comes we will see largely it is going to be a positive impact for atleast 2-3 years because a lot of the older books, the second-hand market will be phased away slowly and new books will be adopted by schools. We are geared to bringing the changes to products whatever required by the New Education Policy.

Mr. Deepan Sankar - Trustline Portfolio Management:

Okay, okay because they are talking about some semester curriculum and reducing the weight of the schoolbags or something like that so that should be positive or negative for us?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Semester system is actually better since it allows us to have 2 sales cycle in a year against the current single sales cycle during Jan- march. It also allows better pricing power for us and reduces working capital requirements of the business. In any case whatever comes in books we feel would continue to be a part of the school curriculum and in whatever format required whether it is semester or monthly term books to reduce the schoolbag weight, even if the course content is reduced of course then what ever is taught would be taught in more detail so we don't see the quantum of content going to school being any lower than what it is currently. Ultimately if a student has to be taught in the school there has to be enough content to be taught during the 200 odd working days that a student has in the school. You just can't half the book and expect the teachers to do the balance. So the course content even if it is curriculum which is reduced even 20-25% the detail in which the each of the existing curriculum or new curriculum would be taught would be taught in greater details. So we don't see that any changes in terms of the size of the book that.

Mr. Deepan Sankar - Trustline Portfolio Management:

Okay, okay and also are you foreseeing any kind of state government or central government forcing to follow only CBSE textbooks or NCERT textbooks? What is the trend over there? So, will even private schools could be forced in that way?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Currently as per CBSE guidelines they have a choice and currently there is no mandate out for that. We have seen the minister also state in parliament earlier that they have no intention for something like this. We have heard the CBSE chairman say it on a couple of forums that the government has no intentions. Beyond that of course if there is some other agenda, we are not aware of it but currently that is the position that we have from the government's side.

Mr. Deepan Sankar - Trustline Portfolio Management:

Okay, okay so even if that comes so we have this supplementary kind of books to take over the different formats, right? So just to safeguard our revenue streams?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Yeah we do have supplementary books, if you see Class 9th to Class 12th is largely supplementary market. We already have a higher education market which is there. We also have a local state market in West Bengal under our Chaya Prakashani brand which is a largely supplementary book market and of course there are various subjects which NCERT CBSE does not bring out books in which again there is a market which we do not see get impacted. Subjects like grammar and art and craft etc don't get impacted by any of the mandates that may come.

Mr. Deepan Sankar - Trustline Portfolio Management:

Okay, okay. Sir lastly in the total value chain so who is having bigger hold, like schools, distributors and book house. So who is having a stronger hold in this?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Stronger hold of course I mean our relation is directly with schools and we have a good relationship with schools in terms of our people go directly to the market with our products to schools who then adopt it. However our distributors have a key role in servicing the schools for us.

Mr. Deepan Sankar - Trustline Portfolio Management:

Okay, okay

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

We are partners to the school for their curriculum requirements. I think we are both dependent upon each other as we provide them certain goods and service in terms of and it is not just the books that we provide the school but we do help the school in terms of giving them school workshops, in terms of training their teachers etc as well. So we do a lot of ancillary work for the schools so that is which helps us build relationship with the schools. We do almost 2000 workshops with school across the year.

Mr. Deepan Sankar - Trustline Portfolio Management:

Where I was coming from was basically because there is a higher working capital requirement in the business so somebody is squeezing us right. So that is what I wanted to understand whether it is the distributors or schools itself. So schools are delaying payments or distributors keeping more inventory so which is impacting us more?

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

So, in terms of our inventory that is out in the channel, we believe that we have largely taken that out. We have been very prudent in terms of the inventory that we have left with the channel partners so that does not become an excuse for delay in payment. In terms of our relationship with schools and distributors we are improving that and also incentivizing them to pay us earlier. We are trying to show them that payment from both sides would help both them and us also. So that cycle we have tried to shorten actually during the past few months. I would feel that the initiatives that we have taken in the last 6 to 8 months, that has given us good traction and if you see our working capital it has reduced by almost 90 days in the first quarter which is a record for the last 4-5 years. So I think going ahead we will be prudent in terms of what we are supplying and we are trying to squeeze the time between our supplies to the actual adoption by the school. Once we do that then of course our working capital cycle (will get even more efficient.

Mr. Deepan Sankar - Trustline Portfolio Management:

Okay, okay, sure sir. Thanks a lot and all the best.

Moderator:

Thank you. A reminder to the participants, anyone who wishes to ask a question please press '*' and '1' at this time. The next question is from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

Mr. Jinesh Joshi – Prabhudas Lilladher Private Limited:

Sir two follow ups, first on debt part. From about Rs. 160 odd crores sir, debt has increased to about 172 odd crores in this quarter. So if you can just highlight on that part.

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

It has gone up by about 6 crores from Rs.166 crores.

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Largely I can, so if you see our trade receivable would have gone down by almost 80 crores. So a lot of it has gone to trade payables for the paper payments that we have to do in the first quarter. So partially on account of that.

Mr. Dinesh Jhunjhnuwala – Executive Director, S. Chand & Company Limited:

You see gross debt has actually gone down by a much larger percentage. So this is very minor movement.

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Gross debt has gone down by about Rs. 27 crores.

Mr. Jinesh Joshi – Prabhudas Lilladher Private Limited:

And sir secondly I mean is there any probability of increasing the promoter stake which is at about 47% at this point in time. So are there any plans on that front?

Mr. Dinesh Jhunjhnuwala – Executive Director, S. Chand & Company Limited:

Yeah we are looking into that.

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

Yeah so we had an internal discussion around that and we are definitely looking at it.

Mr. Jinesh Joshi – Prabhudas Lilladher Private Limited:

Okay thanks a lot.

Moderator:

Thank you. A reminder to the participants, anyone who wishes to ask a question may please '*' and '1' at this time. As there are no further questions I know hand the conference over to the management for their closing comments.

Mr. Saurabh Mittal – Chief Financial Officer, S. Chand & Company Limited:

We would like to thank everybody for joining us on Q1 FY 20 conference call and from the management side we assure that we are working on our plan 3.0 and you should see more traction in terms of our numbers on Q2 onwards. We would be seeing incremental improvement in costs from manpower reduction, vendor negotiations, other expenses reduction coming through in Q2 itself. We are looking to reduce our receivables and working capital intensity in the next couple of quarters at a much faster clip that we have done in the past years. We remain steadfast in our target of converting over 50% of

EBITDA to cash flows this year and becoming net debt free in the next 3 years. With that thank you very much.

Mr. Dinesh Jhunjhnuwala – Executive Director, S. Chand & Company Limited:

Thank you all very much for joining.

Moderator:

Thank you. Ladies and gentlemen on behalf of Prabhudas Lilladher Private Limited that concludes this conference call today. Thank you for joining us and you may now disconnect your lines.