



S Chand And Company Limited

Registered Office: A-27, 2nd Floor, Mohan Co-Operative Industrial Estate, New Delhi - 110044, India.

P: +91 11 4973 1800 | F: +91 11 4973 1801 | E: info@schandgroup.com | www.schandgroup.com

Date: August 10, 2019

To Listing Department BSE Limited 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: Investors Presentation-Financial Results-Q1 and FY 2019-20-pursuant to Regulation 30 of
The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The presentation for the analysts and investors for the conference call scheduled to be held on Tuesday, August 13, 2019 at 1:00 P.M. to discuss the financial results for the quarter ended June 30, 2019 is attached herewith.

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

Request you to kindly take note of the same.

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



S. Chand and Company Limited
Q1 – FY2019-20
Investor Update
10th August, 2019

- QUARTER IN NUMBERS
- KEY HIGHLIGHTS – Q1FY20
- WORKING CAPITAL CYCLE – TURNAROUND VISIBLE IN METRICS
- WORKING CAPITAL CYCLE - HIGHEST IMPACT ON METRICS IN PAST 4 YEARS
- NEW EDUCATION POLICY – BIG POSITIVE GOING AHEAD
- COST SAVINGS MEASURES MAKING AN IMPACT IN Q1 – MORE TO FOLLOW IN Q2
- S CHAND 3.0 – TARGET HIGHER FREE CASH FLOWS IN FY20
- CONSOLIDATED FINANCIAL PERFORMANCE
- DIGITAL INITIATIVES - UPDATE
- SHAREHOLDING STRUCTURE
- GOING AHEAD
- ANNEXURES



6%

Sales
Growth
(YoY %)

73%

Increase in
Gross
Margins
(Rs m)

43%

Reduction
in EBITDA
Losses
(YoY %)

24%

Reduction
in PAT
Losses
(YoY %)

30%

Reduction in
Sales
returns
(YoY %)

28%

Collection
Efficiency
(vs. 20% in
Q1FY19)

12%

Reduction in
Net
Working
Capital in
Q1FY20
(Days)

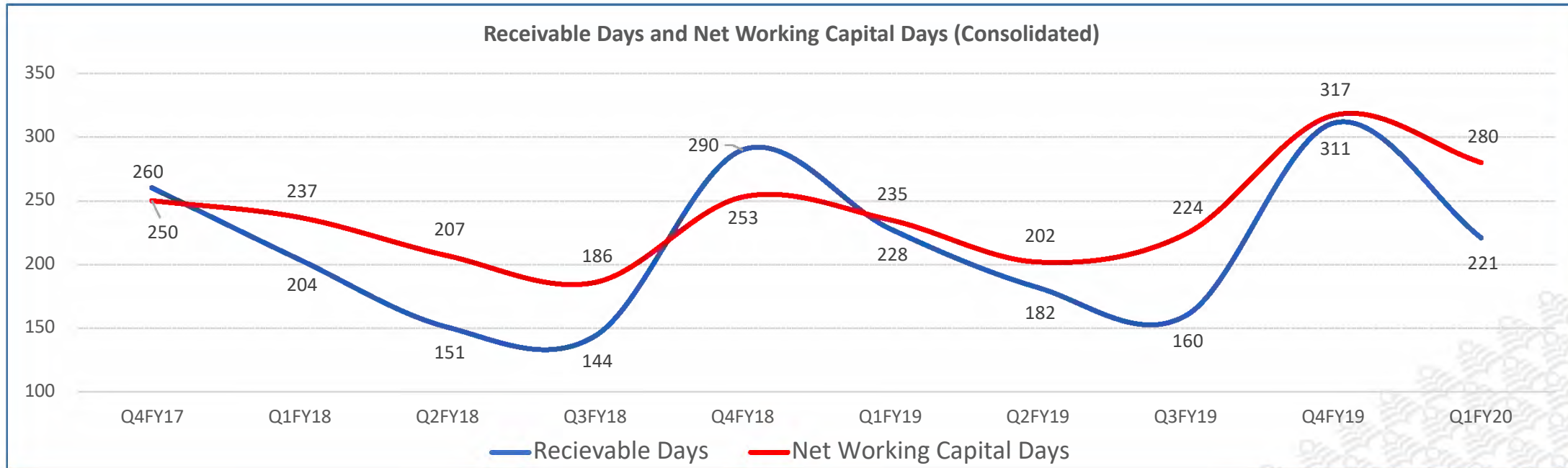
5%

QoQ
Reduction
in Inventory
(Rs m)

- **Financial Highlights – On track to achieve improved profitability by reducing losses**
 - Consolidated Revenue from Operations stood at Rs 613m for the April-June quarter, up 6% YoY
 - Gross Margins increased to Rs307m (vs. Rs178m in Q1FY19), up 73% YoY
 - Consolidated EBITDA loss reduced to Rs276m vs. Loss of Rs488m in Q1FY19 - Reduction of EBITDA loss by 43%
 - Consolidated PAT loss reduced to Rs378m vs. Loss of Rs498m in Q1FY19 - Reduction of PAT loss by 24%
- **Operating Parameters - Strong focus on improving balance sheet metrics yielding results**
 - **Trade Receivables**
 - Receivables reduced to Rs3,202m in Q1FY20 vs. Rs4,446 as of Q4FY19. In terms of receivable days, it stood at 221 days (vs. 311 days in Q4FY19), a reduction of 90 days during Q1FY20 (vs. reduction of 62 days in Q1FY19).
 - Strong reduction in debtors during Q1 translates into an improved 28% collection efficiency for Q1FY20 (vs. 20% in Q1FY19). Do keep in mind that this collection in Q1 is against a much lower previous year receivables balance of Rs4,446m (FY19) vs. Rs6,312m (FY18). This is the highest collection efficiency during Q1 since last 4 years.
 - **Inventory reduced to Rs1,949m (vs Q4FY19: Rs2,048m) during Q1.**
 - **Net Working Capital reduced to 280 days (vs. 317 days in Q4FY19) which is a reduction of 37 days (vs. reduction of 22 days in Q1FY19).**

- **The Draft New Education Policy was finally announced on 31st May, 2019.**
 - We await the release of the National Curriculum Framework (NCF) by end of CY2020 which would form the backbone of the new curriculum which would be the basis for publishing new & revised books.
 - **Strong runway of growth for at least 2-3 years.** Since the new curriculum (NCF) is being developed after a gap of 15 years, it would eliminate impacts of the second-hand book market and would lead to strong growth for at least 2-3 years as seen historically in both national and state curriculum change periods.
- **“S Chand 3.0” journey focused on increasing Free cash flows well on track**
 - Employee right sizing exercise completed over Q1 FY20 (higher impact to be seen from Q2).
 - Reduced sales returns from Channel partners by ~30% during the quarter on a YoY basis (on back of higher adoptions in schools).
 - Collection efficiency improved vs. Q1FY19 collections from 20% to 28% in current quarter.
 - On back of our focus on various operational elements of the business and cost control measures across the group we are expecting additional cost savings going ahead and increasing free cash flows by the end of FY20.
- **Net Debt as on 30th June 2019: Rs1,724m, Gross Debt reduced by Rs273m to Rs2206m (vs. Rs2479m in Q4FY19)**
 - We are at a comfortable Debt to Equity ratio of 0.25x and we expect debt levels to reduce going ahead on back of higher free cash flow generation from business.

- Debtors reduced to Rs3,202m as of Q1FY20 from Rs4,446m in Q4FY19. Receivable days reduced by 90 days to 221 days (vs. 311 in Q4FY19) which is the highest reduction during Q1 in the past 4 years.
- Inventory decreased to Rs1,949m as of 1QFY20 (vs. Rs2,048 in Q4FY19) on back of rationalization of stock levels.
- We expect our focus on receivable collection and inventory rationalization to reduce working capital in the coming quarters.

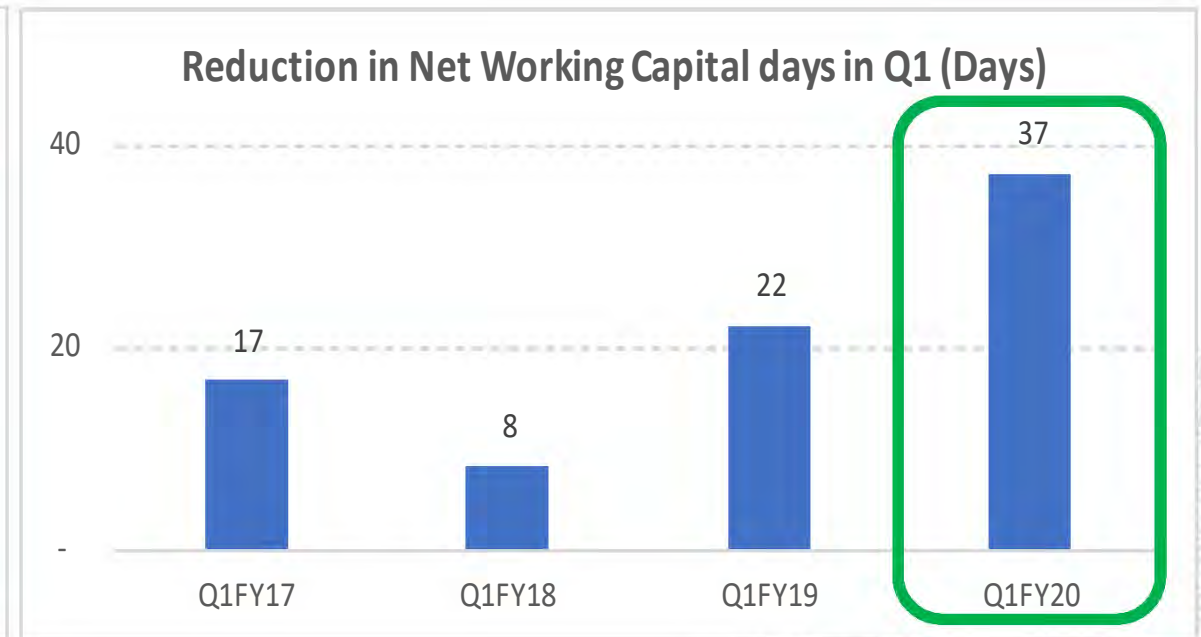
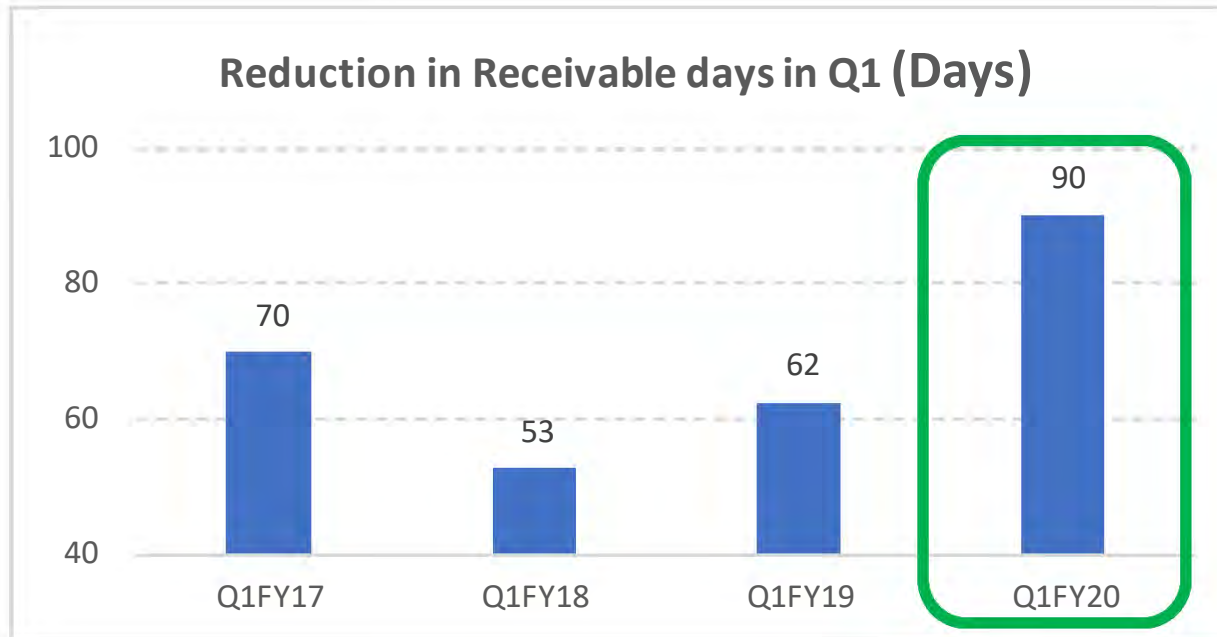


We expect our focus on collection and working capital metrics to deliver strong benefits going ahead.

WORKING CAPITAL CYCLE – HIGHEST IMPACT IN METRICS IN PAST 4 YEARS



- Highest reduction seen in receivables and Net Working Capital days over the past 4 years.
- This improvement is on back of our renewed focus on improving our collection efficiency and focus on effective working capital management.



We expect our focus on collection and working capital metrics to deliver strong benefits going ahead.

NEW EDUCATION POLICY – BIG POSITIVE GOING AHEAD

- **The Draft New Education Policy (NEP) was announced on 31st May, 2019 by Honourable Union Human Resource Development Minister, Mr. Ramesh Pokhriyal 'Nishank'.**
- Expected release of the New National Curriculum Framework after taking inputs from all stakeholders is by end of CY2020.
- **Strong runway of growth for at least 2-3 years.** Since the New Curriculum is being developed after a gap of 15 years, it would eliminate impact of second-hand book market and would lead to strong growth for at least 2-3 years.
- **Lessons from 2005 NEP/NCF roll out.** During 2005 NCF announcement, the new syllabus was rolled out over a period of 3 years with 5 grades moving to the new syllabus in Year 1, another 5 grades moving to new syllabus in year 2 and 2 grades moving to new syllabus in year 3.
- Impact of NEP 2019 on the company financials expected to be from FY21 at the earliest and fully baked in from FY22 onwards.

May, 2019

- **Announcement of Draft New Education Policy (NEP)**

By end of
2020

- **Announcement of New Curriculum Framework (NCF)**

CY2021

- **Development of books based on the new curriculum**

FY22
onwards

- **Complete impact of NCF to percolate down to the industry**

COST SAVINGS MEASURES MAKING AN IMPACT IN Q1 – MORE TO FOLLOW IN Q2

Employee Costs

- The organization has been right sized by over 400 employees in the last 6 months. Partial benefits reflected in current quarter financials. Annualized Impact of ~ Rs.250-300 Mn

Numbers of Offices & Warehouse/Rentals Rationalization

- Consolidation of warehouses and offices across the country completed. Over 25 locations offices and warehouses restructured and to operate from Regional Hubs . Annualized Impact ~ Rs. 80-100 Mn
- Consolidation of warehouses and better freight/courier management using analytics to optimize inventory routing and reduced delivery times.

Evaluation of Internal Expenses and eliminating dispensable spends

- Rationalization of other expenses – Annualized Impact ~ 75-100Mn
- Increased usage of technology to reduce spends on internal meetings, travel and events.
- Events rationalized based on ROI

Raw Material

- Going into FY20, we are looking to improve contribution per MT of paper consumed.
- Working on realignment of grammage and size of paper consumed depending upon titles/markets/subjects/end product pricing.

Royalty

- We have renegotiated certain royalty agreements with Authors for royalty as per current market practises and dynamics.

Cost Saving exercise completed during Q1FY20, partial impact visible. Full benefits to flow in from Q2 onwards.

Lowering operating costs

- Right Sizing of our employee base by over 400 employees
- Rationalization of number of offices and consolidation of warehouses at over 25 locations
- Focus on manpower optimization through shared services across group companies.
- Renegotiations of all major operational cost items to bring costs lower.

Working with higher quality channel partners

- Focusing on better terms with channel partners, improved velocity of collection, sale productivity metrics etc.
- Focus on higher margin products.
- Tightening of discounting structure.

Lower Inventory levels

- Focus on portfolio of faster moving titles.
- Warehouse consolidation at 15 locations.
- Rationalizing number of SKU's.
- Eliminating print of titles which do not meet sales threshold limits.

Faster Receivables collection cycle

- Prioritizing our channel partners based on historic receivable efficiency.
- Strict escalation of delay in receivable collection from channel partners in the appropriate manner.
- Dealer loyalty program launched.
- Best-selling titles being sold against reduced credit / advance payment.

CONSOLIDATED FINANCIAL PERFORMANCE

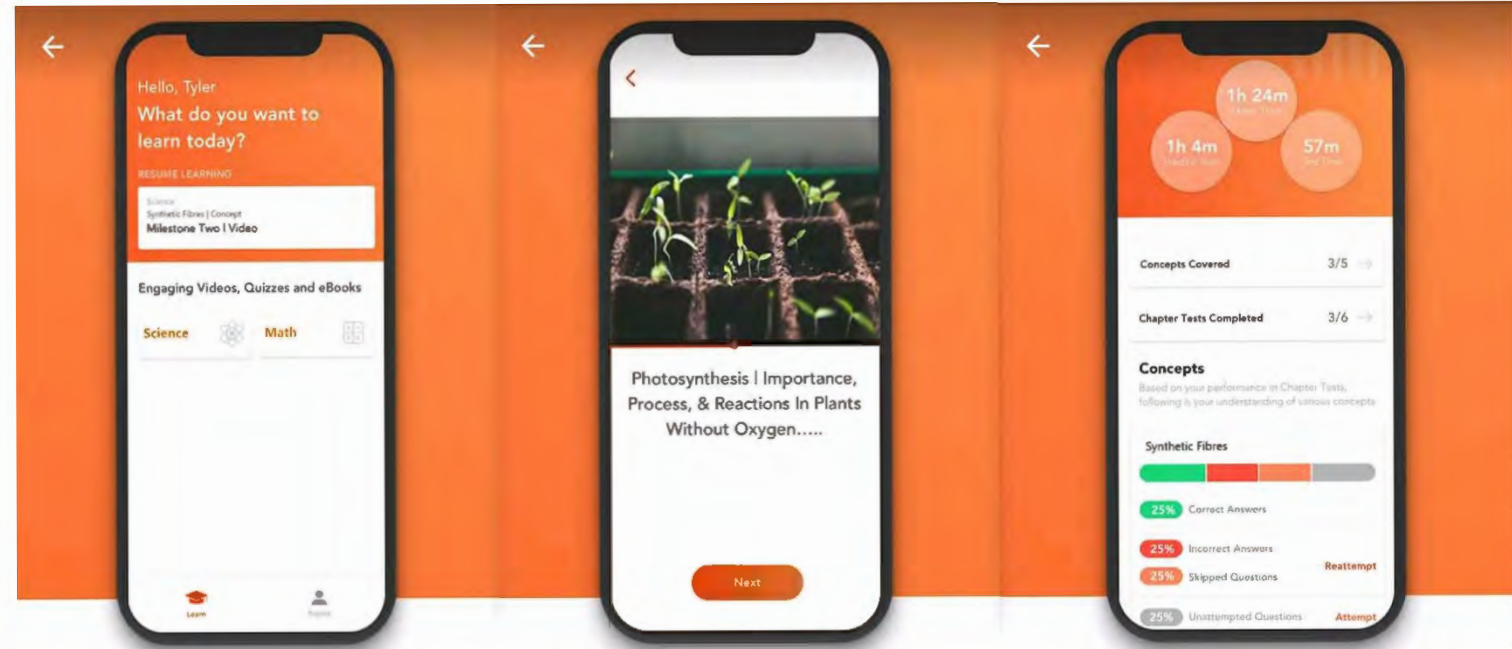


(₹ in millions)	Q1FY20	Q1FY19	Y-o-Y%	Q4FY19	FY19
Revenue from operations	613	577	6%	4,491	5,220
Other income	24	25	(4)%	42	116
Total income	637	601	6%	4,534	5,336
Cost of published goods/materials consumed	198	256	(23)%	921	2,094
Purchases of traded goods	13	17	(23)%	56	154
(Increase)/decrease in inventories of finished goods and WIP	61	74	(18)%	567	(440)
Publication expenses	57	77	(25)%	227	448
Gross Margin	307	178	73%	2,763	3,081
<i>Gross Margin (%)</i>	<i>48%</i>	<i>30%</i>	<i>n.a</i>	<i>61%</i>	<i>58%</i>
Selling and distribution expenses	105	136	(22)%	244	884
Employee benefits expenses	314	357	(12)%	384	1,511
Other expenses	164	173	(6)%	265	881
EBITDA	(276)	(488)	(43)%	1,870	(195)
<i>EBITDA margin %</i>	<i>(43)%</i>	<i>(81)%</i>	<i>n.a</i>	<i>41%</i>	<i>(4)%</i>
Finance cost	84	54	54%	90	272
Depreciation and amortization expense	88	55	61%	60	237
Profit/(loss) before share of loss in associates, exceptional items and tax	(447)	(597)	(25)%	1,719	(705)
Share of profit/(loss) in associates	(4)	(5)	(21)%	5	(14)
Exceptional items (refer note 11)	-	(58)	(100)%	51	(233)
Profit/(loss) before tax	(452)	(660)	(32)%	1,775	(953)
Tax	(73)	(162)	(55)%	560	(283)
Profit/(loss) for the year	(378)	(498)	(24)%	1,215	(669)
Earnings/(loss) per equity share (in ₹) (for discontinued and continuing operations)					
1) Basic	(10.8)	(14.3)	(24)%	34.7	(19.1)
2) Diluted	(10.8)	(14.3)	(24)%	34.7	(19.1)

S Chand 3.0 program of cost reduction showing its benefits in Q1. We expect more benefits to flow through from Q2 onwards leading to higher cash flows for the company.



- **Launched Learnflix on the Android platform**, our all-in-one learning platform for the Gen X student.
- Started Test marketing of Smart K – Our curriculum product for play schools in the NCR region during the quarter.
- Our digital offerings include-:
 - *Destination Success – Enabling Digital classrooms*
 - *Milestone – School Curriculum*
 - *Nuri Nori, Risekids, Smart K - Early Learning*
 - *Test Coach – Book assisted mobile mock exam App*



Personalized Learning

Learn at your own pace anytime anywhere

Engaging Videos

Learn every concept visually for a better foundation

Focused Analytics

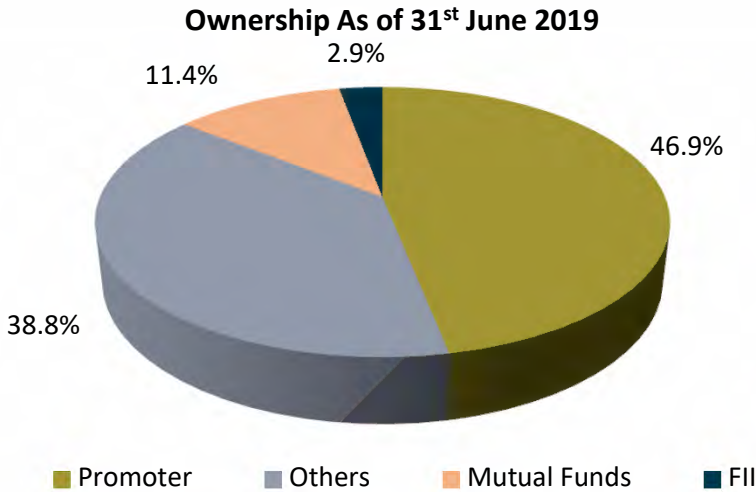
Master your weak areas with focussed analytics

SHAREHOLDING STRUCTURE



Market Data	As of 9 th August, 2019
Market Capitalization (Rs Mn)	2,130
Price (Rs)	60
No. of shares outstanding (Mn)	34.95
Face Value (Rs.)	5.0

(Source: www.bseindia.com)



(Source: www.bseindia.com)

Key Institutional Investors - June 2019	% Holding
Everstone Capital Partners II LLC	9.5%
International Finance Corporation	8.0%
HDFC Mutual Fund	6.4%
Aditya Birla Sun Life Mutual Fund	3.0%
Volrado Venture Partners Fund	2.4%
Sundaram Mutual Funds	1.3%
BNP Paribas	1.1%
Aadi Financial	1.0%

(Source: www.bseindia.com)

- **FY20**
 - EBITDA to FCF generation ratio of over 50%.
 - 35%-40% lower Sales returns from Channel Partners vs. FY19.
 - Improved working capital metrics from better terms of trade with channel partners and inventory rationalization.

- **Medium term – 3 years**
 - Debt free in 3 years from the increased focus on free cash flows.
 - Increasing the share of Digital & Services segment to 20- 25% over the next 3 years



Annexure:

- **China vs India – A Case Study in Education Sector**
- **Indian Education Sector - Overview**
- **S Chand Group**

CHINA 2006

- GDP per capita US\$ 2,100.
- Private education market < US\$ 50 Billion*.

INDIA 2017

- GDP per capita US\$ 1,940
- K-12 market growing at ~ 20%.
- Private education market ~ US\$ 30 Billion*.
- Education market expected to double to US\$ 180 Billion by 2020.



230 MN

Student Population

315 MN



CHINA 2017

- GDP per capita US\$ 8,836
- K-12 market doubled in last 5 years.
- Private education market at US\$ 260 Billion, expected to touch US\$ 330 Billion by 2020.
- Largest global educational companies in book publishing, digital and vocational learning. (TAL - \$ 21B, New Oriental - \$ 15B, China South Publishing – \$ 4 B).



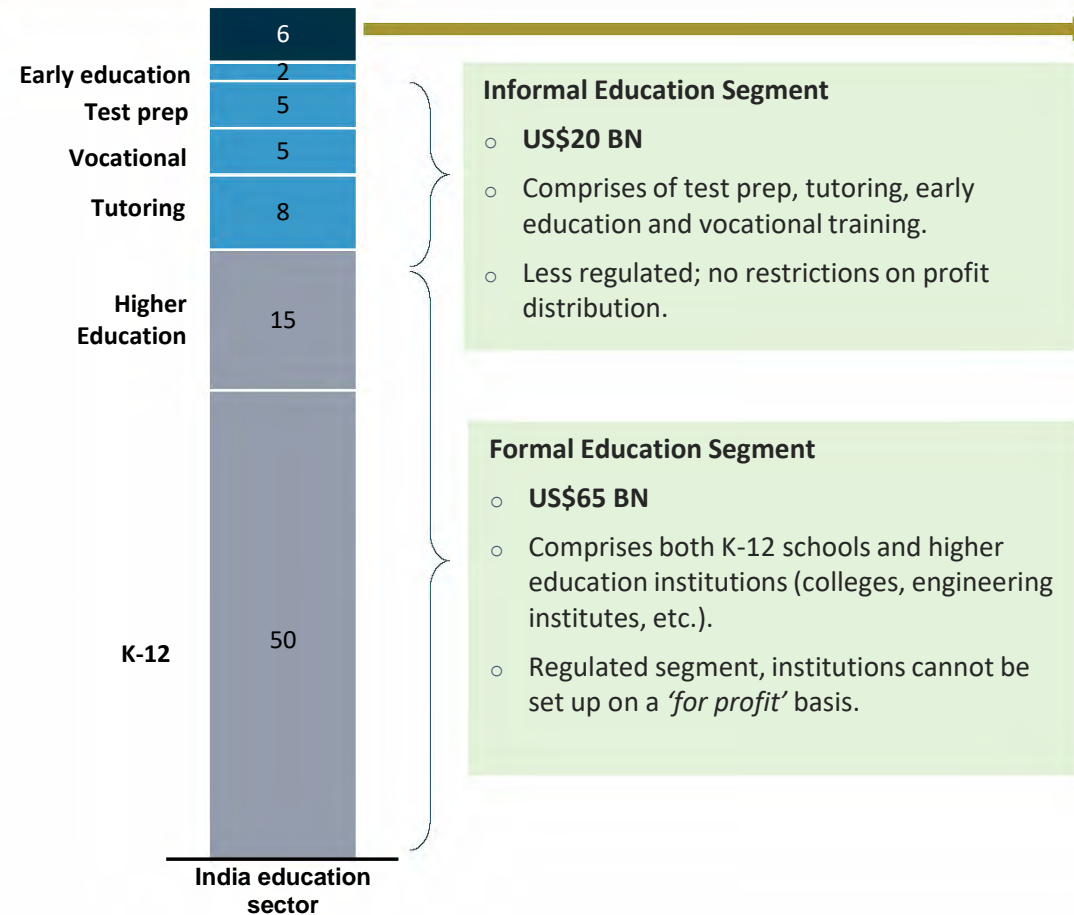
INDIA 2025

- GDP per capita expected ~ US\$ 3,600**.
- Over 50% students expected to enroll in private schools.
- Emergence of private education market led by K-12 segment.
- Billion dollar enterprises in education industry.



* Industry estimates. ** Per market estimates of GDP being US\$ 5 trillion by 2025.

US\$90 BN Market Size for the Indian Education Sector



(Source: Technopak Research Report. Technopak Outlook on India's Schooling Segment June 2017. Nielsen: India Book Market Report 2015)

US\$6 BN Ancillary Education Segment

S. Chand operates in this segment (K-12/ Higher Education content).

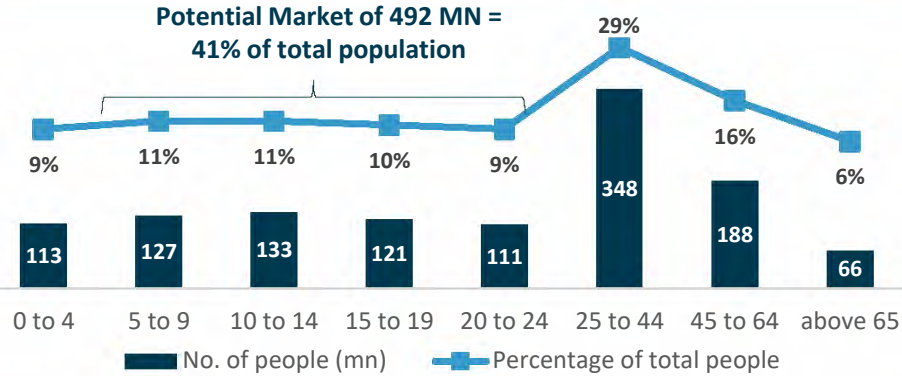
- Supports formal and informal education segments.
 - Comprises of content, digital content & services like curriculum management.
 - Mostly caters to K-12 & higher education institutions.
- Less regulated; no restrictions on profit distribution.
- K-12 ancillary market is a fast growing segment.



- Robust growth drivers.
 - Eligible K-12 population of about 296 MN students in age group 6 to 17 years.
 - Private unaided schools increased at average rate of 10.4% during 2011-15.
 - India has largest education system in the world with over 750 Universities & 35,000 colleges.
- Highly fragmented segment providing room for growth.

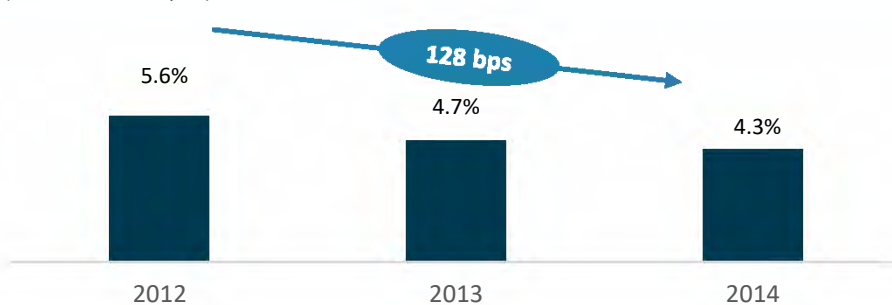
Age-wise population distribution in India : S. Chand target market

(Source: IBEF Report)



Decrease in drop-out rates for primary education in India

(Source: Nielsen Report)



Literacy rate improving with higher participation from students

(Source: Technopak's Outlook on India Schooling Segment)

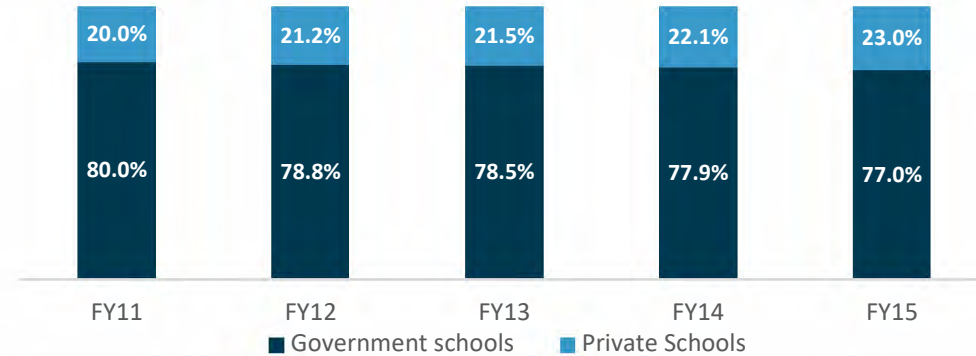
Level of Education	Estimated Population			
	% 2017 (MN)	% 2022 (MN)	% 2017 (MN)	% 2022 (MN)
Illiterate	20%	269	18%	250
Literate but no formal schooling	2%	27	1%	14
School - Up to 5th standard	35%	471	36%	501
School - Up to 10th standard	18%	242	18%	250
School - Up to 12th standard	11%	148	11%	153
Some college but not graduate	5%	67	5%	70
Graduate	6%	81	7%	97
Postgraduate	3%	40	4%	56
Literate	80%	1076	82%	1141
Total	100%	1345	100%	1391

S. Chand well positioned to benefit from sector tailwinds

- Gross enrolment ratio and students completing primary & secondary education gradually improving in India.
- Falling dropout rates and increased girls participation led to improvement in literacy rate.
- Government promoting education through various schemes with budgetary support.

Private schools market share increasing every year

(Source: IBEF Report)



CBSE & ICSE increasing faster amongst affiliated board schools

Board	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	CAGR
CBSE	11,349	12,337	13,898	14,778	15,933	17,474	19,446	9.4%
ICSE	1,461	1,565	1,678	1,798	1,927	2,181	2,295	7.8%
State Boards	13,16,401	13,63,862	14,47,487	14,65,871	14,60,455	NA	NA	NA
Total	13,29,211	13,77,764	14,63,063	14,63,447	14,78,315	NA	NA	NA

(Source : Nielsen Research Report, School Board reports, DISE)

Indian K-12 education infrastructure

(Source: Technopak's Outlook on India's Schooling Segment)

Number of Schools: 1.5 MN	
Government: 1.1 MN	Private: 0.4 MN
Number of Students: 260 MN	
Government: 150 MN	Private: 110 MN
No. of Teachers: 9 MN	
Government: 5 MN	Private: 4 MN
Annual Intake: 18 MN	
Government: 10 MN	Private: 8 MN
Additional Capacity Required: 36 MN	
Additional Requirement of Teachers: 2 MN	
Additional Resources: USD 55 BN	

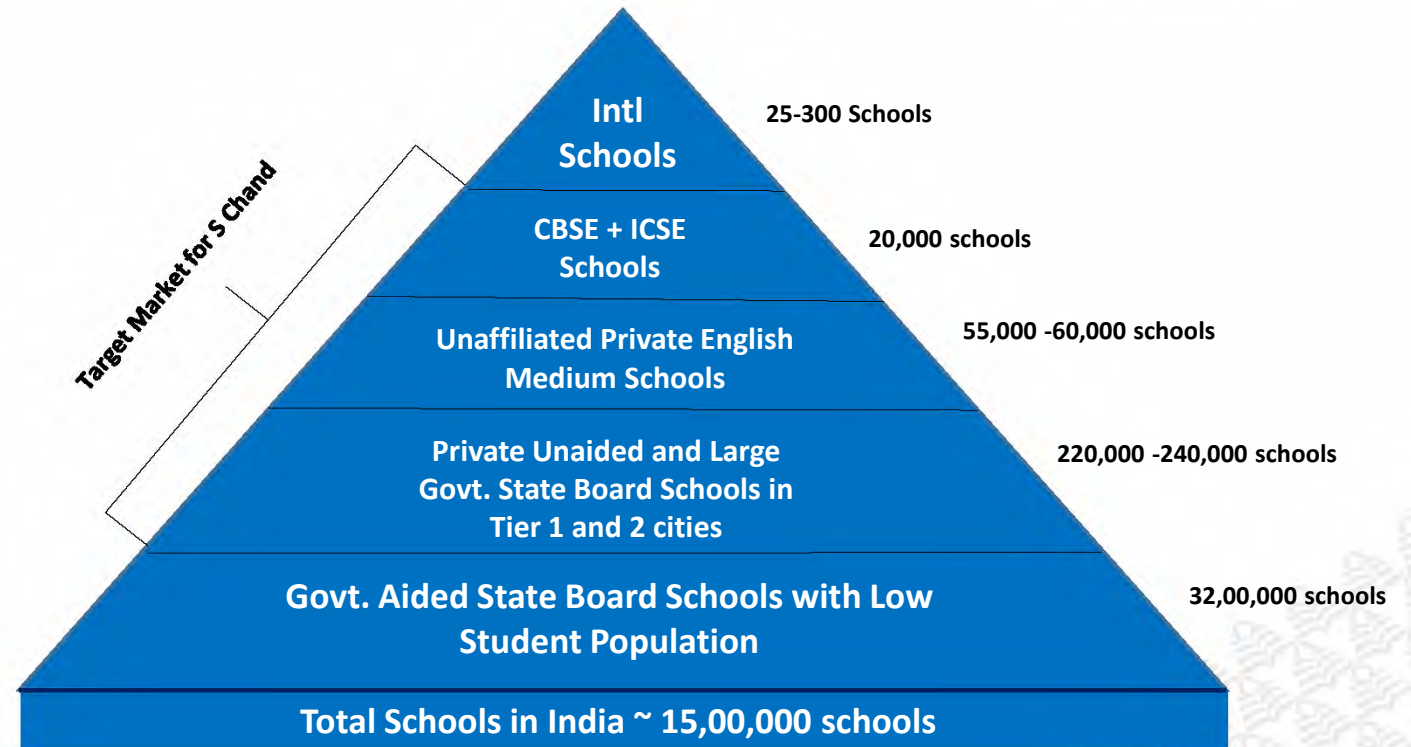
Preference towards private schools continue to rise

- Student share of private schools increasing consistently despite subsidised fees and free meals/ books in government schools.
- Government schools losing favour even amongst the rural and not so affluent population.
- CBSE and ICSE schools are preferred for their superior curriculum and better pedagogy.
- S. Chand is a key beneficiary of increasing number of CBSE and ICSE schools, being the leading content provider to such schools amongst the private publishers.

PREFERENCE TOWARDS PRIVATE, CENTRAL CURRICULUM SCHOOLS

Target Market is 3,00,000 schools – growing at 8-10 % annually and student strength growing at 7-8%

- Currently covering 38,000 schools in the target market
- Target market growing at 8-10% annually in the no. of schools
- Total student strength in India is est. 260 million
- Students strength in the target market is est. 120 million and growing at 7-8 annually.



Delivering content, services and solutions...

...across the education continuum

- Offerings spanning entire the education spectrum
 - Early learning
 - K-12
 - Higher education



...with Pan India reach

- Pan-India sales and distribution network driving deep market reach.
- Presence in Central (CBSE, ICSE) and State Board affiliated schools across India.

Strong content, multiple best-sellers.



- Long operating history of over seven decades.
- High brand equity across multiple brands.
- Strong author relationships.
- Keeping pace with time - transition from print into digital content and services.

80	10,000+
Years of operating history	Active book titles
~ 2,400	90 TPD
Author relationships	Print Capacity in number of sheets

Portfolio of brands focused on print / digital content.



Less than 10% of annual revenues;
Negative WC

Q1 April - June

- Last leg of K-12 sales for new academic session and delivery of books to distributors/ schools.
- New academic session commences in April for CBSE/ ISCE schools.
- Annual paper contracts negotiated.
- Finalisation of title catalogue for next academic year (new and revised titles).
- Sales performance review. (regional/ branches)

Less than 5% of annual revenues;
Negative WC

Q2 July - September

- Content revision/ development by editorial team in collaboration with authors.
- Engagement with schools & teachers. (training sessions, workshops, etc.).
- Sample distribution. (September)
- Return of unsold stock from distributors as per contractual agreement.
- Semester 1 (Higher Education) and Test preparation sales based on government vacancy examinations.

Less than 5% of annual revenues;
Peak Inventory

Q3 October - December

- Sample distribution and evaluation by schools.
- Printing of back list and best seller titles.
- Final reconciliation and closure of distributor accounts before commencement of season sales.
- Order visibility from schools starts building up.
- Significant sales quarter for HE segment.

80% to 85% of annual revenues;
Peak Receivables

Q4 January - March

- K-12 season sales and delivery to distributors/ schools. (Peak Season)
- Semester 2 (Higher Education) and Test preparation sales based on government vacancy examinations.
- Printing of front list titles.
- Additional printing runs for back list / best seller titles based on demand.



Connecting with Learners

- Art of Book making tour of the Printing Facilities
- Mystudygear App / VRX App / Learnflix App / Test Coach App
- Social Media

Connecting with Teachers with

- Teacher Conclaves and Awards
- Over 2000 Workshops
- The Progressive Teacher magazine

Connecting with School Leadership

- Best Practices in Education Tour to Finland
- The Progressive School magazine

Connecting with Channel Partners

- Dealer Meets , Events and Awards
- Monthly mailer “Sampark”

Increasing Brand presence

- Brand Ambassador
- Strategic Advertising



In-House (Revenue Stream)



- Offerings include **digital classroom learning solutions, learning management systems and curriculum management** which contribute to the revenue streams in the business.
- Approximated Investments is Rs1300 million.

Digital Investments (Inorganic)



- Focused on investing in **early stage digital companies**.
- Total investments in digital investee companies is approx. Rs.300m.
- Currently, Investment portfolio commands a valuation of around 2X as per the last funding rounds for respective companies.
- Focus is on **establishing synergies with core business** along with investment returns.



Saurabh Mittal

Chief Finance Officer

Contact No : +91 11 4973 1800

Email : investorrelations@schandgroup.com

Atul Soni

Head – Investor Relations

Contact No : +91 11 4973 1800

Email : asoni@schandgroup.com

Corporate/Registered Office: A-27, 2nd Floor, Mohan
Co-operative Industrial Estate, New Delhi 110044

Disclaimer

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These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond S. Chand’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of S. Chand.

In particular, such statements should not be regarded as a projection of future performance of S. Chand. It should be noted that the actual performance or achievements of S. Chand may vary significantly from such statements.