



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 14, 2020

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-quarter ended June 30, 2020-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 Monday, August 17, 2020 at 2:00 P.M. to discuss the financial results for the quarter ended June 30, 2020 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.

Yours sincerely

For S Chand And Company Limited



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

Encl: As above



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S. Chand and Company Limited

Q1 – FY2020-21

Investor Update

14th August, 2020

SUMMARY

- QUARTER IN NUMBERS – STRONG SHOW IN COVID HIT QUARTER
- KEY HIGHLIGHTS
- NEW EDUCATION POLICY ADOPTED – BIG POSITIVE GOING AHEAD
- CONSOLIDATED FINANCIAL PERFORMANCE
- LAUNCH OF 'EDUCATE-360' IN Q2 – PRODUCT FOR THE FUTURE
- OUR DIGITAL ROADMAP FOR THE FUTURE
- UPDATE ON DIGITAL BUSINESS – SILVER LINING IN THE PANDEMIC CLOUD
- SHAREHOLDING STRUCTURE
- COST SAVING INITIATIVES FOR FY21
- LOOKING AHEAD



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Components of Air
Air - Mixture of gases

Air Around Us
1h 4m, 1h 34m, 2h 10m

Concepts Covered 18
Chapter Tests Completed 18
Conceptual Understanding Components of Air
90% Correct Answers, 10% Incorrect Answers, 10% Skipped Questions, 10% Unattempted Questions

FOCUS AREA
Components of Air
3 lessons, View Video

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QUARTER IN NUMBERS – STRONG SHOW IN COVID HIT QUARTER



17%

**Sales Growth
(YoY %)**

68%

**Increase in
Gross
Margins
(Rs m)**

Rs88m

**First ever
reported
EBITDA
profit in Q1
(YoY %)**

72%

**Reduction in
PAT Losses
(YoY %)**

Rs 177 m

**Cash flow from
operations (Rs m)**

26%

**Reduction in
Operating
Expenses (Rs m)**

**Learnflix – India's
most affordable
Learning app**

**Over 80K downloads
and over 18K
paying subs
(As of July, 20)**

- **Financial Highlights – Strong show in a pandemic hit quarter**
 - Consolidated Revenue from Operations stood at Rs 714m for the April-June quarter, up 17% YoY
 - Gross Margins increased to Rs517m (vs. Rs307m in Q1FY20), up 68% YoY
 - **Consolidated EBITDA profit stood at Rs88m (vs. Loss of Rs276m in Q1FY20) – First ever EBITDA level profit reported in Q1**
 - Consolidated PAT loss reduced to Rs105m vs. Loss of Rs378m in Q1FY20 - Reduction of PAT loss by 72%
- **Strong cost control continues in Q1 – Operating Costs lower by 26% on a YoY basis**

(In Rs m)	Q1FY21	Q1FY20	Change (%)		FY20
Revenue from Operations	714	613	17%		4,294
Employee Costs	219	314	-30%		1,260
Selling & Distribution costs	47	105	-55%		592
Other expenses	163	164	0%		632
Total Operating Expenses	430	583	-26%		2,484
PAT	-105	-378	-72%		-1,115

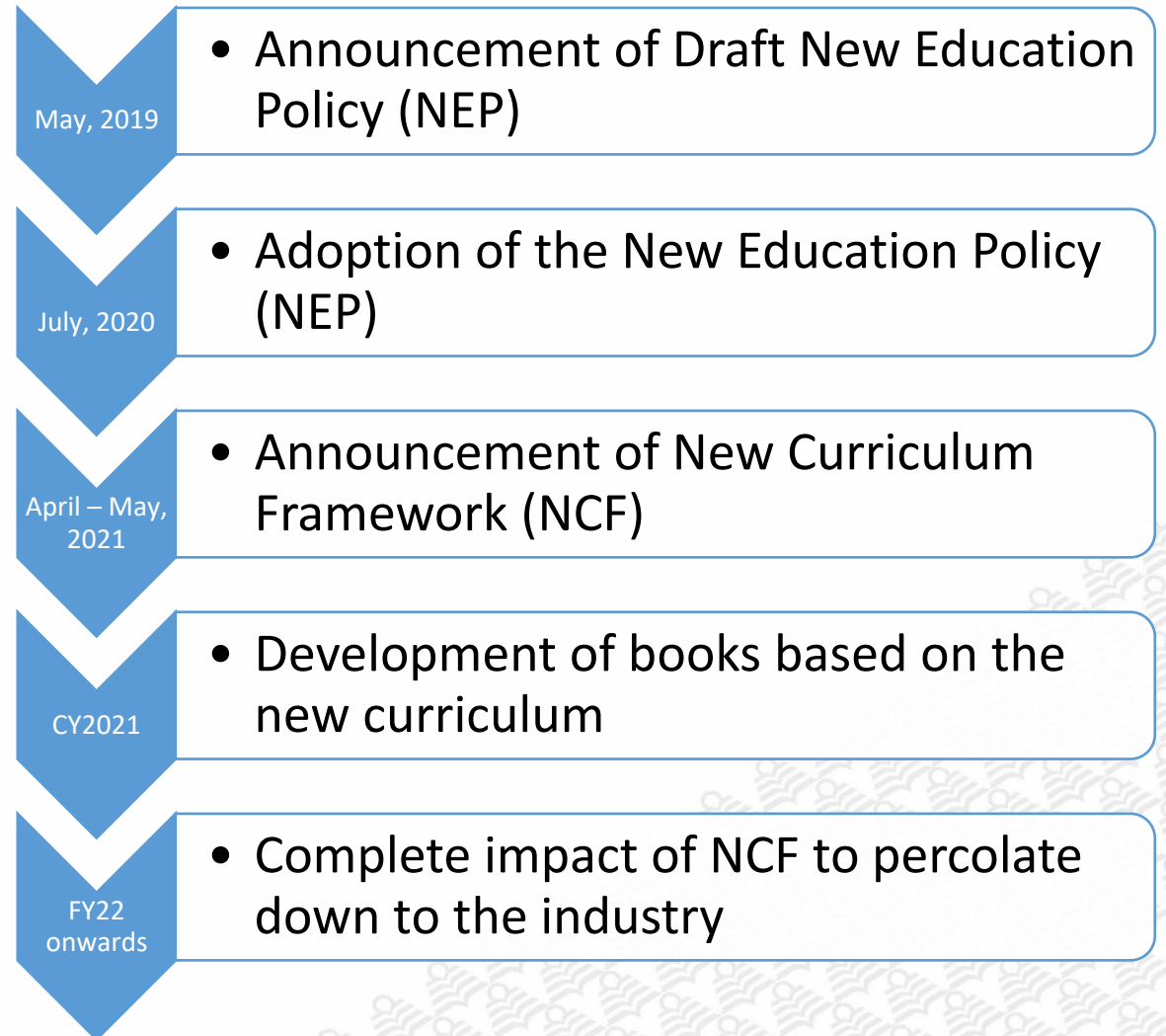
All operational costs would be lower in FY21 vs. FY20

- **Focus on Cash Flows yields results.** Our strategy of focusing on the cash flows has yielded results with Net cash generated from operations of Rs177m in Q1FY21 (Rs484m in FY20).
- **Operating Parameters - Strong focus on improving balance sheet metrics yielding results in a covid hit quarter**
 - **Trade Receivables reduced** to Rs2,880m in Q1FY21 vs. Rs3,349m as of Q4FY20. In terms of receivable days, it stood at 239 days (vs. 285 days in Q4FY20), a reduction of 46 days during Q1FY21.
 - **Inventory reduced** to Rs1,909m (vs Q4FY19: Rs2,014m) during Q1. This includes raw material paper inventory of Rs258m.
 - **Net Working Capital reduced** to 298 days (vs. 321 days in Q4FY20) which is a reduction of 23 days.
- **Net Debt as on 30th June 2020: Rs1,794m (vs. Rs1,867m in Q4FY20), Gross Debt stood at Rs2,190m.**
 - We are at a comfortable Debt to Equity ratio of 0.27x and we expect debt levels to reduce going ahead on back of higher free cash flow generation from business.

- **Learnflix – Showing strong growth.** India’s most affordable app – ‘Learnflix’ showed strong traction during the quarter. We have currently approx. 80K downloads and 18K paid subscribers. As the move to online learning intensifies, we expect Learnflix to grow stronger in coming months.
- Launching **‘Educate-360’**, a K-12 Blended learning solution for enabling schools to conduct online classes, student assessments, e-book support etc during the July-Sept quarter.
- **The New Education Policy was finally adopted in July, 2020.**
 - This paves the way for the next step of the release of the National Curriculum Framework (NCF) by April/May 2021 which would form the backbone of the new curriculum and be the basis for publishing new & revised books for sale in January to March, 2022 sales season.
 - **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.

NEW EDUCATION POLICY ADOPTED – BIG POSITIVE GOING AHEAD

- **The New Education Policy (NEP) was formally adopted by the Union Government in July, 2020.**
- Expected release of the New National Curriculum Framework (NCF) after taking inputs from all stakeholders by April-May 2021.
- **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 sale of second-hand books and would lead to strong growth for at least 2-3 years.
- **Lessons from 2005 NEP/NCF roll out.** During the 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 2020 on the company financials expected to be from FY22 onwards.



KEY FEATURES – SCHOOL EDUCATION

- Target 100% GER in Pre-School to Secondary Level by 2030.
- Implementation of 5+3+3+4 structure vs. existing 10+2 structure.
- Curriculum to integrate 21st Century Skills, Mathematical Thinking and Scientific temper.
- No Rigid Separation between Arts & Sciences, between Curricular and extra-Curricular activities, between Vocational and Academic streams.
- Reduction in Curriculum to Core Concepts and vocational integration from class 6 onwards.
- Board Examination will be Low Stakes and based on Knowledge Application.
- Medium of Instruction till at least Grade 5 in Home Language / Mother tongue/ Regional Language.
- Increased usage of technology in teaching, assessments etc.

KEY FEATURES – HIGHER EDUCATION

- Target 50 % Gross Enrolment Ratio by 2035.
- Holistic and Multidisciplinary Education -Flexibility of Subjects.
- Multiple Entry / Exit to be allowed in degree programs.
- Credit Transfer and Academic Bank of Credits.

CONSOLIDATED FINANCIAL PERFORMANCE

Particulars (₹ in millions)	Quarter ended		YOY (%)	Year ended FY20
	Q1FY20	Q1FY19		
Revenue from contract with customers	714	613	17%	4,294
Other income	68	24	190%	94
Total income	783	637	23%	4,388
Cost of published goods/materials consumed	151	198	-24%	1,460
Purchases of traded goods	3	13	-76%	89
(Increase)/decrease in inventories of finished goods and work in progress	67	61	11%	49
Publication expenses	44	57	-22%	432
Gross Margin	517	307	68%	2,358
Gross Margin (%)	66%	48%		54%
Selling and distribution expenses	47	105	-55%	592
Employee benefits expenses	219	314	-30%	1,260
Other expenses	163	164	0%	632
EBITDA	88	(276)	-132%	(126)
EBITDA Margin (%)	11%	-43%		-3%
Finance cost	83	84	0%	348
Depreciation and amortization expense	96	88	9%	408
Profit/(Loss) before share of loss in associates, exceptional items and tax	(92)	(447)	-80%	(881)
Share of gain/(loss) in associates	(3)	(4)	-30%	(4)
Profit/(Loss) before exceptional items and tax	(95)	(452)	-79%	(885)
Exceptional items	-	-		(102)
Profit/(Loss) before tax	(95)	(452)	-79%	(987)
Tax expenses:				
1) Current tax	7	4		74
2) Deferred tax	3	(77)		54
Profit/(Loss) for the period/ year from continuing operations	(105)	(378)	-72%	(1,115)
Profit/(Loss) per equity share (in ₹) (for continuing operations)	-	-		-
1) Basic	(2.99)	(10.81)	-72%	(31.87)
2) Diluted	(2.99)	(10.81)	-72%	(31.87)

Q1FY21

Reports first ever EBITDA profits for Q1

Employee Costs: Down 30% YoY

S&D Exp: Down 55% YoY

PAT Loss: Down by 72%

CONSOLIDATED FINANCIAL PERFORMANCE

(Rs m)	As at 30 June 2020	As at 31 March 2020
Assets		
Non-current assets		
Property, plant and equipment	936	959
Capital work-in-progress	2	1
Goodwill	3,359	3,383
Right to use assets	577	623
Other intangible assets	917	918
Intangible assets under development	25	25
Investment in associates	190	184
Financial assets		
- Investments	40	40
- Loans	69	56
- Other financial assets	14	14
Income tax assets (net)	209	205
Deferred tax assets (net)	538	541
Other non-current assets	93	96
Total non-current assets	6,968	7,045
Current assets		
Inventories	1,909	2,014
Financial assets		
- Investments	210	167
- Loans	63	60
- Trade receivables	2,880	3,349
- Cash and cash equivalents	170	98
- Other financial assets	17	20
Income tax assets (net)	3	9
Other current assets	106	147
Total current assets	5,358	5,863
Total assets	12,326	12,908

(Rs m)	As at 30 June 2020	As at 31 March 2020
Non-current liabilities		
Financial liabilities		
- Borrowings	608	608
- Trade payables	-	-
- Lease Liability	327	366
- Other financial liabilities	3	-
Net employee defined benefit liabilities	72	68
Other non-current liabilities	1	1
Total non-current liabilities	1,011	1,043
Current liabilities		
Financial liabilities		
- Borrowings	1,160	1,114
- Trade payables		
Trade payables of MSME	119	173
Trade payables other than MSME	1,084	1,410
- Lease Liability	122	126
- Other financial liabilities	598	640
Other provisions	34	34
Net employee defined benefit liabilities	7	8
Other current liabilities	75	146
Total current liabilities	3,200	3,652
Total equity and liabilities	12,326	12,908



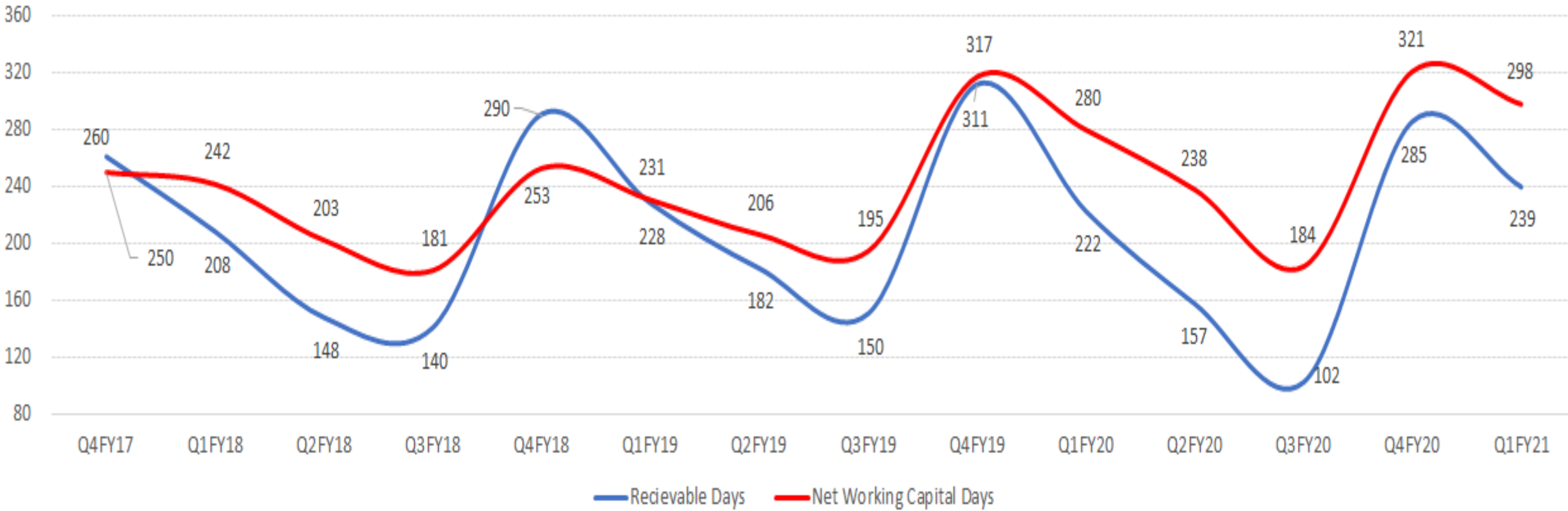
CONSOLIDATED FINANCIAL PERFORMANCE

(In Rs m)	For the year ended 30 June 2020	For the year ended 31 March 2020
A. Cash flow from operating activities		
Loss before tax	(95)	(987)
Adjustment to reconcile loss before tax to net cash flows		
Depreciation and amortisation expenses	96	408
(Gain)/Loss on sale of property, plant & equipment (net)	(0)	(1)
Interest income	(10)	(10)
Net income on deemed disposal of associate	(8)	-
Miscellaneous amount written back	(1)	(41)
Net gain on sale of current investments	(4)	(16)
Share of loss in associate	3	4
Interest paid on borrowings	82	338
Foreign exchange difference	(2)	(1)
Employee stock option expense	-	1
Provision for slow moving titles	-	87
Provision for impairment on investment	-	15
Provision for bad debts and advances	103	116
Bad debt written off	2	53
Operating loss before working capital changes	166	(34)
Movement in working capital:		
Increase in inventories	104	(53)
Decrease in trade receivable	365	928
Decrease/ (Increase) in loans and advances	(17)	47
Decrease/ (Increase) in other financial assets	18	90
Increase in provisions	8	9
Decrease in trade payable	(379)	(321)
(Increase)/Decrease in current liabilities	(100)	(52)
Cash generated from operations	157	614
Direct taxes paid	20	(129)
Net cash generated from operating activities (A)	177	484

(In Rs m)	For the year ended 30 June 2020	For the year ended 31 March 2020
B. Cash flows from investing activities		
Purchase of property, plant & equipment (including assets acquired on acquisition)	(13)	(281)
Purchase/(Sale) of non current investments (including investments acquired on acquisition)	(1)	0
Purchase in current investments	(21)	(125)
Proceed from sale of current investments	(18)	189
Proceed from sale of property, plant and equipment	-	22
Interest received	12	18
Net cash used in investing activities (B)	(41)	(177)
C. Cash flows from financing activities		
Interest paid on borrowings	(67)	(347)
Amortization of ancillary borrowing cost	0	6
Proceed from long term borrowings	(6)	30
Repayment of long term borrowings	(2)	(63)
Repayment of short term borrowings	46	(294)
Lease rental payment	(37)	(147)
Net cash used in/ generated from financing activities (C)	(66)	(815)
Net decrease in cash and cash equivalents (A+B+C)	70	(507)
Foreign exchange difference	2	1
Cash and cash equivalents at the beginning of the year	98	604
Cash and cash equivalents at the end of the year	170	98

- Our cost optimization and working capital management efforts showed strong benefits by generating an OCF of Rs177m in Q1FY21. We look forward to a much stronger level of OCF generation in FY21 vs. FY20.

Receivable Days and Net Working Capital Days



On back of the ongoing uncertainty around opening of schools and colleges, we expect a shift of working capital cycle between quarters and lumpiness of collections in the 2H of the year.

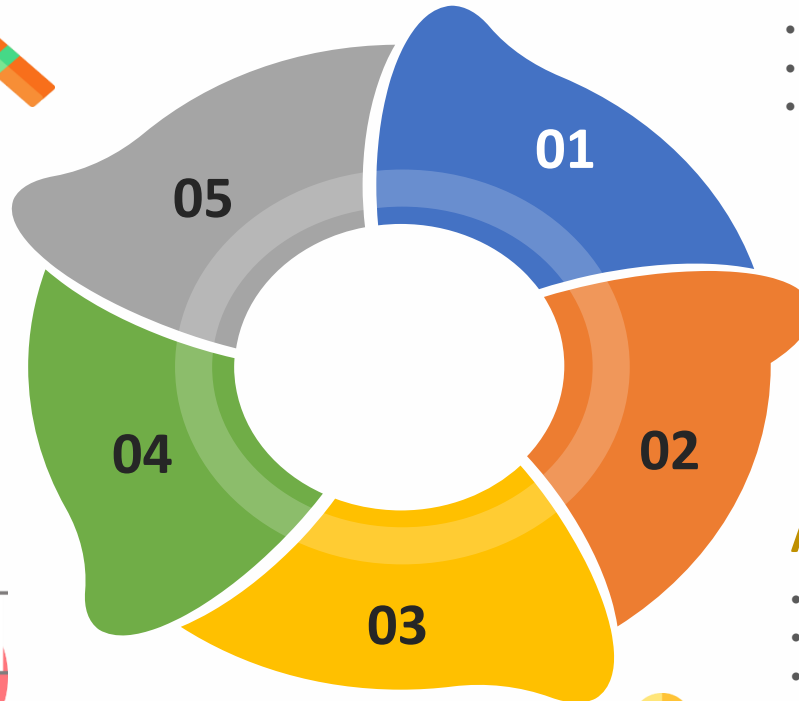
Analytics and Insights



- Student
- Teacher
- School
- Parent

Teacher Connect

- Teacher published content
- Notifications
- Doubts
- Teacher aids
- Lesson plans



Digital Content

- Textbooks
- Multimedia (Video, Audio, HTML etc)
- Practice Tests

Live Classes

- Video conferencing platform
- Calendar scheduling
- Recorded classes



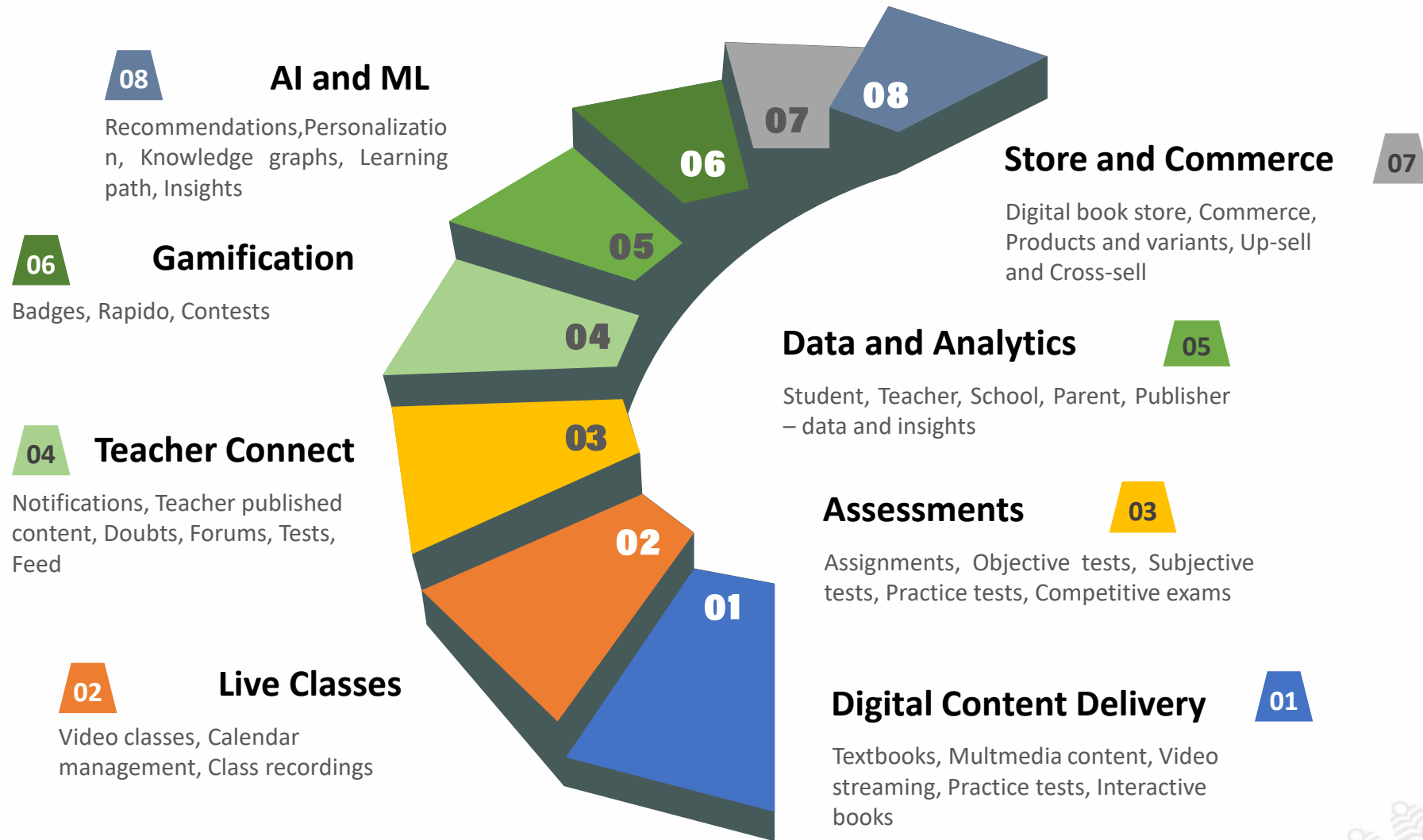
Assessments

- Homework
- Assignments
- Objective tests
- Subjective Tests



We have a new online learning platform under development to deliver these product features as we strive to *Enable the School, Empower the Teacher and Stimulate the minds of Students of this era.*

- We worked intensively during the pandemic hit quarter to complete the new online learning platform. We look forward to launch 'Educate-360' during Q2.



We see digital products and solutions powering the future for the learning ecosystem going ahead.



- India's most affordable learning platform, Learnflix (Android & Apple iStore), was launched during January, 2020.
- Learnflix saw very strong response in the quarter and has already been downloaded over 80K times with over 18K paying subscribers so far with review ratings of 4.1 on the Appstore.
- We expect the affordability and value for money proposition for schools and students to augur well for Learnflix and reap strong results for us going ahead.



- Curriculum solution for schools focused on Tier 2 and Tier 3 cities in India. This Solution now offers online teaching enabled platform with live classes, e-books, teaching tools etc. to be used by teachers and students.
- Have signed up approx. 400 schools during FY20 which caters to almost 1.5L students.



- Provides blended learning with our complete range of school books with over 1 Mn + users.
- This app has been steady in terms of adding approx. 400K users on an annual basis.



Other Inhouse Digital Offerings

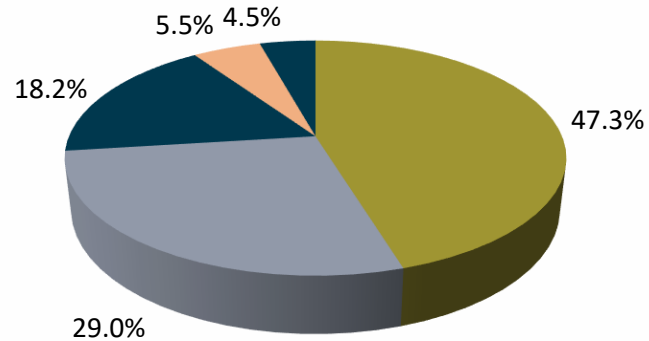
- Destination Success – Enabling Digital classrooms (CBSE/ICSE/IB and State Board Schools)
- Smart K - Early Learning Curriculum solutions (Pre Schools)
- Test Coach – Focused on govt exams market. Has over 25K app installations.
- Chhaya Learning App – Bengali/English Learning with books with over 500,000 app installations.
- VRX – Virtual Reality with books with over 50,000 + users

SHAREHOLDING STRUCTURE

Market Data	As of 14th August, 2020
Market Capitalization (Rs Mn)	2,350
Price (Rs)	67
No. of shares outstanding (Mn)	34.95
Face Value (Rs.)	5.0

(Source: www.bseindia.com)

Ownership as of June, 2020



■ Promoter ■ Others ■ FPI & Foreign Company ■ Mutual Funds ■ AIF

(Source: www.bseindia.com)

Key Institutional Investors - As of June 2020	% Holding
Everstone Capital Partners II LLC	9.5%
International Finance Corporation	8.0%
HDFC Mutual Fund	2.6%
Volrado Venture Partners Fund	2.4%
Blue Daimond Properties	2.0%
Aditya Birla Sun Life Mutual Fund	1.1%
Sundaram Mutual Funds	1.4%
TrustLine Deep Alpha	0.8%

(Source: www.bseindia.com)

- **Incremental cost savings expected in FY21.** We are looking at the following measures in FY21 to lead to reduced costs during the year:-
 - **Lower paper prices for FY21:** We expect paper prices to be lower by 5%-10% vs. last year and this should help our gross margins for FY21.
 - **Lower Employee costs.** Salary expense rationalization to the tune of 10%-20% on an annual basis.
 - **Expect considerable savings on operational costs.** We are expecting reduced operational costs during FY21 vs. FY20 on back of the measures taken to tackle the ongoing COVID crisis by the management. We believe that our spends during the year would be considerably reduced including -:
 - Rental Costs - Lease rental optimization exercise undertaken across all the group companies.
 - Travel costs – We expect increased usage of digital mediums leading to significantly reduced travel expenses by our sales force as clients would be cautious for face to face meetings during this year.
 - Spends on Dealer meets – We have cancelled all channel engagements for this year on account of the covid pandemic.
 - Educational events – We expect all events for teachers/schools like academic conferences etc. during this year to be done online at a fraction of the cost.

- **We expect all operational costs to be lower in FY21 on an year on year basis**
- **We remain focused on our relationship management with teachers, schools and preferred distributor partners to ensure no impact on revenues & market share going ahead by extensively using digital mediums during these Covid times.**

- **FY21**

- Given the uncertainty around Covid 19 crisis, we have refrained from giving a annual revenue growth guidance for the year.
- Strong adoption of 'Learnflix', India's most affordable Learning Platform, in the coming months to benefit our digital revenues during the year.
- Roll out of 'Educate-360', our new online learning platform for schools.
- Strong push for sales traction of e-books during this year on back of covid pandemic in schools as well as higher education.
- Plan for new books and content to be based on the National Curriculum Framework (NCF).

- **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.
- Target over 1m downloads of 'Learnflix', India's most affordable Learning Platform and over 5m downloads across S Chand digital properties
- Target over 1m students for 'Milestone', our school curriculum solution.
- Offer 360 degrees Blended Learning solutions to educational institutions , teachers and students (from Pre K to Professional)



Saurabh Mittal

Chief Finance Officer

Contact No : +91 11 4973 1800

Email : investorrelations@schandgroup.com

Atul Soni

Head – Investor Relations, Strategy & M&A

Contact No : +91 11 4973 1800

Email : asoni@schandgroup.com

Corporate/Registered Office: A-27, 2nd Floor, Mohan
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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.

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