



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: February 28, 2020

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 Friday, February 14, 2020 at 1:00 P.M. to discuss the financial results for the quarter and nine months ended December 31, 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.
Q3 FY20 Earnings Conference Call

Operator:

Ladies and gentlemen, good day and welcome to S Chand & Company Ltd Q3 FY 20 earnings conference call hosted by Prabhudas Lilladher Pvt Ltd. Should you need assistance during the conference call, please signal an operator by pressing * and 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Jinesh Joshi from Prabhudas Lilladher. Thank you and over to you sir.

Mr. Jinesh Joshi - Prabhudas Lilladher Pvt. Ltd:

Thank you. On behalf of Prabhudas Lilladher, I welcome you all to the Q3 FY20 earnings call of S Chand Ltd. We have with us the management represented by Mr. Himanshu Gupta - MD, Mr. Saurabh Mittal – CFO and Mr. Atul Soni – Head of Investor Relations, Strategy and M&A. I would now like to handover 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. Himanshu Gupta – Managing Director:

Thank you. Good afternoon ladies and gentlemen. I am Himanshu Gupta, the Managing Director of S. Chand & Company Limited. I would like to welcome you all to our third quarter and nine months period result conference call for FY2020 and thank you all for taking the time-out and joining us here today.

In Q3 last year we embarked upon S Chand 3.0 which was to focus on Operational and Working Capital Efficiency. This involved focusing on better terms of trade with our channel partners, rationalizing costs, focusing on inventory optimization, improving use of data for business and achieving timely payment cycles. It gives us great satisfaction in saying that we were successfully in the implementation which has resulted in us achieving Operational Cash Flows of almost Rs1400 Mn over the last 4 quarters.

On back of our focus on “S Chand 3.0” implementation, we have turned operating cash flow positive during the first nine months of FY20 period. Operating cash flow for 9MFY20 stood at positive Rs96m vs. Loss of Rs920m in the same period last year. This represents an improvement of Rs1,016m in operating cash flows over last year, which is largely on account of improved collection cycles, optimum inventories, rationalized costs during the non-peak season and better working capital management.

During Q3, we have focused on a few aspects i.e engagement with Schools for existing and new products including Monthly Term Books (MTBs) , engaging with Channel partners

for clear defined terms and settlement of accounts, production planning considering the impending NEP and B2C marketing of India's most affordable Learning App - Learnflix.

We have launched a marketing campaign for Learnflix with our brand ambassador Saurav Ganguly in January with a full-page advertisement in Times of India – Delhi Edition and event in Kolkata. I am happy to report that Learnflix has already been downloaded over 5k times and we are looking at adoptions in the coming year in schools by over 100k students in coming months. We already have a few schools signed through our B2B campaigns. Mylestone, our school curriculum business has already signed up over 300 schools for the next academic year and we are looking to a stronger year end in this vertical. TestCoach, our mobile mock exam app has seen strong 5x spike in downloads and installations post a change in our marketing strategy. We feel that these products and services would be the future growth drivers for the Group in the coming years.

With that, I would now request our CFO, Mr. Saurabh Mittal to apprise all of us on the financial performance of S. Chand in Q3 of FY2020.

Mr. Saurabh Mittal – Chief Financial Officer:

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

During the first nine months of the year, our consolidated operating revenues came in higher by 34% at Rs975 million versus Rs729 million in the same period last year. Our EBITDA loss reduced sharply by 16% over the corresponding period last year and our net loss reduced by 8% over the same period last year.

Specifically, on cost rationalization on our fixed overheads (net of provisions for expected credit loss and adjusted for lease payments) are lower by ~ Rs. 500 Mn from Rs2305Mn to Rs. 1705Mn for the same period last year. We are well ahead of the guided cost rationalization targets that we set for ourselves under S Chand 3.0 Plan.

We have also seen huge improvements in receivables, inventory and Net working capital (NWC) levels in the company. Most of these levels stand at historic low levels in comparison to previous years. On the receivables and NWC front, we have improved these levels by approx. 2x times than what we have historically done over the 9 months period. This speaks about our unrelenting focus on these metrics for the company during FY20.

More specifically, we are seeing the strongest collection and working capital parameters in the past 4 years. On the receivables front, we have seen reduction of 209 days during 9MFY20 which has historically been between 120-140 day reduction. This is the lowest level of receivable days achieved in comparison to previous years. Details of which are shared in the investor presentation across Slide no 6 & 7.

On the inventory front, our efforts to enter the season with optimum levels of inventory to efficiently manage working capital in the company has borne fruit. We have entered the peak season with 16% lower levels of inventory vs last year (lower by ~ Rs.460mn). This is one of the lowest levels of inventory that we have had in past years while entering our peak sales season and the impending NEP.

On the Net working capital front, we reduced NWC by 133 days in 9MFY20 which has historically been around 30-70 days reduction. This is almost a 2x reduction than what we have historically achieved.

On the debt front, our gross Debt & Net debt stood at Rs2,247m and Rs2,075m respectively. 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.

Do note that our working capital debt stands much lower at Rs1,260m vs 1,924m in Q3FY19 & Rs1,409m in Q4FY19 (a reduction of Rs664Mn YOY and Rs149Mn from Q4FY19). We are targeting our net debt to be at least 30% lower than last year on back of increased cash flows. We look firmly on track to deliver much better operating cash flows for the year than our guided 50% of EBITDA conversion rate.

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

Operator:

Thank you very much sir. Shall we begin the Q&A session?

Mr. Saurabh Mittal – Chief Financial Officer:

Yes, we can go ahead with it.

Operator:

Thank you, sir. Ladies and gentlemen, we will now begin the Question & Answer session. Anyone who wishes to ask a question may press * and 1 on their touchtone telephone. 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. To ask a question, please press * and 1 on your touchtone phone now.

We have our first question from the line of Piyush Chadda. Please go ahead.

Mr. Piyush Chadda – Serendib Investments:

Our peak revenue before the IPO was around Rs800 crores. After we go through all the measures that we are taking to rationalize working capital and remove old stock from the system, what do we expect our annual revenue to be like? I mean, just in terms of order of magnitude?

Mr. Saurabh Mittal – Chief Financial Officer:

So just to correct you, the peak revenue post the IPO was Rs795 crores. Since our IPO was in May 2017, Pre IPO reported revenues was around Rs540 odd crores for FY16 since FY17 numbers were not announced at the time of the IPO. For FY17, I think we were at approx. Rs680 crores of revenues and FY18 revenues were approx. Rs795 crores. See, normalized revenue for last year, if we don't take into account the one-time provision, incremental provisions, it would've been around Rs620 crores. And we feel for the level of working capital efficiency that we want to work with, which will generate free cash flows, for this year it should be in the range of between Rs650 crores and Rs700 crores. And that's the normal revenue that we are targeting.

Mr. Piyush Chadda – Serendib Investments:

And is this a number that can grow between 15-18% a year.

Mr. Saurabh Mittal – Chief Financial Officer:

Yes, we have talked about achieving at least high teens growth post NEP implementation for couple of years. This happens because for atleast 2-3 years the second hand market goes obsolete. So there you would have a higher growth rate for 2-3 years post NEP announcement.

Mr. Piyush Chadda – Serendib Investments:

Okay. And in terms of the free cash flow that we generate, would the priority be in paying down debt or would the priority be in investing in the electronic and ecommerce forms of education that you are looking at?

Mr. Saurabh Mittal – Chief Financial Officer:

So we've got 2-3 priorities. Of course, the first is to reduce debt as much as possible. As far as the investments in digital, since we are largely B2B player, it would not be substantial in the e-learning business. However of course, we are also looking to pay some dividend out of the profits that we would generate. So that's also one of the key priorities because last year we were unable to do that, and we feel this year we should be able to pay dividends from profits as well.

Mr. Piyush Chadda – Serendib Investments:

Okay. So the priority would be one, reduce debt, two, pay dividend and then look at investments in business. Thanks a lot. If I've got anything more, I'll come back. Thanks a lot.

Operator:

Thank you sir. That was Mr. Piyush Chadda from Serendib Investments. Participants who wish to ask questions at this time may press * and 1 on their touchtone phone now. Ladies and gentlemen, to ask a question please press * and 1.

We have our next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Mr. Deepak Poddar – Sapphire Capital:

Thank you very much sir for the opportunity. Sir, can you throw some light on your Learnflix? I think it's very small percentage of your total business. How big can that be? So some thought process on Learnflix might help.

Mr. Himanshu Gupta – Managing Director:

So, I would like to tell you that we are not the first player in the market to launch a personalized learning app. Yes, there are bigger players which have a bigger marketing budget and bigger revenues than us. But the difference between us and them is the pricing aspect of the offering. You see for a personalized learning app, the pricing varies from Rs. 20,000 per student per class per year ranging up to Rs. 60,000 or Rs. 70,000. So that is the price range. We have priced Learnflix very affordably between Rs. 2,000-2,500 per student per class per year. And we believe the B2B and B2C segment is completely unexplored right now because of the high price point of these players. We feel the strong point of our company is that we have access to close to 40,000 schools that we already go to. And in the coming months, we will be giving more demos and more presentations in the schools to garner in more subscribers through the school. So we believe our strategy of affordable app with targeting B2 B2C segment, would be different than the others. And we just believe that we want to penetrate and reach 1,00,000 downloads in the coming quarters. But we will only come to know about all these things in a much better light after a couple of months, because right now the exams are going on in CBSE schools. We are promoting our product, but I think by April or May we would be able to guide the investors better. But the response from the market and the feedback from the customers is quite positive.

Mr. Deepak Poddar – Sapphire Capital:

Okay. And you mentioned 1,00,000 downloads. So how does that translate to revenue?

Mr. Himanshu Gupta – Managing Director:

We are talking about targeting 1,00,000 app downloads in the coming months which we hope can lead to around 20,000-25,000 paid subscribers. In terms of revenues, one paying subscriber will pay us anything between Rs. 1,200-Rs1,500 per paying subscriber as a ballpark. It's the start of a journey so let's see how it progresses and we are very confident of the product and its growth journey.

Management - S Chand & Company:

Just to add to what Himanshu is saying, this is a large segment of personalized learning which is now developing. And thanks to multiple players, there's a huge opportunity in this, and we believe that being a credible company with top quality content, we at an affordable price, we have a very strong case. And we are using the network of schools and channels partners and we are leveraging that to penetrate into more and more schools and hence reach more and more students.

Mr. Deepak Poddar – Sapphire Capital:

Okay. Do you see there's a big opportunity over the next 3-4 years in this app? How do you see that?

Management - S Chand & Company:

Yes, this is one of the big trends in education. If you see, the mobile devices, smart phones and internet penetration have greatly improved. And because of that, the usage of mobile phones and usage of internet by kids as well as by teachers, has also improved. If you look at recent industry reports, mobile search has grown three times in the last year, video consumption for education has grown four times, so there's a usage trend. There are user habits which are changing, and we want to bank on that trend. And thanks to many players in the market, the category is also getting created because of all the marketing dollars that are being spent by various players.

Management - S Chand & Company:

If you see the largest players in the market they are spending big money in things like sponsoring the Indian Cricket Team, roping in Bollywood stars etc. So there are lot of new investments in the EdTech which are pouring in. So, we always thought that we should be in this segment since we have with us such a large content depository that has been built over the last 8 decades in S Chand. And we believe that in the B2B2C category, where

there are so many children going to schools, if the schools adopt our app, the students would have to use it, and the teacher can also send homework, assignments, tests through that app. Thus, it's enabling two-way communication from the school, from the teacher to the student and the student to the teacher. So we believe that in the future this is what is going to be a very lucrative business. Print will always remain; print will be there. But this is also one side of the business that we now believe has a huge potential.

Mr. Deepak Poddar – Sapphire Capital:

Fair enough. And my second question is, you mentioned that this year we are looking at Rs650-Rs700 crores kind of a topline rate for this year.

Mr. Saurabh Mittal – Chief Financial Officer:

Right.

Mr. Deepak Poddar – Sapphire Capital:

And in terms of margins, you have earlier guided around 20-22%. So are we sticking to that in FY20?

Mr. Saurabh Mittal – Chief Financial Officer:

We guided to around 18-20% rate and we'll stick to that.

Mr. Deepak Poddar – Sapphire Capital:

18-20%, okay. Fair enough. That's it from my side.

Operator:

Thank you sir. A reminder to the participants, to ask a question please press * and 1 from your touchtone phone now. We have the next from the line of Piyush K from JM Financial. Go ahead.

Mr. Piyush K – JM Financial:

Sir, I just wanted to inquire about this digital learning that you were talking about. We have several competitors like Byju's etc. So I wanted to know, what is the model we have or what is the differentiating factor that we are giving the customers, that they would prefer our app instead of the other companies.

Management - S Chand & Company:

In this category, if you look at the school segment, there are 300 million students. So if you even look at the top 1,00,000 schools which are used to some kind of digital penetration and approx. 1,000 students per school, there are 10 crores students which are there in that market. So looking at the huge market size, I would not be bothered about the competition. I think now there's a need for category creation and there is enough space for all the grow and expand. So even if there are 2-3 players, it's a good thing for the category.

Second, I think our value proposition is very clear and strong. We are saying we are giving top quality content product from a credible company at a very affordable price. In addition to that, we also have extra stuff like e-books from top authors which only we can give. So in a way, Learnflix means the Netflix for education. We are providing everything that a student needs right from e-books to digital content to analytics to remedial, in one single pack at an extremely affordable price, which is Rs. 2,000-2,500 per student per year. So I think that's a very strong proposition. Also, our route to the market is different from the B2C players. Our route to the market is leveraging our existing network of schools, our existing relationships with the schools as well as our visiting channel partner network. And we will support that with a lot of digital marketing, promotions and all that. That's the way we are going about it. So I think more than competition, I think I am more focused on my product offering which is very strong and the network which I already enjoy.

Mr. Piyush K – JM Financial:

Sir, the other question was about the EBITDA loss reduction that we've seen over the year. Sir I just wanted to know, what has propelled it?

Mr. Saurabh Mittal – Chief Financial Officer:

So it's largely on the back of lower costs. If you look at my fixed costs, if you keep aside the provision for expected credit loss and the lease adjustment, the costs are down by almost Rs50 crores. And last year we had guided a full year cost rationalization of 60-80 crores and we are well ahead of our guidance. So even a lower revenue as compared to FY18 would still bring us back in terms of the kind of margins that we are looking at. And it's only bringing in more efficiency into the system. So, largely on the back of our cost rationalization without impacting our revenues for the first 9 months. Our revenues are higher despite the lower costs.

Mr. Piyush K – JM Financial:

So I see the reduction in the raw material consumed also to a significant amount. What do you have to say on that?

Mr. Saurabh Mittal – Chief Financial Officer:

In terms of raw material consumption, see this year we are heading into the next academic year awaiting the New Education Policy. So consciously we are looking at what we are printing, and we are being very clear about how much we need to print, because the New Education Policy will also bring in a lot of change in the curriculum. So we do not want to be ending up with a lot of inventory when it comes in. So in that sense we are being more efficient and that is one of the reasons why our cash flow is also better and we've been able to reduce the overall inventory levels going into the season in comparison to last year. We have been purchasing less and we have been pushing more of our existing stock into the market. The number of books revised this year because of the impending NEP has also been less in number. So retention of the same books has happened in most of the schools. So that is also helping us this year.

Mr. Piyush K – JM Financial:

Okay sir. Sir, one more additional question to the cost, particularly when it comes to employee expenses. Sir I just wanted to know what our HR policy is regarding contractual employees? Do we employ a lot of contractual staff in our companies? Some details on what lead to the reduction in employee expenses would be useful.

Mr. Saurabh Mittal – Chief Financial Officer:

In terms of cost rationalization of employees, we've done two things. For your first question, majority of our employees are permanent, , except for some who work in the printing press which is seasonal in nature because it works practically for six months only from October to mid-April, which is the peak time for our business. So there we do employ contractual staff but I would say, from the workforce, 90% of it would be fixed.

On what we did in terms of cost rationalization, just two things. We have brought our back end together. We have been able to consolidate most of the back-end functions in terms of publishing, HR, finance, IT etc. And second and the most important things is that we have been able to consolidate our warehousing needs from 22 locations across to 6-7 locations. That has also helped us in reducing inventories. So where we had 22 locations, we had people manning those locations that too in a seasonal business which goes on for 4-5 months, we've been able to bring it back to 6-7 locations and that is why that cost has reduced. So it's not actually having to fire lot of people, but more about bringing in efficiencies on the supply chain and support services which has helped to reduce cost.

Mr. Piyush K – JM Financial:

Okay. Just a last question on my side. I wanted to have some guidance on the overall business as such be it print or digital. What are we seeing going forward 2-3 years down the line from here?

Mr. Saurabh Mittal – Chief Financial Officer:

Once the NEP comes in, we will see high teens growth for the whole business from FY22 onwards for couple of years. As for FY21, our base case is that we do not see the NEP impact coming in substantially. However, incase the final NEP is announced earlier then we can accrue the benefit of that starting FY21 itself. On the digital and services side, we are still small. It constitutes about 7-8% revenues. That I think will grow faster. This should grow in excess of 25-30% in the next 2-3 years. So it was 37 crores last year and in the next 3 years we are optimistic about touching Rs100 crores topline.

Mr. Piyush K – JM Financial:

Thank you for your time.

Operator:

Thank you sir. Anyone who wishes to ask a question at this time may press * and 1 on your touchtone phone now. The next question is from the line of Piyush Chadda from Serendib Investments. Please go ahead.

Mr. Piyush Chadda – Serendib Investments:

Hi, thanks for the opportunity once again. Just sticking with Learnflix for a moment, is it benchmarked against something like Mindspark by EIL. Would that be a close competitor?

Management - S Chand & Company:

So see, this is a complete learning app. Mindspark is more of an assessment platform. If you want to have a similar comparison then maybe Byju's, Toppr and other apps are similar to it. All these players Byju's, Meritnation, Toppr, Extramarks they offer complete learning apps.

Mr. Piyush Chadda – Serendib Investments:

One of the problems we've seen with e-learning and EdTech companies that have chosen to go through the school route is that schools are very reluctant to part with any of their fees because they don't feel that they can pass it on to customers very easily. What has been the reaction to your offering from the first few schools you've worked with?

Management - S Chand & Company:

So, this is right. Schools find it difficult to push offerings to parents incase they are expensive, which is precisely the reason why we have kept it at a very affordable price. Unlike the other apps which are available at Rs. 20,000-30,000, ours is priced at Rs. 2,000-

2,500. So that's one barrier we have tried to break. The other thing is that, as we are going to schools it's a process and this process takes time to establish. So we are engaging with the management, giving demos to them, in some cases to parents also and even teachers. So as mentioned by our MD earlier, we have been able to make a headway in some schools and have been able to get prescriptions there. But yeah, it's a process and as we go along, this will accelerate.

Mr. Piyush Chadda – Serendib Investments:

Have you thought about bundling your app and the print textbooks together? I mean, would that make any sense?

Mr. Himanshu Gupta – Managing Director:

This is Himanshu here. So basically, in this case we are already doing bundling. We have another app which is called myStudygear which already has 1.1 million downloads, and that app is given free with the books. And the content related to the books whichever is required, Let's say you're giving a content of Class 8 Mathematics with the app, so the child will get 8th Class Mathematics digitally through the app in myStudygear. So basically, we are also trying to upsell to our existing 1.1 million downloads that have already used myStudygear by all those students. We are already promoting Learnflix there so that they can upgrade to Learnflix by paying that amount. So these both apps are different. One goes free with the book and the other is sold separately as a product itself.

Mr. Piyush Chadda – Serendib Investments:

Great, thanks a lot. Finally, one last question. You will stay within the K-12 domain? You don't want to move to areas outside K-12?

Mr. Himanshu Gupta – Managing Director:

No, we have a substantial existing business outside of K-12 in the higher education segment. So S Chand, unlike many, we are one of the few organizations in the publishing industry who call ourselves a KG to PG company. So we offer content from kindergarten to post graduation.

Mr. Piyush Chadda – Serendib Investments:

I see. And post-graduation is not where your e-learning, EdTech focus is? It's only the K-12?

Mr. Himanshu Gupta – Managing Director:

We have already launched our new app which is showing good traction in the competition segment which is called TestCoach. And that is primarily focused on students who are taking competition tests like for Bank POs, for IAS examinations, for NDA, for other railway boards, etc. That app is focused on that kind of segment.

Mr. Piyush Chadda – Serendib Investments:

Great! Thank you so much.

Mr. Himanshu Gupta – Managing Director:

Thank you.

Operator:

Thank you. Ladies and gentlemen, to ask a question please press * and 1.

We have the next question from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

Mr. Jinesh Joshi - Prabhudas Lilladher Pvt. Ltd:

Couple of questions. First, if you can just sound out what has been the total sales return for 9 month FY20?

Mr. Saurabh Mittal – Chief Financial Officer:

The actual sales return?

Mr. Jinesh Joshi - Prabhudas Lilladher Pvt. Ltd:

Yeah.

Mr. Saurabh Mittal – Chief Financial Officer:

So, I think it has been about Rs140 crores. The same last year was probably around Rs190 crores. So it's a reduction of almost Rs50 crores.

Mr. Jinesh Joshi - Prabhudas Lilladher Pvt. Ltd:

Okay. And for the full year, where do we expect this number to be?

Mr. Saurabh Mittal – Chief Financial Officer:

Rs150 crores maximum. 90-95% of it has already come in. If you see our receivables, that is why most of our receivables are already settled this year. From last year revenues of Rs522 crores, I think we are carrying forward only about 10% of that at the end of third quarter. So we have taken care of the receivables and the returns have largely come in whatever had to come back. We were very well controlled over the last year. Last year the total was about Rs230 crores. We'll be Rs80 crores less than last year.

Mr. Jinesh Joshi - Prabhudas Lilladher Pvt. Ltd:

And sir on a steady state basis, in this business, what kind of sales return should one expect? I mean, if you can just sound out a number.

Mr. Saurabh Mittal – Chief Financial Officer:

So normally what happens is that you have to estimate sales returns on the gross sales of the last year. So for example, during FY19, we did a gross sale of approximately Rs850 odd crores. So normally sales returns should be in this range of, I would say, 15-16% of the total gross sales that we did last year, and the returns come in the next year. Normally, it would be in that range, maybe one odd percent here and there.

Mr. Jinesh Joshi - Prabhudas Lilladher Pvt. Ltd:

Okay, fair enough. And can you share how much have we invested in our digital ventures till date? And does Learnflix entail any kind of Capex or is it more of an Opex kind of a model?

Mr. Saurabh Mittal – Chief Financial Officer:

So the total we've spent, including in our VC investments in other companies should be about Rs145 crores.

Mr. Saurabh Mittal – Chief Financial Officer:

And specifically, on Learnflix, most of our content is already in house. So in total, I think including people and everything we would've spent a maximum of Rs4 crores to Rs5 crores on this. We were working out that at about 30,000-40,000 subscribers we'd probably break even and recover our investment.

Mr. Himanshu Gupta – Managing Director:

We haven't spent like 100s of crores in marketing budgets like other companies do. We are being very conservative. The same team that we already had in house was already doing the other businesses. So, incrementally if you ask me, our total budget probably was about 2 crores or something.

Mr. Saurabh Mittal – Chief Financial Officer:

So that's total. And a part of it was done by the investee company in Hyderabad where again we own approx. 40-42% of the company. So not much outside and very little spent. It's time to just capitalize on that.

Mr. Jinesh Joshi - Prabhudas Lilladher Pvt. Ltd:

Okay, fair enough. Sir one last bit. Can you help me with the tax rate for FY20 because there have been many adjustments because of the change in regime etc. What can be the blended tax rate for FY20?

Mr. Saurabh Mittal – Chief Financial Officer:

My sense is, blended we'd probably end up at about 27-28% for this year. Going into FY21, we should be at about 24-25%.

Mr. Jinesh Joshi - Prabhudas Lilladher Pvt. Ltd:

Okay. And what are our targets at debt reduction? I mean, can you share by the end of the year what can be the total debt on our books?

Mr. Saurabh Mittal – Chief Financial Officer:

Net debt, I would say, honestly for me I see it much lower. But I would guide that we would be around Rs100-Rs120 crore net debt probably by the end of March.

Mr. Jinesh Joshi - Prabhudas Lilladher Pvt. Ltd:

Okay sir. Thanks a lot.

Operator:

Thank you sir. Participants to ask a question please press * and 1 on your touchtone phone. Ladies and gentlemen to ask a question please press * and 1.

Management - S Chand & Company:

If there are no further questions, we can close the call.

Operator:

As there are no further questions from the participants, I now hand the conference over to the management for any closing comments. Sir, over to you.

Mr. Himanshu Gupta – Managing Director:

Again, thanks to all for giving the time and opportunity for us to be here. I'd just like to mention that we are on a positive track and we are in line with our sales budgets that we have given to the market for 31st March numbers, FY20. And hopefully in the near future, the S Chand Group would be a debt free company. And our main focus is operating cash flows, free cash flows, making sure our working capital is down, making sure that we become a zero net debt company soon. And focusing on that and improving the quality of education for every child through print and digital as well. Thank you so much for being there and listening to us. Take care, bye.

Operator:

Thank you, sir. Ladies and gentlemen, on behalf of Prabhudas Lilladher Pvt. Ltd. I close this conference call. Thank you for joining us and you may now disconnect your lines.

END OF TRANSCRIPT