



S Chand And Company Limited

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

Registered Office: Ravindra Mansion, Ram Nagar, New Delhi - 110055, India.

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Date: February 14, 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-Q3 FY 2018-19 -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 Friday, February 15, 2019 at 1:00 P.M. to discuss the financial results for the quarter ended December 31, 2018 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.

Thanking You.

For S Chand And Company Limited

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

Encl: As above



S. Chand and Company Limited
Q3 – FY2018-19
Result Presentation
February 14, 2019

- KEY HIGHLIGHTS
- LAUNCH OF S CHAND 3.0 – FOCUS ON CASH FLOW IMPROVEMENT
- SEASONAL NATURE OF OUR BUSINESS
- CONSOLIDATED FINANCIALS: Q3FY19
- WORKING CAPITAL CYCLE
- SHAREHOLDING STRUCTURE
- LOOKING AHEAD
- ANNEXURE:
 - China vs India – A Case Study in Education Sector
 - Indian Education Sector - Overview
 - S Chand – Group Profile
 - S Chand - Historical Financial Performance



- **Launched “S Chand 3.0” Program focused on increasing Free cash flow generation**
 - We have launched “S Chand 3.0” program in the company which is aimed at generating higher free cash flows from the business. As a first step, we are targeting better terms with channel partners during the ongoing sales season followed by various operational and business cost control measures across our companies which should lead to better cash flow metrics during the next financial year. Hence, for the purpose of achieving better terms with channel partners this season, we are revising FY19 revenue growth guidance to low single digits.
- **Chetana Publications LLP investment mutually terminated**
 - We were awaiting certain conditions precedent to be met in order to complete the acquisition but these have not been met despite taking additional time extensions. Considering this, both parties have mutually decided not to proceed ahead with the transaction. Do note that this decision has no impact on our financials.
- **Chhaya Prakashani acquisition of the remaining 26% stake on track – To be completed in February**
 - We are in the process of acquiring final 26% and taking our stake to 100% in the company. We expect the pay out to happen within February, 2019.

- **Relentless focus on improving debtor days metrics**
 - Due to the seasonal nature of our business, **Q3 historically contributes only a minor portion of our annual revenues.**
 - Our Debtor days has reduced by 23 days QoQ to 155 days (vs. 290 days in Q4FY18, 231 days in Q1FY19 & 178 days in Q2FY19)
 - Our Net Working capital days has increased by 22 days QoQ to 224 days (vs. 253 days in Q4FY18, 235 days in Q1FY19 & 202 days in Q2FY19) on back of increase in inventory levels for Q4. Do note that historically Q3 sees an increase in the working capital on back of higher inventory for addressing Q4 sales.
- **Q3 saw extraordinary sales return**
 - In the process of improving our terms with some channel partners and working capital improvement measures, there have been an unexpected return of material of Rs226m. This is not in the ordinary course of business and the returned goods are currently being redistributed to other channel partners in Q4.

LAUNCH OF S CHAND 3.0 – FOCUS ON CASH FLOW IMPROVEMENT



Targeting better terms with channel partners during sales in the current year

- 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

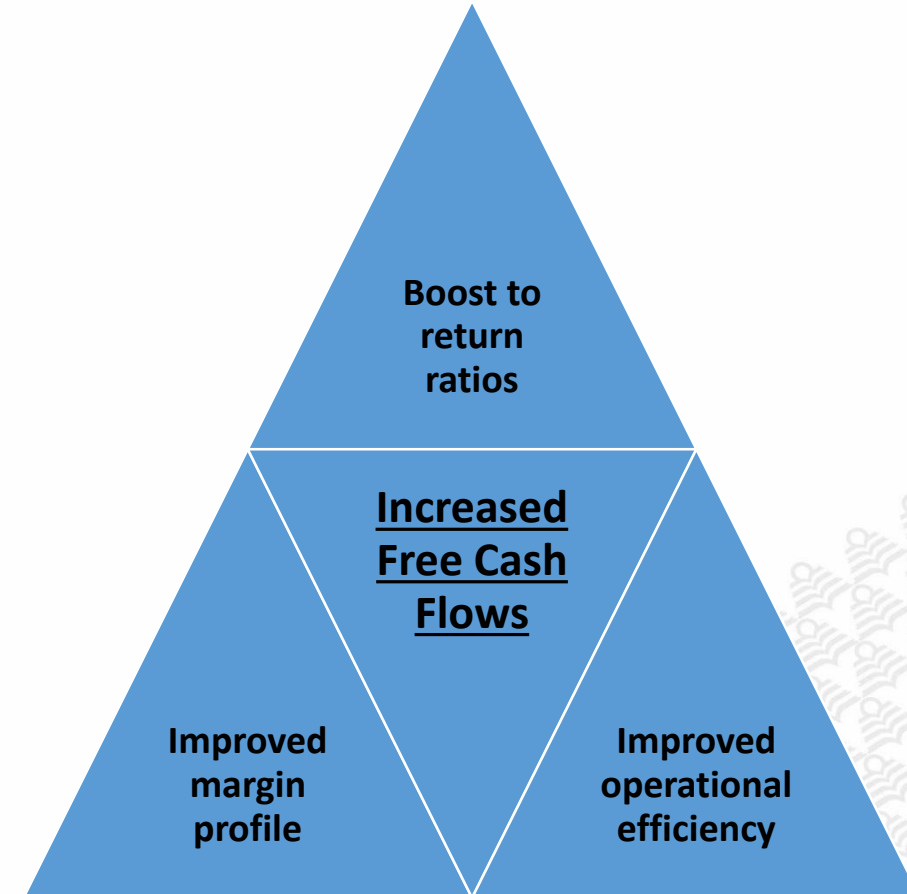
- Focus on portfolio of faster moving titles.
- Controlling print runs of slow moving titles.
- Warehouse consolidation.
- Rationalizing number of SKU's.

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.

Lowering operating costs

- Consolidation of warehousing space
- Focus on manpower optimization through shared services
- Renegotiations of major operational cost items



SEASONAL NATURE OF OUR BUSINESS

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

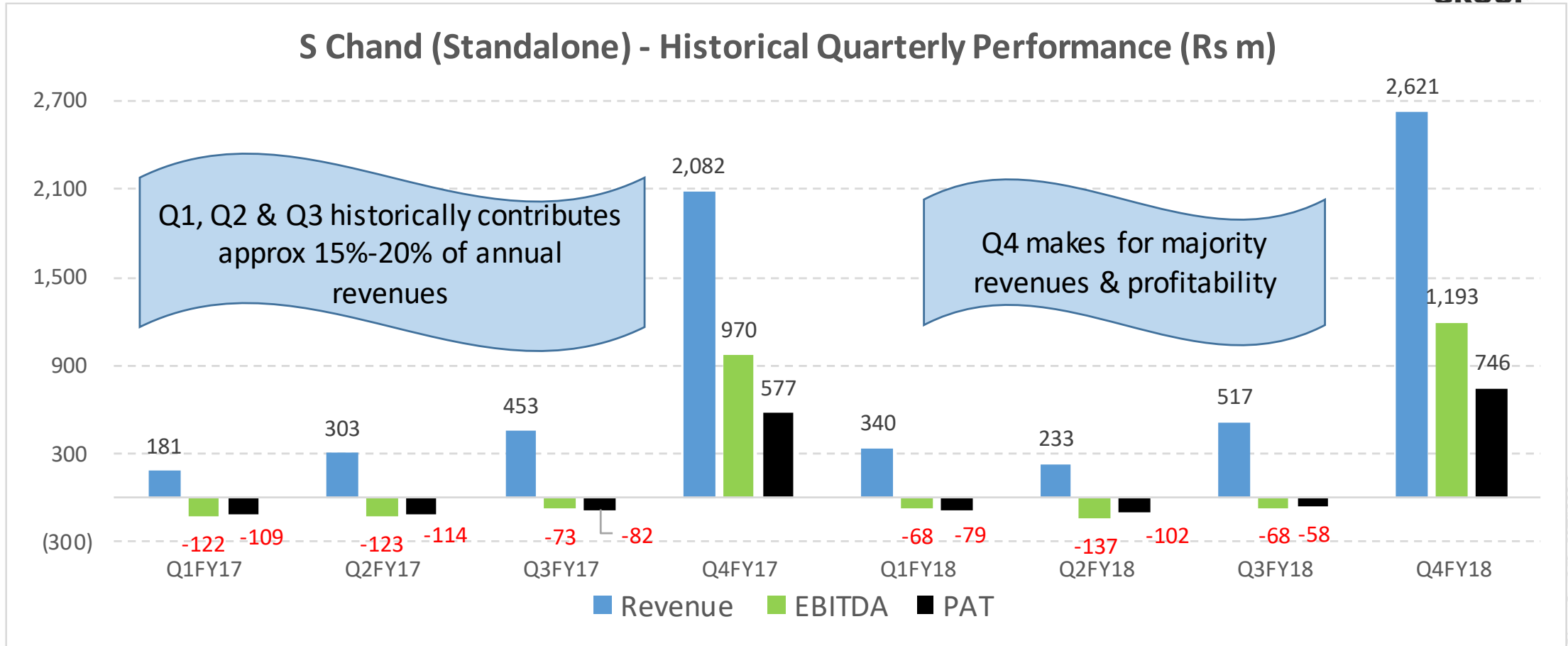
Q3 October - December

- 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.



The chart clearly highlights the seasonal nature of our industry. The company makes up the whole year profits in Q4 after posting negative profitability in the first three quarters.

CONSOLIDATED FINANCIAL PERFORMANCE: Q3FY19



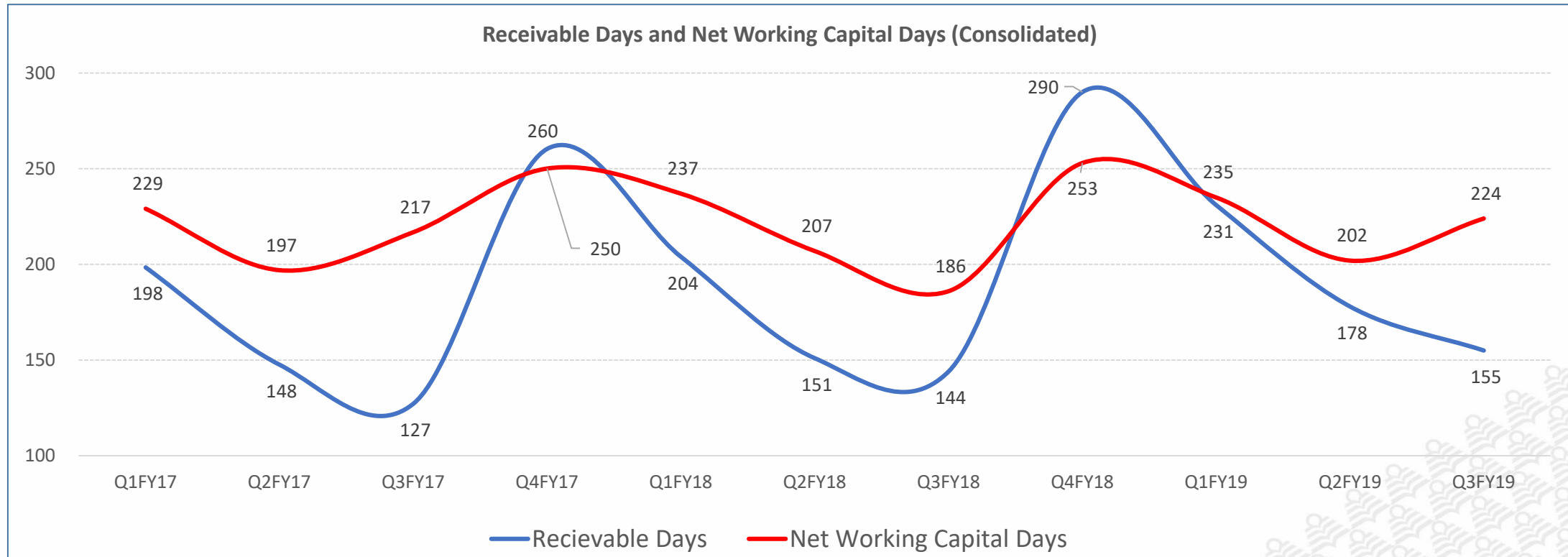
		(₹ in millions)					
Particulars	Quarter ended			Nine months period ended		Year ended	
	Dec 31, 2018	Dec 31, 2017	Sep 30, 2018	Dec 31, 2018	Dec 31, 2017	March 31, 2018	
	Unaudited (Refer note 2)	Unaudited (Refer note 2)	Unaudited (Refer note 2)	Unaudited (Refer note 2)	Unaudited (Refer note 2)	Audited	
I	Revenue from operations	46	680	106	729	1,398	7,944
II	Other income	32	29	17	74	60	127
III	Total income (I+II)	78	709	123	803	1,457	8,072
IV	Expenses						
	Cost of published goods/materials consumed	611	798	305	1,173	1,170	2,388
	Publication expenses	80	144	64	221	292	683
	Purchases of traded goods	32	17	49	98	55	74
	(Increase)/decrease in inventories of finished goods and work in progress	(734)	(594)	(347)	(1,007)	(668)	101
	Selling and distribution expenses	296	167	209	640	454	737
	Employee benefits expenses	403	362	367	1,127	1,015	1,386
	Finance cost	71	47	57	182	179	240
	Depreciation and amortization expense	67	47	55	177	141	193
	Other expenses	208	154	234	616	498	650
	Total expenses (IV)	1,035	1,141	994	3,227	3,135	6,450
V	Profit/(loss) before share of loss in associates, exceptional items and tax (III-IV)	(957)	(432)	(871)	(2,424)	(1,678)	1,622
VI	Share of loss in associates	10	9	4	19	10	12
VII	Profit/(loss) before exceptional items and tax (V-VI)	(967)	(441)	(875)	(2,443)	(1,688)	1,609
VIII	Exceptional items (refer note 11)	226	-	-	284	-	-
IX	Profit/(loss) before tax (VII-VIII)	(1,193)	(441)	(875)	(2,728)	(1,688)	1,609
X	Tax expenses:						
	1) Current tax	12	28	(8)	6	30	585
	2) Deferred tax	(390)	(210)	(295)	(849)	(538)	(46)
XI	Profit/(loss) for the period/ year from continuing operations (IX-X)	(815)	(259)	(571)	(1,884)	(1,180)	1,071

Expected business seasonality played out during the quarter as Q3 is typically a low revenue quarter with minor contribution to annual revenues.

WORKING CAPITAL CYCLE – ELEVATED IN Q4, REDUCTION CONTINUES TILL Q3



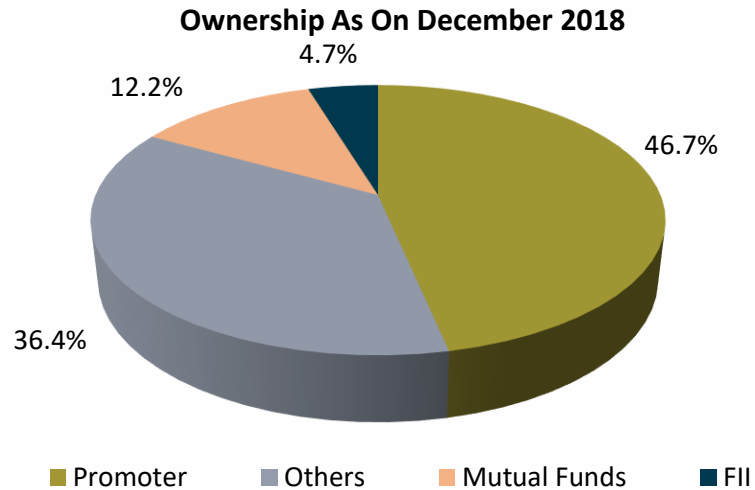
- Debtors reduced from Rs6,312m as of Q4FY18 to Rs3,085m as of Q3FY19 (vs Rs5,016 in Q1FY19 & Rs3,866 in Q2FY19)
- Overall net working capital stood at 224 days on back of increased inventory to cater to Q4 sales. This is a usual industry phenomenon.



Industry phenomenon of peak receivables in Q4 followed by reduction over following Q1, Q2 and Q3

Market Data	As of 13 th Feb, 2019
Market Capitalization (Rs Mn)	7,370
Price (Rs)	211
No. of shares outstanding (Mn)	34.95
Face Value (Rs.)	5.0

(Source: www.bseindia.com)



(Source: www.bseindia.com)

Key Institutional Investors - December 2018	% Holding
Everstone Capital Partners II LLC	9.5%
International Finance Corporation	8.0%
HDFC Mutual Fund	7.1%
Aditya Birla Sun Life Mutual Fund	3.1%
Volrado Venture Partners Fund	2.6%
Indus India Fund	1.9%
Sundaram Mutual Funds	1.3%
BNP Paribas	1.1%

(Source: www.bseindia.com)



Annexure:

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

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).



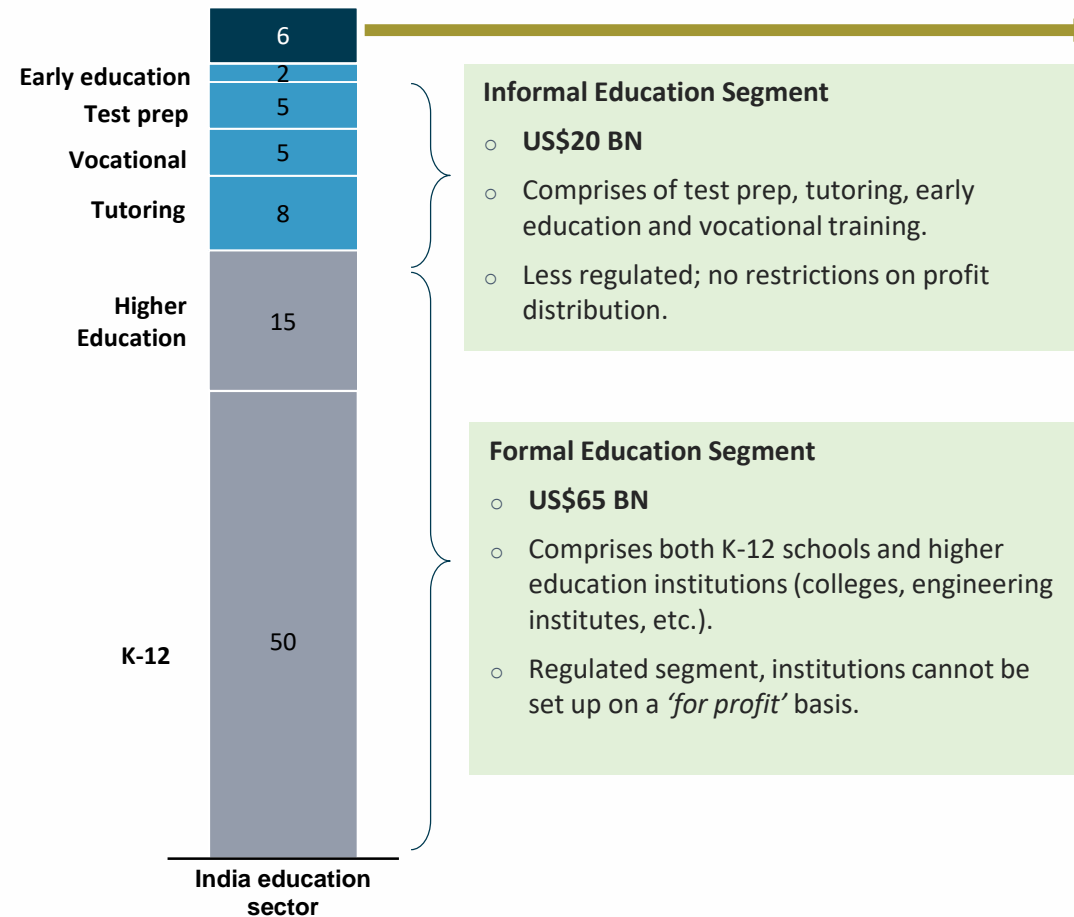
INDIA 2025

- 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

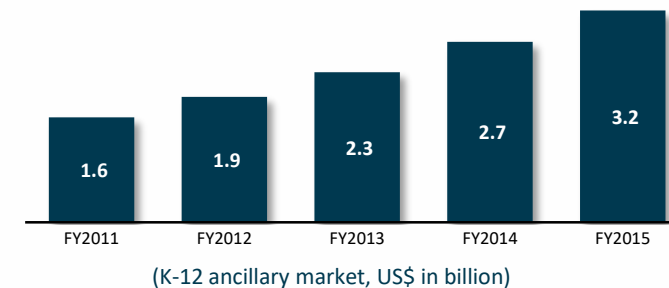


(Source: Technopak Research Report. Technopak Outlook on India's Schooling Segment June 2017. Nielsen: India Book Market Report 2015)

US\$6 BN Ancillary Education Segment

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

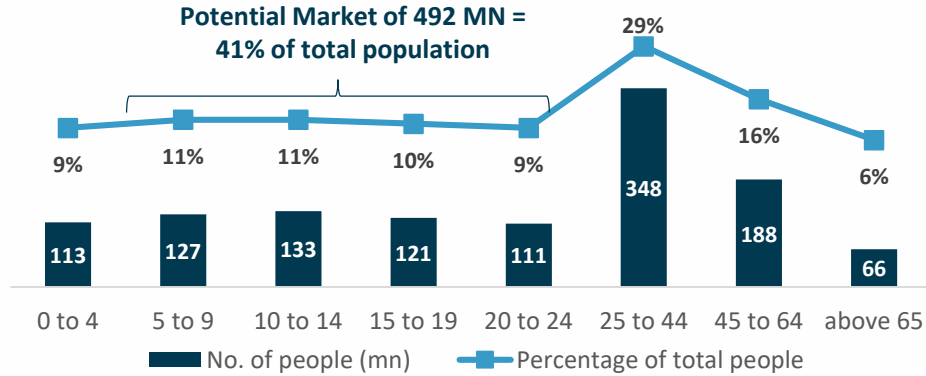
- Supports formal and informal education segments.
 - Comprises of content, digital content & services like curriculum management.
 - Mostly caters to K-12 & higher education institutions.
- Less regulated; no restrictions on profit distribution.
- K-12 ancillary market is a fast growing segment.



- 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.

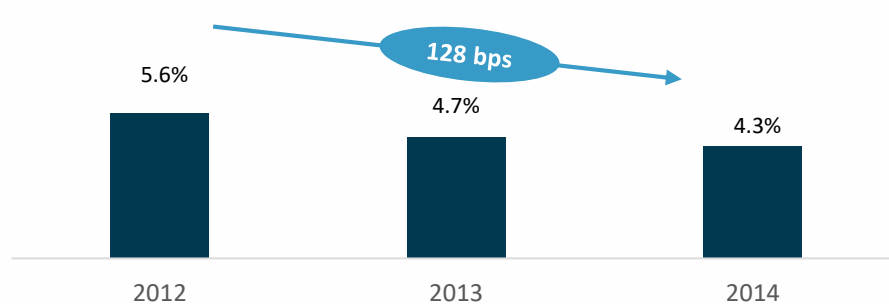
Age-wise population distribution in India : S. Chand target market

(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)

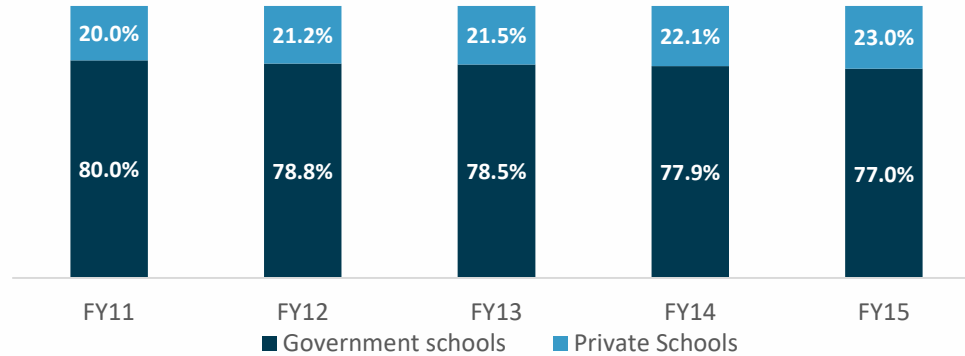
Level of Education	Estimated Population			
	% 2017 (MN)	% 2022 (MN)	% 2017 (MN)	% 2022 (MN)
Illiterate	20%	269	18%	250
Literate but no formal schooling	2%	27	1%	14
School - Up to 5th standard	35%	471	36%	501
School - Up to 10th standard	18%	242	18%	250
School - Up to 12th standard	11%	148	11%	153
Some 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	

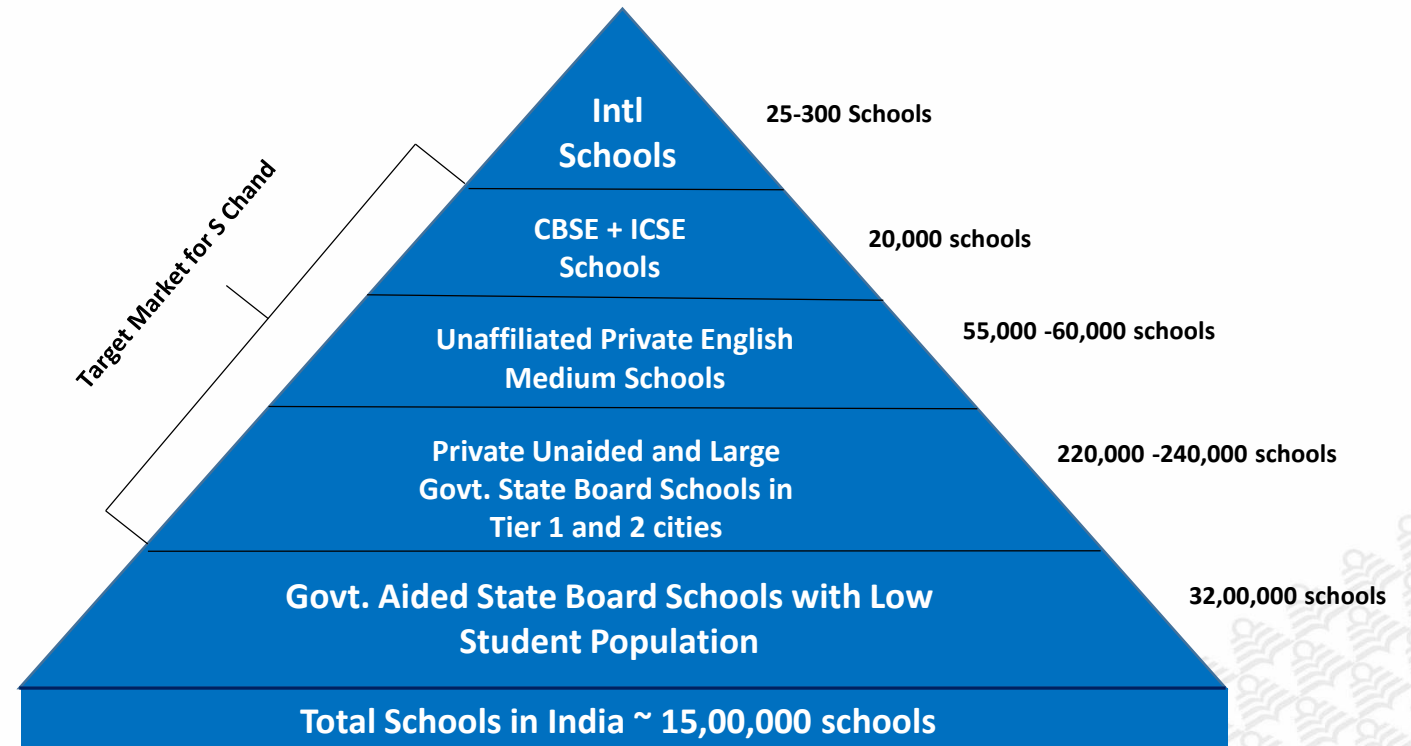
Preference towards private schools continue to rise

- 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

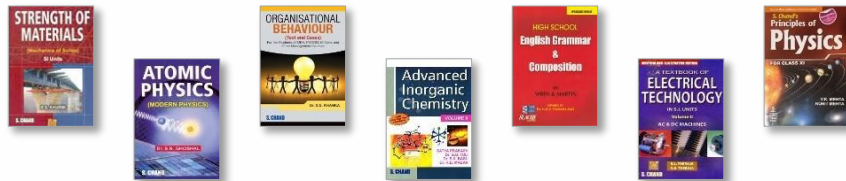
- Offerings spanning entire the education spectrum
 - Early learning
 - K-12
 - Higher education



...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.

75+	10,000+	53 MN
Years of operating history	Active book titles	Books sold in FY2018
~ 2,443	29%	90 TPD
Author relationships	Revenue CAGR FY2012-18	Print Capacity in number of sheets

Portfolio of brands focused on print / digital content.



S CHAND GROUP - BUSINESS SEGMENTS



K-12

Higher Education

Early Learning

Revenue contribution

80% of FY2018 revenues
40% revenue CAGR (2012-2018)

18% of FY2018 revenues
9% revenue CAGR (2012-2018)

2% of FY2018 revenues

Target Segment

School students (4 -18 years)

Test prep (>18 years)
College students / professionals

Children (2-5 Years)

Description/ Highlights

- Schools affiliated to Central / State Board.
- Offers print content (books) and digital / hybrid content and solutions.
- Largest K-12 content player in India. Dominant presence in Central Board affiliated schools and increasing presence in State Board affiliated schools.

- Colleges and universities (arts, science & commerce degrees).
- Test prep for competitive exams (engineering, government jobs).
- Offers books, e-books, web and mobile delivery of content.

- STEM based learning.
- Children books, educative games, activity based modules (experiential learning).
- Also operates 6 pre-schools under 'RiseKids' brand.

Strategy

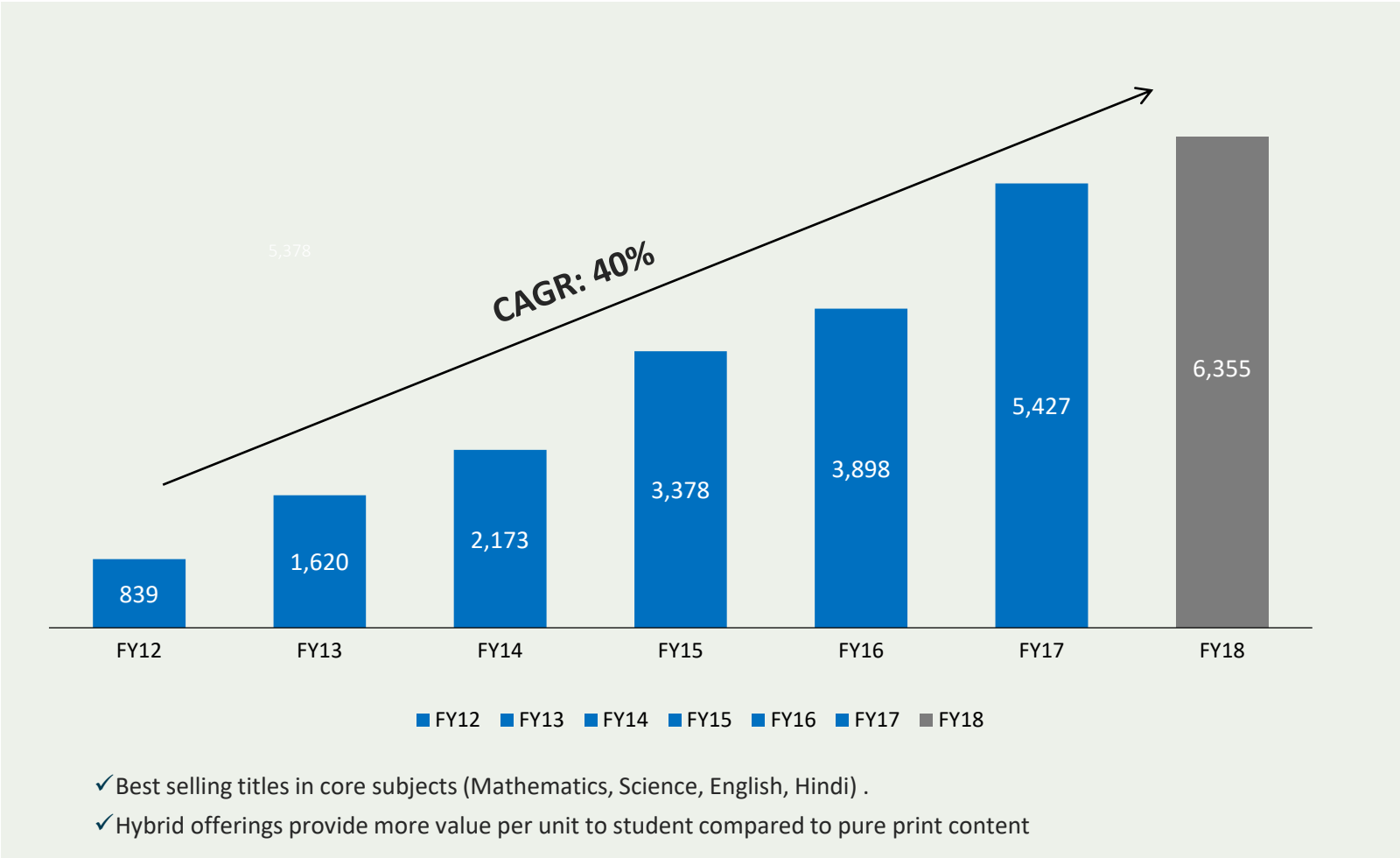
- Consolidate leadership position in Central schools as preferred content partner.
- Increase presence in large regional markets.

- Exam oriented content for test preparation.
- Institutional partnerships.

- Focus on digital to expand reach and product offering.
- Complete presence across student lifecycle.

Brands





Growth Strategy

- ❖ Consolidated leadership in CBSE/ ICSE schools as preferred content provider.
- ✓ More offerings in K-12 through multiple brands.
- ✓ Curriculum management.
- ❖ Geographical diversification in large regional markets/ state board schools.
- ✓ Acquisitions/ Joint Ventures.
- ❖ Higher share of education spend with enhanced content offerings.
- ✓ Digital/ hybrid offerings.
- ❖ Continuous content development

Connecting with Learners

- Art of Book making tour of the Printing Facilities
- Mystudygear 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



1 Maintain Leadership

- Continue to dominate share of K-12 content market (CBSE/ICSE/WBB).
- Improve share of wallet & student reach.
- Cover 100,000 schools by FY 2023 from current reach of 40,000+ schools.



2 Leverage Reach & Expand

- Expand into regional markets through strategic alliances/ acquisitions.
- "Phygital" to broaden reach and improve outcome.
- Expand digital & service offerings to new geographies and segments.

Be Future Ready

- Smart books for the mobile generation.
- Education streaming for learners.
- Activity based learning tools (STEM).





STRATEGIC ALLIANCES / ACQUISITIONS

- Strengthen penetration in the CBSE, ICSE Schools and expand into regional markets.
- Made multiple successful acquisitions in the past, integrating companies with S. Chand Group philosophy
- Alliances with HMH (USA) , Sigong Media (S. Korea), Robosoft
- Acquisitions made by the Group in the recent past:



Driver for acquisition

Complemented S. Chand portfolio of books specially Hindi, Commerce , Management , Distance Learning Program



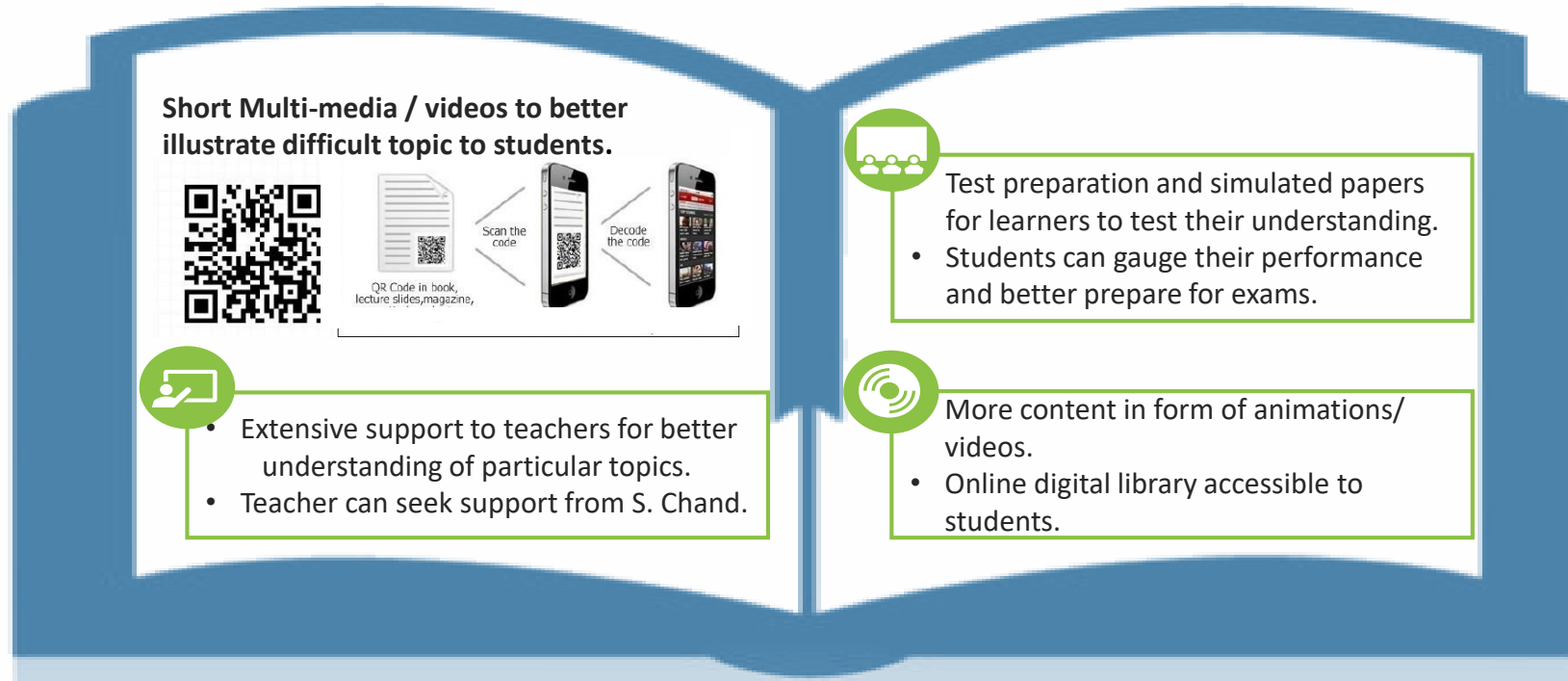
Driver for acquisition

Complemented S. Chand portfolio of books specially Sanskrit, French , Art & Craft , Physical Education , Regional Languages



Driver for acquisition

Expansion in Regional Market of West Bengal, State Board, Supplementary and text book business



Hybrid Offerings through e-books, QR Codes, mystudygear etc.

- Complements existing books / content, not a compete / alternative.
- Not an independent revenue stream but acts as a sales multiplier of the books relative to the books from unorganized players.
- Price of the book includes cost of digital access / content. Incremental Revenue ~ ₹600 million (FY18)

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 ₹976 million.

Digital Investments (Inorganic)



- Focused on investing in **early stage digital companies**.
- Total investments in digital investee companies is **~Rs.304 mn.**
- Currently, Investment portfolio commands a valuation of around 2X as per the latest funding rounds for respective companies.
- Focus is on **establishing synergies with core business** along with investment returns.

+ 18% yoy
Revenue growth
FY 2017-18

+ 21% yoy
Ebidta growth
FY 2017-18

+ 73% yoy
PAT growth
FY 2017-18

INR 31.1
Earning Per Share
FY 2017-18

Summary : Consolidated Figures in INR Mn	FY 2018 Audited	FY 2017 Proforma*	YOY%	FY 2017 Audited
Total Revenues	8,072	6,868	18%	6,622
Ebidta	2,054	1,705	21%	1,687
Profit before taxation	1,622	1,081	50%	1,069
Profit after taxation	1,071	619	73%	613
EPS (in INR)	31.1	20.7	-	20.5

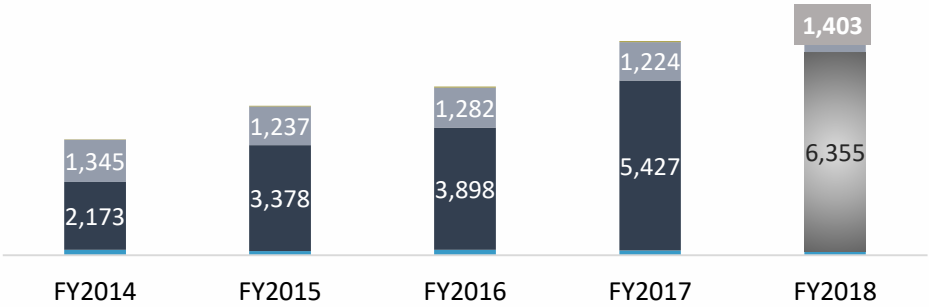
Financial results have been prepared in accordance with IND-AS.

* 2017 Proforma includes consolidation of operational performance of Chhaya for the full year.



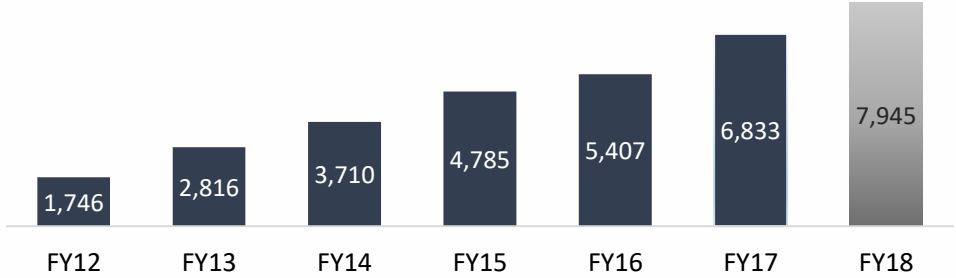
Increasing Contribution of K-12 to Group Revenues.

■ Early learning ■ K12 ■ Higher Education ■ Other Revenue



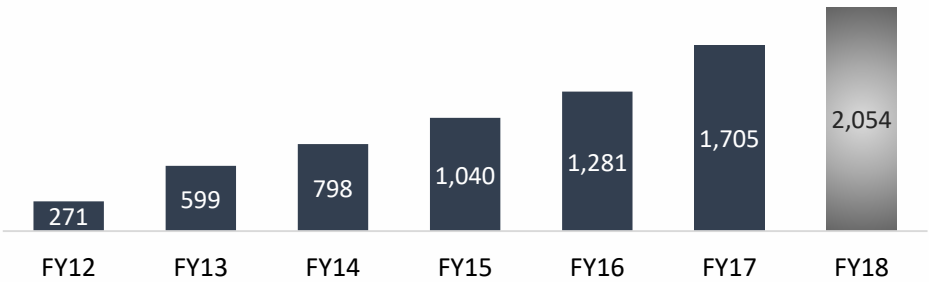
Revenue Growth = Organic Growth + Acquisitions.

6 - Year CAGR : 29%



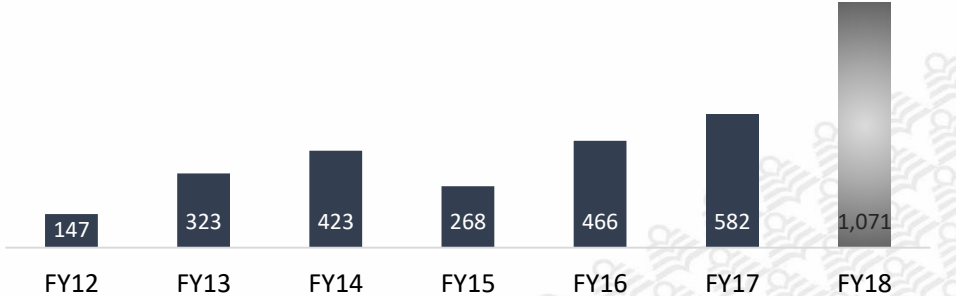
EBIDTA Growth at a Faster Pace.

6 - Year CAGR : 40%



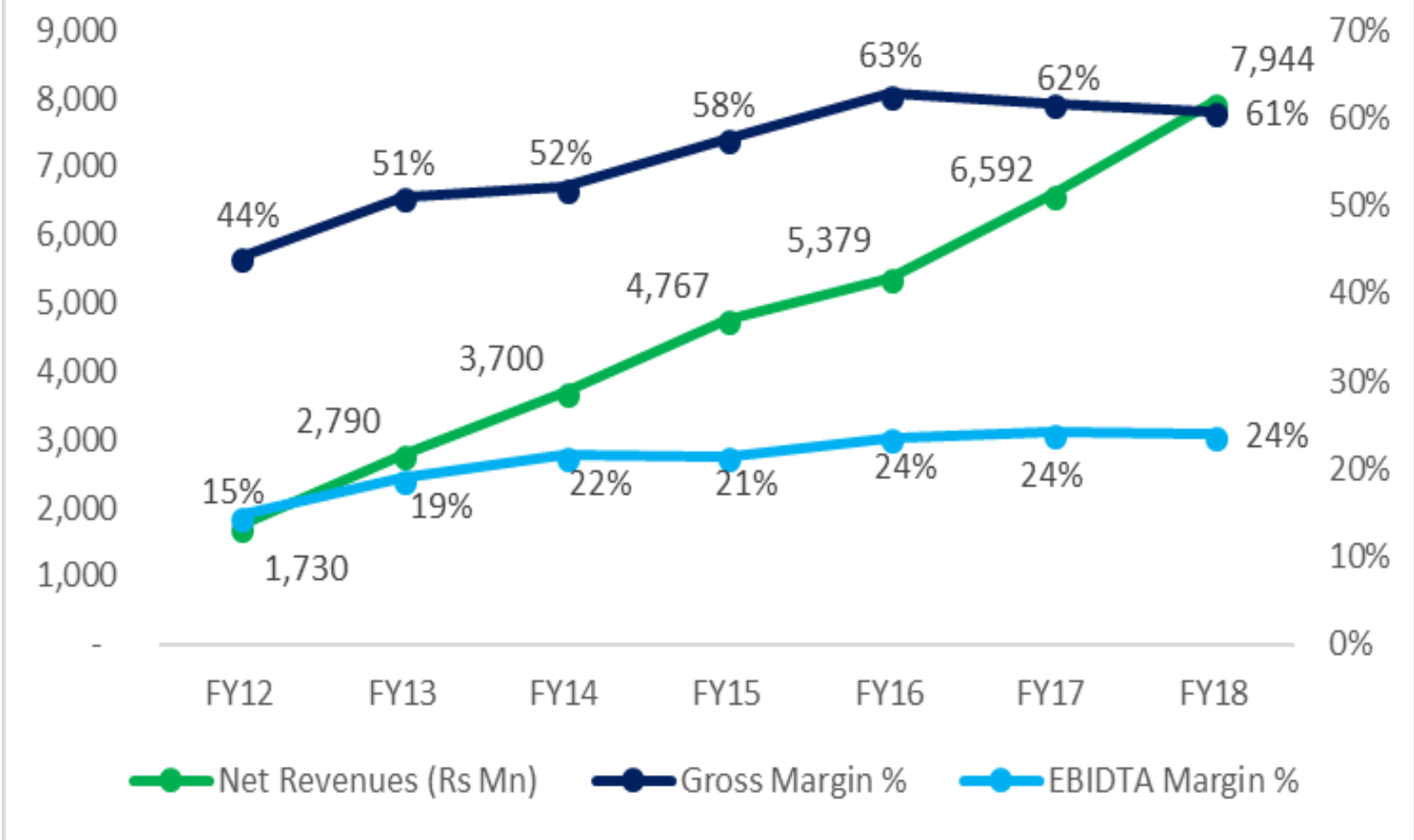
Net Profit Growth (excluding minority).

6 - Year CAGR : 39%



Figures for FY 2017 & FY 2018 are as per IND-AS. Prior year figures are as per Indian GAAP and may be fully comparable.

Historical trend - Revenue, Gross margin, EBITDA margin



Improving Margin Profile

- Economies of scale
- Production Efficiency
- Rationalization of Royalty
- Improved realization from DEBs
- Operating Leverage



Saurabh Mittal

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Disclaimer

This presentation and the following discussion may contain “forward looking statements” by S. Chand & Company Limited (“S. Chand” or the Company) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of S. Chand about the business, industry and markets in which S. Chand operates.

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.