

**S Chand And Company Limited**

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Date: June 12, 2017

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: Intimation of schedule of Analysts and Investors conference call pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

Pursuant to Regulation 30 of the Listing Regulations, the presentation on the financial results for the fourth quarter and financial year ended March 31, 2017 to be presented to the analysts and investors on Monday, June 12, 2017 at 4:00 P.M. is enclosed herewith.

Request you to kindly take note of the same.

For S Chand And Company Limited



**Jagdeep Singh**  
Company Secretary  
Membership No. A15028





**S Chand and Company Limited**  
**Financial Results Presentation**  
**Q4 & Full Year, FY 2016-17**

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**June 12, 2017**

This presentation may contain certain statements regarded as ‘forward looking statements’ within the meaning of applicable laws and regulations. These forward looking statements involve a number of risks , uncertainties, and other factors that could cause actual results, financial condition or performance of the Company to differ materially from those suggested or implied by the forward looking statements. The operations of the Company’s may be materially impacted by various factors outside the control of management including changes in the industry structure, significant changes in political and economic environment in India and overseas, regulatory environment, labor unrest, etc. Given these risks, uncertainties and other factors, recipients of this presentation are cautioned to not place undue reliance on these forward looking statements.

S Chand and Company Limited (SCCL) will not be in any way responsible for any action taken based on such statements and disclaims any obligation to publicly update these forward looking statements to reflect any subsequent events or developments.

**1** Financial highlights

**2** Business overview

**3** Growth Outlook

**4** Annexure

# Financial Highlights

## **K-12 Content business registered organic growth of 21%.**

- Constitutes ~ 80% of group revenues.

## **Completed 74% acquisition of Chhaya Prakashani Private Limited.**

- Diversified presence into state board content market.

## **Digital business growth in excess of 30% YOY.**

- Successful launch of curriculum solutions business *Mylestone* with first year deployment in 68 schools covering 21,000 students.

## **Group revenues crossed US\$ 100 Mn in operating revenues.**

- 27% YOY growth, Ebidta margins ~ 25%

# Financial Performance : FY 2016-17 (12 Months)



S Chand And Company Limited Figure in INR Millions	Standalone			Consolidated		
	YE 31.3.17	YE 31.3.16	% YOY	YE 31.3.17	YE 31.3.16	% YOY
<b>Revenues</b>	<b>3,029</b>	<b>2,823</b>	<b>7%</b>	<b>6,856</b>	<b>5,407</b>	<b>27%</b>
Gross Margins	1,573	1,226	28%	4,167	3,378	23%
<b>EBIDTA</b>	<b>576</b>	<b>380</b>	<b>52%</b>	<b>1,722</b>	<b>1,281</b>	<b>34%</b>
Depreciation and amortization	73	74	-	282	259	-
Finance costs	149	139	-	356	306	-
Interest income	(80)	(90)	-	(6)	(9)	-
Exceptional items	-	-	-	-	(5)	-
<b>Profit before taxation</b>	<b>434</b>	<b>257</b>	<b>69%</b>	<b>1,091</b>	<b>730</b>	<b>49%</b>
Tax expenses	163	94	73%	436	237	84%
<b>Profit after taxation before minority interest &amp; share of associate companies</b>	<b>271</b>	<b>163</b>	<b>67%</b>	<b>655</b>	<b>493</b>	<b>33%</b>
Share in loss of associate companies	-	-		(18)	(27)	
Minority interest	-	-		(55)	-	
<b>Net profit for the period</b>	<b>271</b>	<b>163</b>	<b>67%</b>	<b>582</b>	<b>466</b>	<b>25%</b>
Earnings per share (INR)						
• Basic	9.08	5.96		19.50	17.08	
• Diluted	9.06	5.95		19.47	17.05	

# Statement of Affairs (As On 31.03.2017)



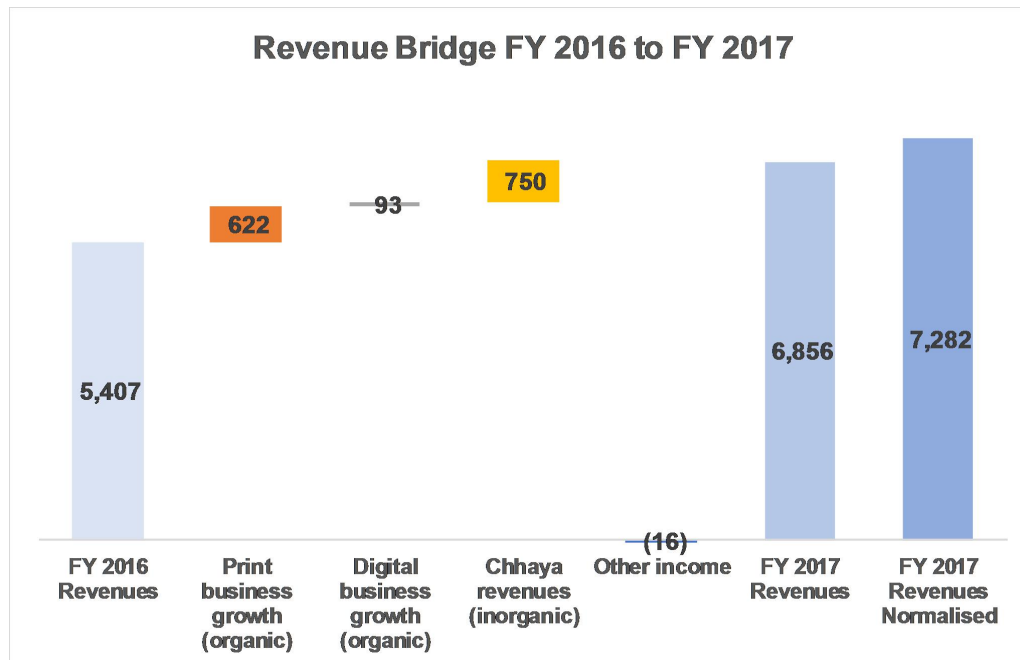
S Chand And Company Limited Figure in INR Millions	Standalone		Consolidated	
	On 31.3.17	On 31.3.16	On 31.3.17	On 31.3.16
<b>Liabilities</b>				
Net Worth	5,111	4,840	6,573	5,991
Minority Interest	-	-	131	31
Debt / Bank Borrowings	2,109	830	3,986	2,035
- Long term (including current maturity)	1,310	333	2,324	777
- Short term	799	497	1,662	1,258
Non Current Liabilities	13	10	68	60
Trade payables	901	1,073	1,848	1,511
Other current liabilities	191	101	720	306
<b>Total</b>	<b>8,325</b>	<b>6,855</b>	<b>13,326</b>	<b>9,934</b>
<b>Assets</b>				
Fixed assets (tangible, intangible)	250	256	4,982	3,373
Non current investments	4,700	3,531	247	254
Other non current assets	211	115	339	336
Inventory	528	596	1,536	1,398
Trade receivables	2,286	1,914	5,061	3,979
Cash and bank balances	146	99	375	244
Current investments	43	162	195	164
Other current assets	161	181	591	186
<b>Total</b>	<b>8,325</b>	<b>6,855</b>	<b>13,326</b>	<b>9,934</b>



# Financial Highlights : FY 2016-17 (12 Months)



- **Revenue from operations increased by 27% YOY to INR 6,856 MN.**
  - Revenue growth from operations (Organic) up 13.3% at INR 6,093 MN.
  - FY 2017 revenues include INR 750 Mn from consolidation of the latest acquisition (Chhaya Prakashani Private Limited) from date of acquisition (5<sup>th</sup> December, 2016).
  - Other income down from INR 31 Mn in FY 2016 to INR 15 Mn in FY 2017.



Print business refers to revenue from sale of print content (books) of K-12 and HE segments.

## Normalized annual revenues for FY 2017 of INR 7,282 MN after adjusting for :

- Chhaya consolidation from date of acquisition. Full year consolidation would increase revenues by INR 266 MN.
- Impact due to change in accounting policy (consistent with group) INR 20 MN.
- Shift in sales season for Class XII from April 2016 to March 2016 due to state elections (exceptional event) INR 140 MN (as disclosed in Prospectus)

- **Gross margins reduced 170 bps YOY to 60.8%.**
  - Increase in turnover discount by 31 bps.
  - Additional provision of INR 40 MN for certain stocks (print on demand titles) of New Saraswati (adjusted in transaction consideration) as a conservative approach.
  - Consolidation impact from Chhaya as it is a State Board content provider and operates at a lower gross margin (i.e. 54%)
  - Royalty costs reduced from 125 bps to INR 407 MN due to higher contribution from in-house titles and lower royalty in new titles.
- **Ebidta margins improved by 140 bps YOY to 25.1%.**
  - Ebidta adversely impacted by:
    - ✓ One time charges of INR 30 MN.
    - ✓ Impact due to change in accounting policy for Chhaya (consistent with group) , INR 20 MN.
  - Positive impact from Chhaya consolidation which operates at higher Ebidta margins ~ 34%.
- **Normalized annual EBIDTA for FY 2017 of INR 1,840 MN after providing for:**
  - Full year consolidation of Chhaya which currently has been done from date of acquisition (05<sup>th</sup> Dec 2016).
  - Adjustment for INR 50 MN against one time charges and accounting policy change.
  - Adjustment for loss of sales of INR 140 MN for Chhaya due sales season shift (*please refer previous slide*).

- **Profit before taxation increased by 49% YOY to INR 1,091 MN.**
  - Finance costs (net of interest income) at INR 349 MN which includes ~ INR 60 MN being interest cost on loan utilized to acquire shares of Chhaya.
  - Depreciation and amortization cost of INR 282 MN.
- **Profit after taxation (before minority interest and loss of associate companies) increased by 33% YOY to INR 655 MN.**
  - Total tax expenses of INR 436 MN.
  - Effective tax rate of 40% (against 33% in previous year), impact of INR 80 MN.
  - Carry forward tax benefit of INR 150 MN (against digital losses carried forward & MAT credit).
- **Profit after taxation (before minority interest) for the period at INR 637 MN.**
  - Adjusted for share of loss in associate company, Edutor Technologies India Private Limited engaged in device based learning/ digital education.

# Performance Indicators : FY 2016-17 (12 Months)



S Chand And Company Limited Figure in INR Millions	Consolidated		Remarks
	On 31.3.17	On 31.3.16	
Net Debt (net of cash and bank balance & current investments)	3,416	1,627	Includes debt of INR 1,520 MN raised in December 2016 for Chhaya acquisition. The company has repaid INR 2,430 MN of debt in May 2017 from IPO proceeds.
Net Debt/ Equity	0.52	0.27	
Capital employed (net of cash and bank balance & current investments)	10,120	7,650	
Investment in digital business	1,000	930	Digital business breakeven at EBIDTA level and loss of INR 55 Mn after amortization
EBIT	1,440	1,022	
ROCE (Pre tax) - net of digital investments, one time costs and Chhaya adjustments (On average capital employed)	19.7%	17.5%	Capital employed disproportionately higher in Q4 and Q1 due to seasonal nature of business. Q4 contributes to ~ 80% of full year revenues.
Core Working Capital Days (Debtors + Inventory less Creditors)	244 days	262 days	Improvement in inventory holding by 16 days and receivables holding by 11 days inspite of demonetization .
Q4 contribution to full year revenues	78%	73%	Increased contribution of K-12 to overall revenues has increased dependence on Q4 YOY by 500 bps

S Chand And Company Limited Figure in INR Millions	Standalone			
	QE 31.3.17	YE 31.12.16	QE 31.3.16	% YOY
Revenue from operations (net)	2,102	445	1,819	
Other income	4	7	20	
<b>Total revenue</b>	<b>2,106</b>	<b>453</b>	<b>1,839</b>	<b>15%</b>
Cost of published goods/ material consumed	388	296	459	-
Publication expenses	197	66	201	
Purchase of traded goods	17	48	55	
Decrease/(increase) in inventory	277	(131)	241	
Selling & distribution expenses	88	62	86	
Employee benefit expenses	144	119	131	
Other expenses	54	73	78	
<b>Total expenses</b>	<b>1,165</b>	<b>532</b>	<b>1,250</b>	<b>-7%</b>
<b>EBIDTA</b>	<b>941</b>	<b>(80)</b>	<b>589</b>	<b>60%</b>
Depreciation & amortization	17	24	22	
Finance costs	58	43	29	
Interest income	(23)	(20)	(23)	
<b>Profit before tax</b>	<b>890</b>	<b>(127)</b>	<b>561</b>	<b>59%</b>
<b>Profit after tax</b>	<b>571</b>	<b>(44)</b>	<b>372</b>	<b>54%</b>
Earning Per Share (INR)				
• Basic	19.15	(1.48)	12.48	
• Diluted	19.14	(1.48)	12.47	

# Business Overview

## Segment Performance

### K-12

K-12 revenues increased by 40% YOY, from INR 3,898 MN in FY 2016 to INR 5,467 MN in FY 2017.

- **Organic growth of 21%.**
- Remaining contribution from Chhaya acquisition (revenues of INR 750 Mn consolidated from date of acquisition).
- K-12 business contributes to 80% of group revenues.

### Higher Education

Higher education revenues decreased by 5% YOY to INR 1,220 MN.

- Test preparation business registered 6% growth YOY.
- College & University/ Technical & Professional content business registered a decline due to industry headwinds.

### Early Learning

Revenues declined from INR 173 MN in FY 2016 to INR 154 MN in FY 2017.

- Decline in consumer buying and extended credit period due to demonetization.
- Pre school revenues increased from INR 8 MN in FY 2016 to INR 13 MN in FY 2017.

### Digital

Revenues from digital business increased by 39% YOY, from INR 225 MN in FY 2016 to INR 313 MN in FY 2017.

- Smart class solution *Destination Success* installed in 5,300 classrooms.
- Over 80% of new signups without hardware financing.
- Successfully launched curriculum solution product *Milestone*, deployed in 68 schools covering 21,000 students.
- Operating at break-even at the EBIDTA level.

## **In-house Printing**

- Around 70% of total printing requirement met through own printing facilities in Sahibabad (UP) and Rudrapur (Uttaranchal).

## **Chhaya Acquisition**

- Successfully acquired 74% of Chhaya Prakashani in December 2016, with firm agreement to acquire remaining 26% by December 2018 based on an agreed pricing formula.
- Initial steps towards integration – Paper procurement, few titles printed in-house, content sharing.

## **Digital Investments**

- S Chand has minority ownership in five education startups, three of which raised equity capital in FY 2017 ( Testbook, Online Tyari, Smartivity) at a higher valuation.
- Investee company financials are not consolidated with S Chand financials.



# Growth Outlook

## Revenue Outlook

- Expect organic growth of 14-15% in FY 2018 including a combination of volume and price.
- Price increase may be higher than previous years due to impact of higher paper prices and GST.
- Product mix improvement likely due to focus on value added content (hybrid books).

## Digital Business

- Target revenue in excess of INR 400 MN for FY 2018 and substantially increase presence of Mylestone from existing 68 schools.
- Continue to assess investment opportunities in Edtech startups which are complimentary to the business of S Chand.

## Capital Expenditure

- Capex budget estimated at ~ INR 300 Mn towards:
  - Maintenance capex for printing infrastructure.
  - Office capex.
  - Content development (new print titles , upgradation of digital content)

## Others

- Increase distribution and geographical reach to cover more schools, educators and students.
- Increase engagement with schools and teachers through workshops, training programs, etc.
- Continue to assess inorganic opportunities to increase presence in regional content market.

## Appendix: Others

## Leading Indian Education Content Company spanning the education lifecycle

### 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

- ✓ Long operating history of seven decades<sup>(1)</sup>
- ✓ High brand equity across multiple brands
- ✓ Strong author relationships
- ✓ Keeping pace with time – transition from print into digital content and services

75+

Years of operating history<sup>(1)</sup>

12,000+

Active book titles<sup>(2)(4)</sup>

49 million

Books sold in FY2017<sup>(4)</sup>

~ 2,000

Author relationships<sup>(3)(4)</sup>

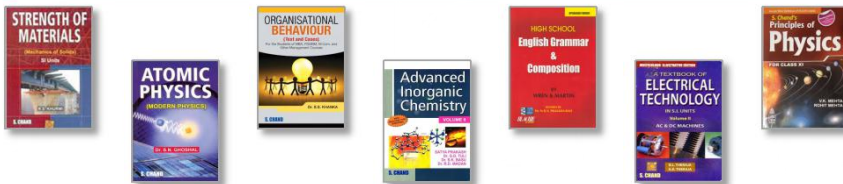
31%

Revenue CAGR FY2012-17

55 TPD

Print Capacity in number of sheets

### Strong content



### Portfolio of brands to focus on varied capabilities in print and digital



- (1) S. Chand & Co. has been in operation since 1939 which was later taken over by S. Chand & Company Private Limited which was incorporated in 1970
- (2) Includes Early learning, K-12 & higher education active titles.
- (3) Author relationships for more than 5 years as on March 31, 2017
- (4) Denotes combined figures for S Chand and Chhaya Prakashani, gross number of books sold.

# Business segments



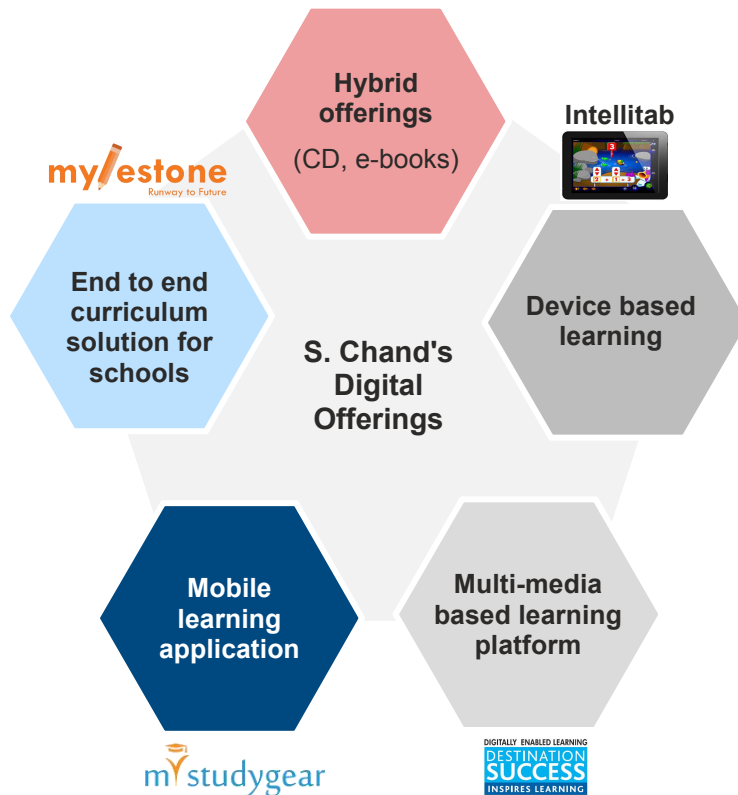
	K-12	Higher Education	Early Learning
Revenue contribution	80% of FY2017 revenues <sup>(1)</sup> 45% revenue CAGR <sup>(4)</sup>	18% of FY2017 revenues <sup>(2)</sup> 8% revenue CAGR <sup>(4)</sup>	2% of FY2017 revenues <sup>(3)</sup>
Target segment	School students (4 -18 years)	Test prep (>18 years) College students / professionals	Children
Description / highlights	<ul style="list-style-type: none"> <li>Schools affiliated to Central / State Boards</li> <li>Largest K-12 player in India                             <ul style="list-style-type: none"> <li>Dominant presence in Central Board affiliated schools</li> <li>Increasing presence in State Board affiliated schools</li> </ul> </li> <li>Offers books and digital / hybrid content and solutions</li> </ul>	<ul style="list-style-type: none"> <li>Colleges and universities (arts, science &amp; commerce degrees)</li> <li>Test prep for competitive exams (engineering, government jobs)</li> <li>Offers books, e-books, web and mobile delivery of content</li> </ul>	<ul style="list-style-type: none"> <li>Children books, educative games, activity based modules – experiential learning</li> <li>Also operates 6 pre-school centers under RiseKids brand</li> </ul>
Digital / hybrid contribution	<ul style="list-style-type: none"> <li>Around 40% contribution from hybrid offerings and ~ 5% contribution from purely digital offerings in FY2017 revenues</li> </ul>		
Strategy	<ul style="list-style-type: none"> <li>Increase share of content spend within Central Board affiliated schools</li> <li>Expand presence in State Board affiliated schools</li> </ul>	<ul style="list-style-type: none"> <li>Increase exam oriented content</li> <li>Increase regional content</li> </ul>	<ul style="list-style-type: none"> <li>Complete presence across student lifecycle</li> </ul>
Brands			

(1) Financials do not consolidate Edutor & Flipclass  
 (2) Financials do not consolidate Edutor, Test book, OnlineTyari  
 (3) Financials do not consolidate Smartivity  
 (4) Revenue CAGR during FY2012 - 17

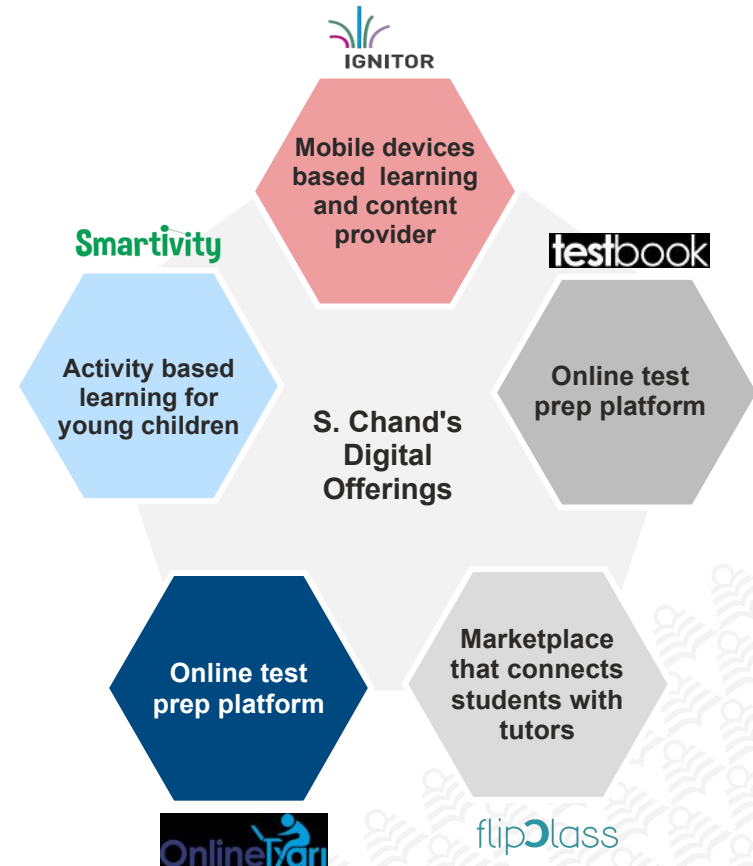
# Business segments supported by digital/services platform that is at the forefront of innovative education delivery



## Inhouse digital/ service platforms



## Digital investments (inorganic)

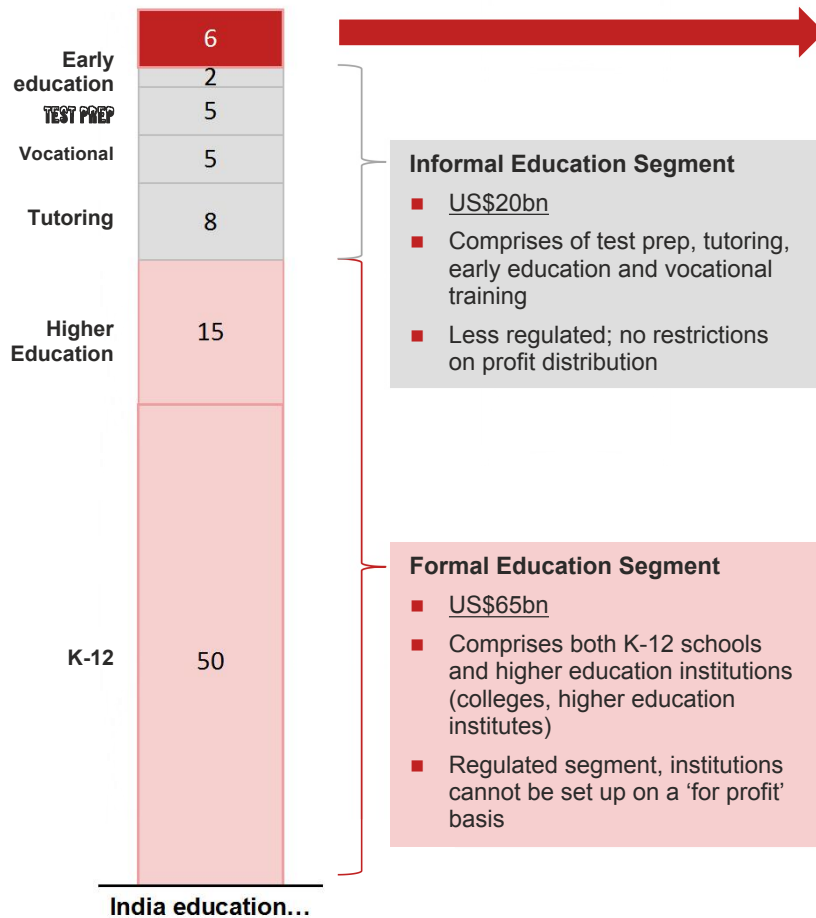


Focus of growth in digital / services platform is to supplement existing strength in K-12 / test prep domains



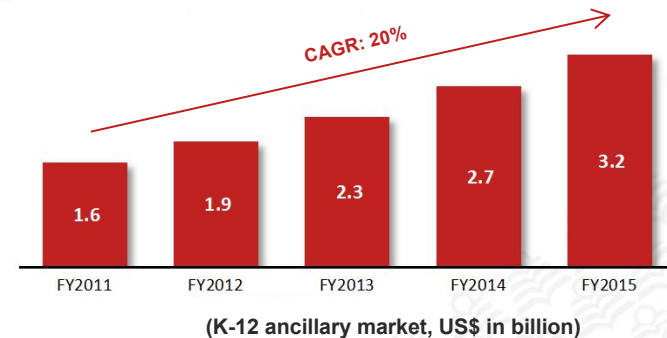
## US\$90 billion market size for the Indian education sector

(Market size in US\$ billion)



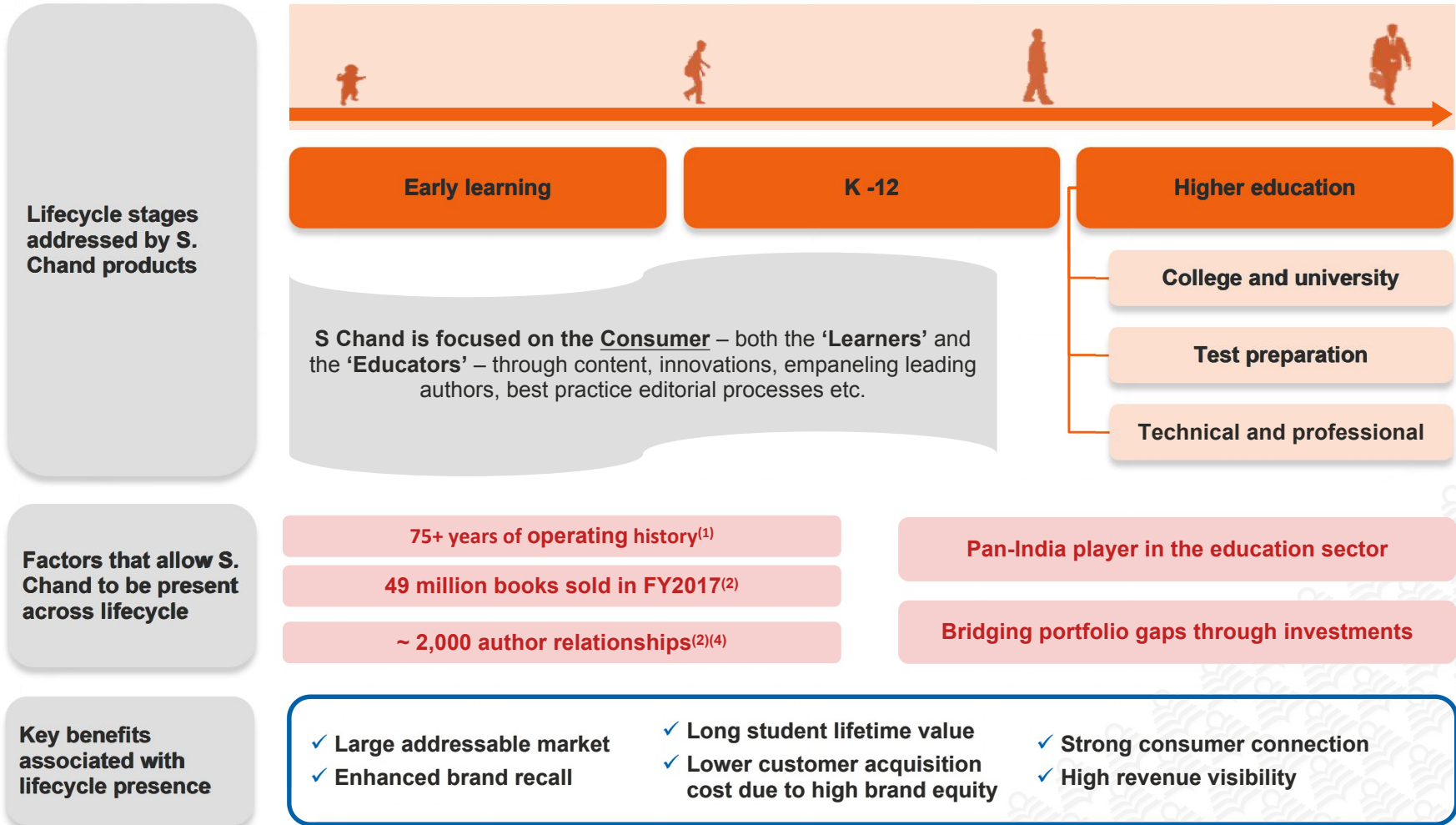
### US\$6bn Ancillary Education Segment

- S Chand operates in this segment (catering to K-12 and HE segments)
- Supports formal and informal education segments
  - Comprises of content, digital content and services such as curriculum management and facilities management
  - Mostly caters to K-12 & higher education institutions
- Less regulated; no restrictions on profit distribution
- K-12 ancillary market is fast growing segment with ~20% CAGR during 2011-15



- Presence of robust growth drivers
  - ~3mn annual enrolment in K-12 schools; Private unaided schools grew 10.4% during 2011-15
  - India has the largest number of education institutions in the world, with 777 universities, 38,498 colleges and 12,276 standalone institutions
- Highly fragmented sector providing room for growth

# Comprehensive lifecycle-focused education content player



## Generating recurring revenue – throughout students’ lives

(1) S. Chand & Co. has been in operation since 1939 which was later taken over by S. Chand & Company Private Limited which was incorporated in 1970  
 (2) Denotes figures including S Chand and Chhaya Prakshani , Gross number of books sold  
 (3) Author relationships for more than 5 years



# Pan-India sales and distribution network driving deep market reach

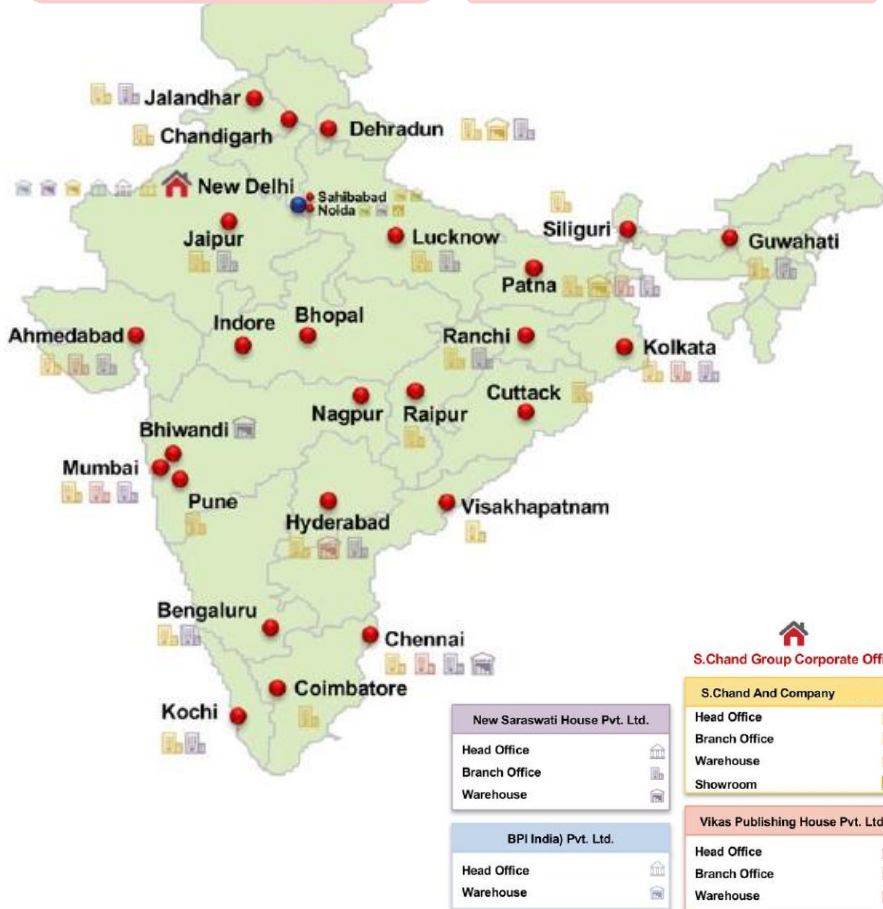


## Pan-India presence of sales and distribution network

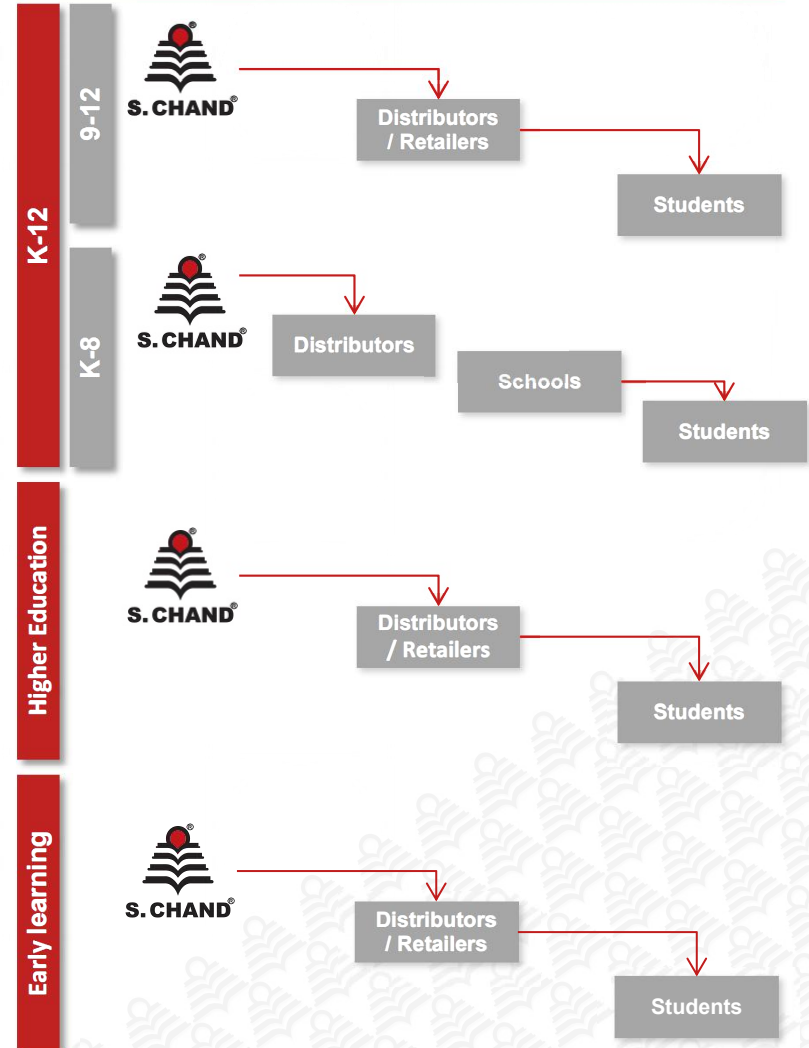
Spanning all Indian states

~6,886 distributors

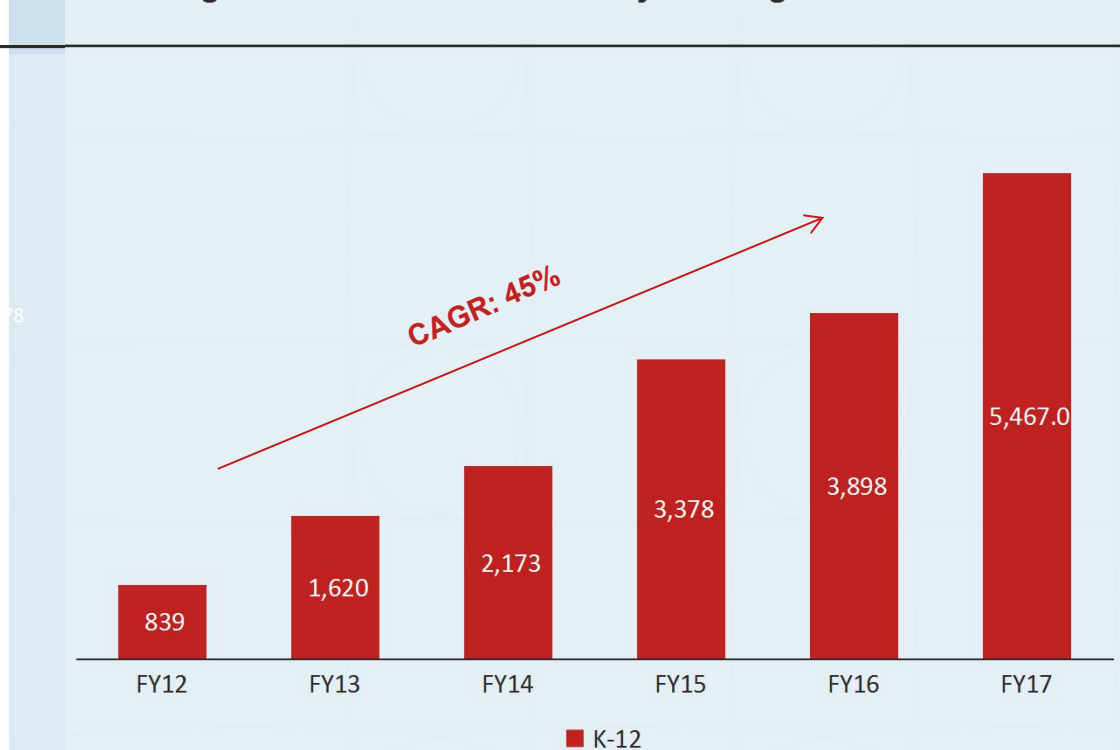
800+ in-house sales force



## Distribution channel / sales



## S. Chand's growth has been anchored by K-12's growth<sup>(3)</sup>

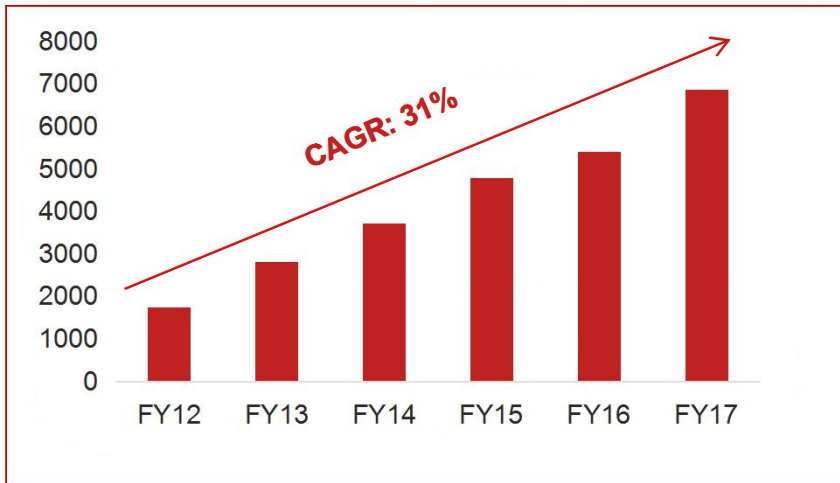


- ✓ Most S Chand brands provide core subject offerings (mathematics, science etc.)
- ✓ Hybrid offerings provide more value per unit to student compared to pure print content

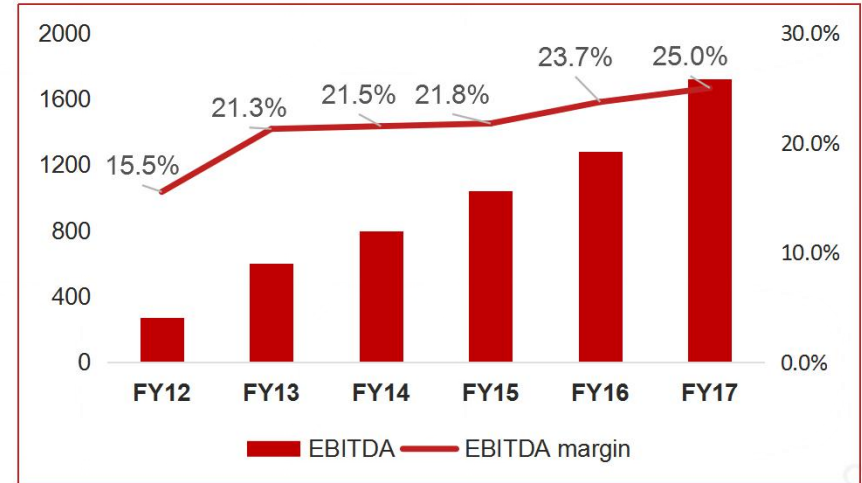
## Next phase of growth

- ✓ Increase touch points / number of schools; consolidate position further in Central Board affiliated schools and increase penetration in State Board affiliated schools
- ✓ Increase share of wallet in each school through
  - Higher number of offerings in K-12 through multiple brands
  - Digital offerings / hybrid offerings in schools
  - Offering/cross-selling education services such as curriculum management, assessment tools etc.
- ✓ Continuous content development

### Revenue growth trajectory (INR MN)



### EBITDA (INR MN) | EBITDA margin (%)



- Revenues increased from INR 1,746 MN in FY 2012 to INR 6,855 MN in FY 2017.
  - CAGR of 31.4% , combination of organic and inorganic growth.
  - K-12 content constitutes 80% of group revenues.
- EBITDA margins improved from <20% in FY 2012 to 25% in FY 2017.

**For further information, please contact:**

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