



S Chand And Company Limited

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Date: June 30, 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 and year ended March 31, 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 Wednesday, July 01, 2020 at 2:00 P.M. to discuss the financial results for the quarter and year ended March 31, 2020 is attached herewith.

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

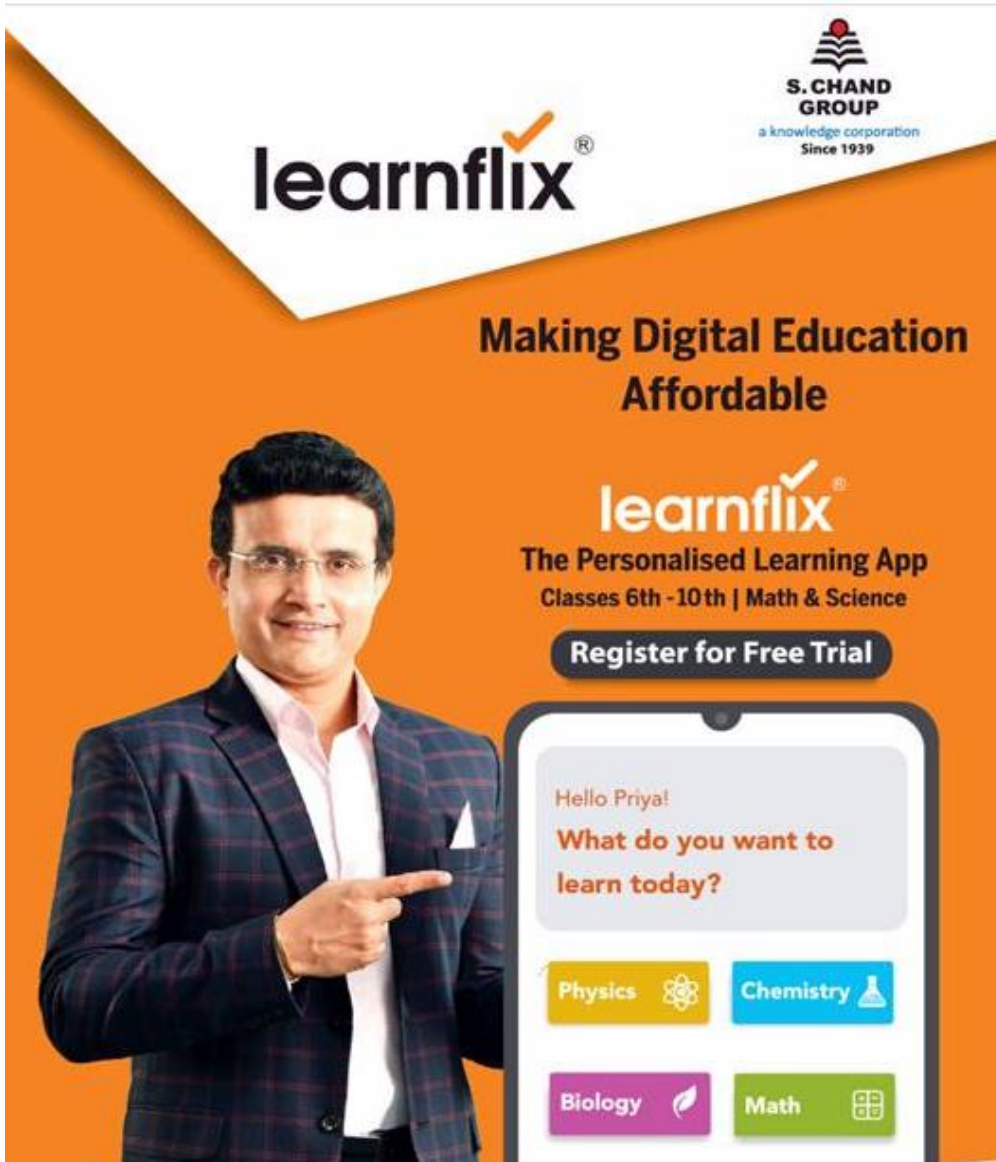
Request you to kindly take note of the same.

Yours sincerely,

For S Chand And Company Limited

Jagdeep Singh
Company Secretary and Compliance Officer
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

Q4 – FY2019-20

Investor Update

30th June, 2020



SUMMARY

- COVID 19 IMPACT & BUSINESS RESPONSE
- OUR DIGITAL ROADMAP FOR THE FUTURE
- DEVELOPMENT OF A NEW ONLINE LEARNING PLATFORM – PRODUCT FOR THE FUTURE
- UPDATE ON DIGITAL BUSINESS – SILVER LINING IN THE PANDEMIC CLOUD
- OUR BUSINESS IS HIGHLY SEASONAL IN NATURE
- COST SAVING MEASURES DURING FY20 CUSHION COVID IMPACT
- INCREMENTAL COST SAVING INITIATIVES FOR FY21
- WORKING CAPITAL – 9MFY20 IMPROVEMENT IMPACTED BY COVID 19
- ENGAGEMENT WITH STAKEHOLDERS DURING COVID 19
- CONSOLIDATED FINANCIAL PERFORMANCE
- SHAREHOLDING STRUCTURE
- LOOKING AHEAD

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- Q4 accounts for ~80% of annual revenues.
- March accounts for 30%-40% of annual revenues.
- Slowdown in school orders (Schools closed early March) witnessed before the actual lockdown itself from early March on back of pandemic.
- COVID-19 leads to estimated lower sales of Rs 1,600m- Rs 1,800m for FY20.

- Learnflix – The MOST affordable learning app (6-10) got a strong response during lockdown. Strong subscriber addition during past months with high review rating of 4.2.
- Digital Offerings including e-books, enhanced learning tools etc get enthusiastic response from schools, teachers and students.

Our business is highly seasonal in nature

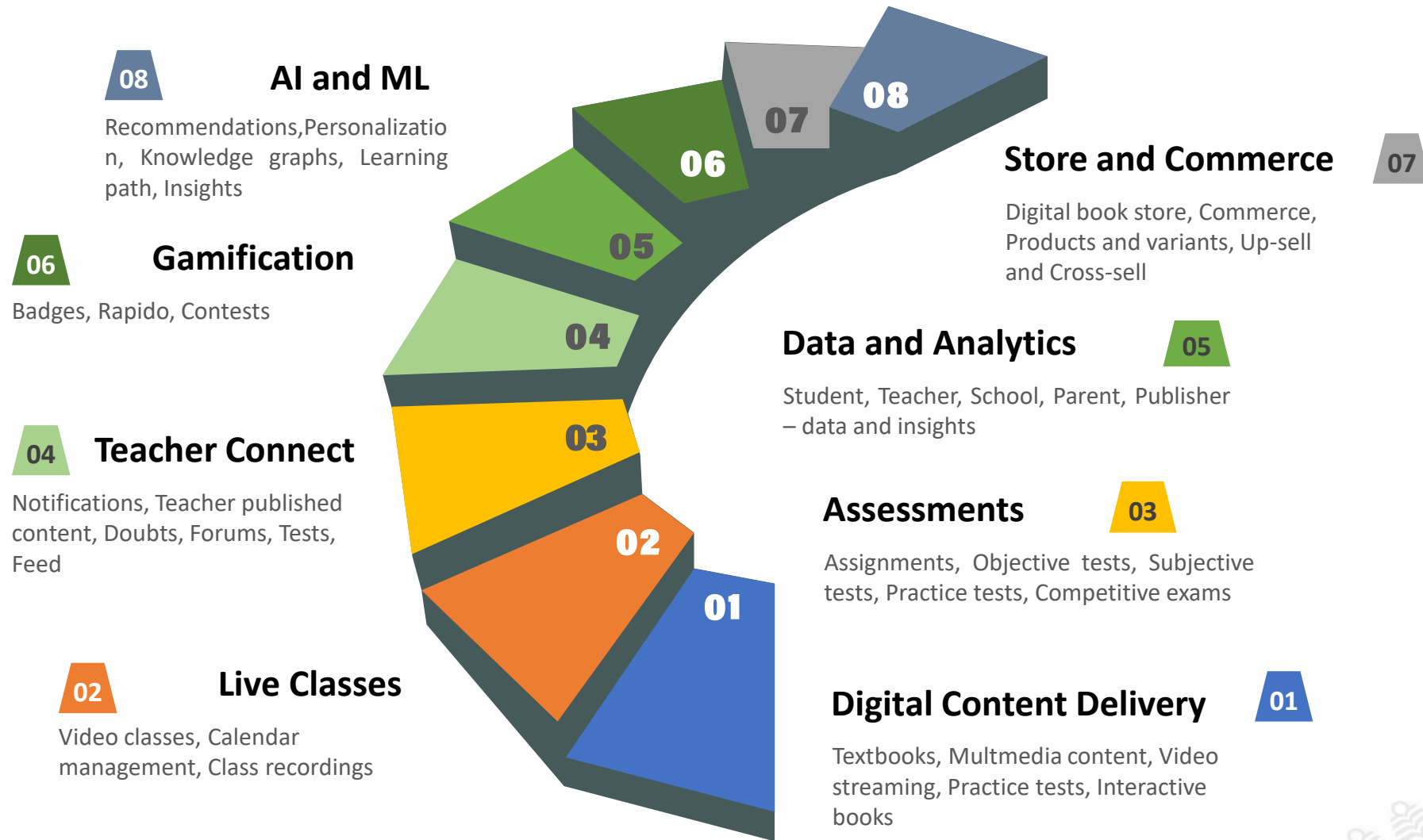
Cost saving measures during FY20 cushions impact

Digital Offerings - Silver lining in the pandemic cloud

Working Capital

- S Chand 3.0 initiatives led to operating costs being lower by 24% in percentage terms during FY20 over FY19.
- Due to the seasonal nature of business, full year expenses incurred as COVID pandemic stuck only in March.

- Huge working capital improvement done during 9MFY20 leading to incremental OCF of Rs1,016m on a YoY basis.
- Covid 19 impacted annual cash flow generation and the 9M benefit was reduced by the end of FY20. We estimate collections were impacted in excess of Rs1,200m for the year.
- In spite of the pandemic, we ended the year with OCF of Rs484m which is approx. Rs100m higher than FY19 on the back of lower operating costs and better working capital.



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

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

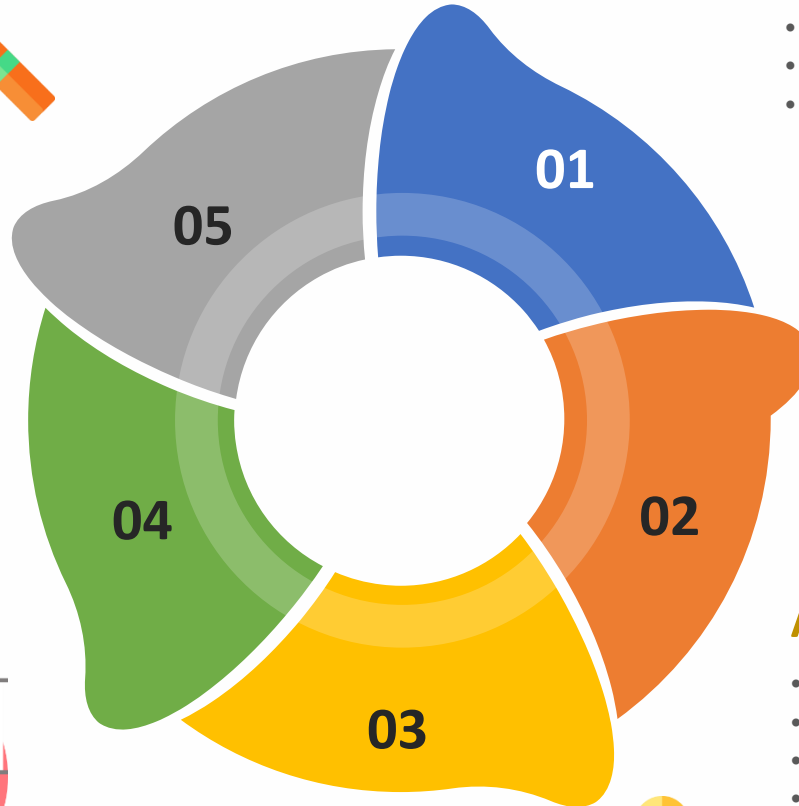
Live Classes

- 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.*



- India's most affordable learning platform, Learnflix (Android & Apple iStore), was launched during January, 2020.
- Learnflix saw very strong response in the past months and has already been downloaded over 70K times with over 15K paying subscribers so far with review ratings of 4.2 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 the year which cater 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 10K 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

Our major investee companies raised capital during these times as well



- Testbook was founded in 2014 with focus on online test preparation for government competitive exams like Civil services, Banks, Govt departments like railways, defense, police etc.
- We had invested approx. Rs 25m in 2016.
- Their latest round of funding was done in January, 2020 at a valuation of Rs2,580m. S Chand holds 8% stake in the company.
- Testbook is one of our most promising investee companies. Other marquee investors include Matrix Partners, Iron Pillar etc.



- Smartivity was founded in 2015 with focus on S.T.E.M. Learning and DIY Kits.
- We have Angel funded approx. Rs20 m in the company across various funding rounds.
- Their latest round of funding was done in February 2020 at a valuation of Rs550m. S Chand holds 18% stake in the company.
- Other marquee investors include Ashish Kacholia who owns more than 25% stake in the company.

Q4FY20

- The business of S Chand is seasonal in nature where Q4 accounts for 75%- 80% of annual revenues and the month of March itself accounts for 30%-40% of the annual revenues.
- On back of the Covid-19 pandemic, we saw schools and education institutions taking precautions and shutting down from early March itself.
- We received orders from channel partners till mid-March and our plants and warehouses remained in operations till 21st March, 2020 across the country fulfilling these orders.
- At the time of the complete lockdown, we still had a strong order book which could not be fulfilled during the financial year FY20. We estimate lower revenues in the range of Rs1,600m-Rs1,800m for FY20 on back of the covid pandemic.

H1FY21 & FY21

- We see some of the orders shifting from Q4FY20 to H1FY21 depending upon the timing of schools and educational institutions reopening . This should result in some lumping up of revenues in FY21 in K-12 business.
- As of now, we expect Q4 FY21 sales season to be a normal sales season and the overall FY21 revenues should benefit from the shift of Q4FY20 sales to H1FY21. This is contingent on the absence of a prolonged disruption from Covid-19 in this academic year.
- We expect improved levels of margins for FY21 on the back of lower paper costs, strong operating leverage and stringent cost control going ahead. **We do not anticipate any cost item to be higher than FY20 for the current financial year.**

FY20 has been a one off year on back of disruption in market from COVID 19 pandemic in our peak season

COST SAVING MEASURES DURING FY20 CUSHION COVID IMPACT



- The COVID 19 pandemic hit us untimely during March, 2020 which is peak sales season for us impacting the FY20 financials adversely. We estimate lower sales in the range of Rs1,600m-Rs1,800 m on back of slower sales and government lockdown during March.
- Achieved comparable PBT levels vs. last year in spite of the loss of revenues.** We had worked and achieved considerable improvements on various parameters during FY20 on back of the S Chand 3.0 implementation. Some of the notable cost saving measures implemented during the year across various operational levels which helped us in include-:
 - Right sizing of our employee base by over 400 employees (FY19: 2300+ vs. FY20: 1900+)
 - Rationalization of number of offices and consolidation of warehouses at over 25 locations.
 - Renegotiations of all major operational cost items to bring costs lower during the year.
 - Focus on portfolio of faster moving titles and rationalizing number of printed SKU's on basis of sales.
- The impact of these initiatives can be seen in our operational costs during FY20:

(In Rs m)	FY19	FY20	Change (%)
Revenue from Operations	5,220	4,294	-18%
Employee Costs	1,511	1,260	-17%
Selling & Distribution costs	884	592	-33%
Other expenses	881	632	-28%
Total Operating Expenses	3,276	2,484	-24%
PBT	-953	-987	4%

All operational costs would be lower in FY21 vs. FY20

Achieved comparable PBT levels in spite of covid related sales loss

INCREMENTAL COST SAVING INITIATIVES FOR FY21

- **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 even if the situation normalizes by Aug/Sept, some of the our spends would be considerably reduced including -:
 - Rental Costs - Lease rental optimization exercise initiated across all the group companies. Most rented premises have asked for 20%-50% rental waiver for April & May.
 - 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.**

- We delivered strong improvement in our working capital metrics till 9MFY20 across receivable days and Net working capital on back of our focus on improving our collection efficiency and effective working capital management. These metrics had showed high levels of improvement in comparison to the past years, including:
 - **209 days reduction in receivable days in 9MFY20 (vs. Historic range of 120-140 days)**
 - **133 days reduction in Net Working Capital Days in 9MFY20 (vs. Historic range of 30-70 days)**
- Huge working capital improvement done during 9MFY20 as shown in incremental cash flow from operations of Rs1,016m till 3QFY20 was impacted by Covid 19 and the complete year benefit was much reduced. At the end of December, 2019, **we were anticipating an year ending Cash flow from operations level of over Rs1,200m** which had reduced by the end of March, 2020 on back of the lockdown. However, we still ended the year with a **higher level of OCF at Rs 484 m in comparison to the prior period.**
- On back of uncertainty around opening of schools in the current year, we expect a shift of working capital cycle between quarters and lumpiness of collections in the 2H of the year.
- We expect the collections cycle to normalize by 4QFY21 and as a safeguard measure we would not begin the next sales cycle with a channel partner before squaring off the accounts of the last season.
- The measures of working with quality Channel Partners has seen the collection efficiency improve by almost 10% in FY20 despite the lockdown. This reflects in the improvement in Trade receivable days



Turning point for Digital Solutions in Education space

- Turning point for digital learning.**
- This epidemic can turn out to be the big turning point and opportunity for increasing the adoption of digital solutions in education.
 - **Demonetization Moment.** The current covid pandemic could be compared to the demonetization moment for digital payments in India.

Great opportunity for S Chand. We are enthused about the opportunity out there and confident of our digital solutions to capture market share in a post covid world.

Working with ecosystem stakeholders during these challenging times

- Focus on working with stakeholders.** We are focusing on working with important stakeholders to provide digital solutions during this crisis time, including:
- Students
 - Schools
 - Parents

- Examples of co-ordination with stakeholders.**
- Enabled over 4,500 schools with e-books** to ensure teaching continuity.
 - Conducted more than **60 webinars** for teachers and school principals for training them on digital learning platform , **almost 10,000 teachers engaged/trained.**
 - Milestone schools have been conducting online classes through their app - Mystudygear.**

Provide solutions to deepen connect

- Providing customized solutions and content so that learning can continue in the covid impacted session for students.
- We have seen over **100% growth in e-books revenues** during the lockdown
 - We have seen immense interest from schools for our digital learning solution.
 - Practical and affordable digital solutions like Learnflix for learnings needs of mid to higher classes.
 - Higher Education institutions are also in discussion for ebooks and digital learning solutions

CONSOLIDATED FINANCIAL PERFORMANCE

(₹ in millions)	Q4FY20	Q4FY19	YoY (%)	FY20	FY19	YoY (%)
Revenue from contract with customers	3,318	4,491	-26%	4,294	5,220	-18%
Other income	54	42	29%	94	116	-19%
Total income	3,373	4,534	-26%	4,388	5,336	-18%
Cost of published goods/materials consumed	749	921	-19%	1,460	2,094	-30%
Purchases of traded goods	10	56	-82%	89	154	-42%
(Increase)/decrease in inventories of finished goods and work in progress	223	567	-61%	49	-440	na
Publication expenses	239	227	5%	432	448	-4%
Gross Margin	2,152	2,763	-22%	2,358	3,081	-23%
Gross Margin (%)	64%	61%		54%	58%	
Employee benefits expenses	312	384	-19%	1,260	1,511	-17%
Selling and distribution expenses	203	244	-17%	592	884	-33%
Other expenses	36	265	-86%	632	881	-28%
EBITDA	1,601	1,870	-14%	-126	-195	-36%
EBITDA Margin (%)	47%	41%		-3%	-4%	
Finance cost	90	90	0%	348	272	28%
Depreciation and amortization expense	137	60	126%	408	237	72%
Profit/(Loss) before share of loss in associates, exceptional items and tax	1,374	1,719	-20%	-881	-705	25%
Share of gain/(loss) in associates	16	5	230%	-4	-14	na
Profit/(Loss) before exceptional items and tax	1,390	1,724	-19%	-885	-719	23%
Exceptional items	-102	51	na	-102	-233	na
Profit/(Loss) before tax	1,289	1,775	-27%	-987	-953	4%
Tax expenses:						
1) Current tax	51	94	-46%	74	100	-26%
2) Deferred tax *	623	466	34%	54	-383	na
Profit/(Loss) for the period/ year (after tax)	615	1,215	-49%	-1,115	-669	67%
Profit/(Loss) per equity share (in ₹)						
1) Basic	17.58	34.74		(31.87)	(19.13)	
2) Diluted	17.55	34.66		(31.87)	(19.13)	

FY20

**Employee
Costs: Down
17% YoY**

**S&D Exp:
Down 33%
YoY**

**PBT Loss: Up
by 4% in-
spite of loss
of sales**

Deferred Taxes: We have de-recognised over Rs.300m in deferred taxes assets created in the previous year on account of losses incurred due to the Covid-19 pandemic.

CONSOLIDATED FINANCIAL PERFORMANCE

₹ in millions)	March 31, 2020	March 31, 2019
	Audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	959	1,152
Intangible assets	4,924	4,203
Capital work-in-progress	1	3
Intangible assets under development	25	107
Financial assets		
- Investments	223	242
- Loans	56	95
- Other financial assets	14	13
Deferred tax assets (net)	541	593
Other non-current assets	301	287
Total non-current assets (A)	7,045	6,695
Current assets		
Inventories	2,014	2,048
Financial assets		
- Investments	167	216
- Loans	60	67
- Trade receivables	3,349	4,446
- Cash and cash equivalents	98	604
- Other financial assets	20	91
Other current assets	156	152
Total current assets (B)	5,863	7,623
Total assets (A+B)	12,908	14,318

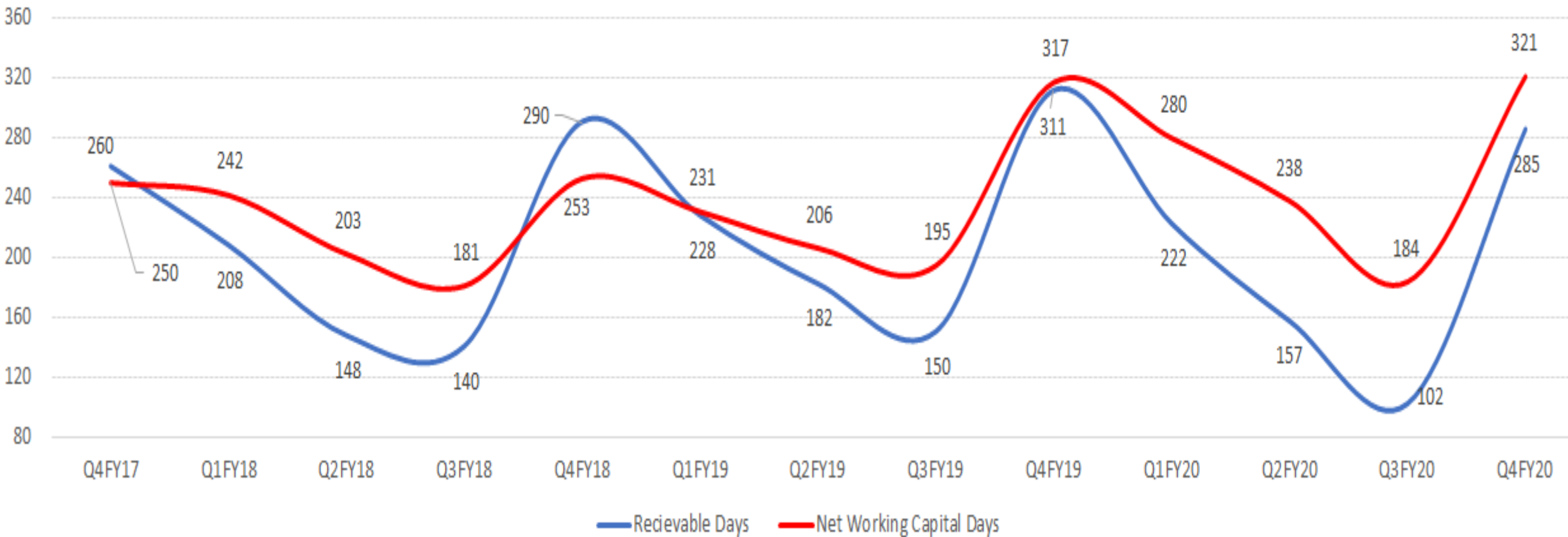
₹ in millions)	March 31, 2020	March 31, 2019
	Audited	Audited
Equity and liabilities		
Equity		
Equity share capital	175	175
Other equity		
- Retained earnings	1,519	2,639
- Other reserves	6,491	6,490
Non controlling interests	28	29
Total equity (C)	8,213	9,333
Non-current liabilities		
Financial liabilities		
- Borrowings	608	727
- Trade payables	-	7
- Other financial liabilities	366	8
Net employee defined benefit liabilities	68	52
Other non-current liabilities	1	7
Total non current liabilities (D)	1,043	801
Current liabilities		
Financial liabilities		
- Borrowings	1,114	1,409
- Trade payables		
- micro enterprises and small enterprises	173	117
- other than micro and small enterprises	1,410	1,826
- Other financial liabilities	766	590
Net employee defined benefit liabilities	8	9
Other current liabilities	146	196
Other provisions	34	37
Total current liabilities (E)	3,652	4,183
Total equity and liabilities (C+D+E)	12,908	14,318

CONSOLIDATED FINANCIAL PERFORMANCE

	(₹ in millions)	Year ended March 31, 2020	Year ended March 31, 2019		(₹ in millions)	Year ended March 31, 2020	Year ended March 31, 2019
		Audited	Audited			Audited	Audited
A. Cash flow from operating activities				B. Cash flows from investing activities			
(Loss) before tax		-987	-953	Purchase of property, plant & equipment		-281	-477
Adjustment to reconcile profit before tax to net cash flows				Acquisition of subsidiary, net of cash acquired		-	-642
Depreciation and amortisation expenses		408	237	Investment in non current investments		0	-3
Loss on sale of property, plant & equipment (net)		-1	3	Purchase in current investments		-125	-178
Interest income		-10	-23	Proceed from sale of current investments		189	434
Net income on deemed disposal of associate		-	-20	Proceed from sale of property, plant and equipment		22	11
Miscellaneous amount written back		-41	-19	Interest received		18	16
Net gain on sale of current investments		-16	-19	Net cash used in investing activities (B)		-177	-839
Share of loss in associate		4	14	C. Cash flows from financing activities			
Interest paid on borrowings		338	256	Interest paid on borrowings		-347	-253
Foreign exchange difference		-1	-4	Amortization of ancillary borrowing cost		6	-5
Employee stock option expense		1	2	Proceed from long term borrowings		30	863
Provision for slow moving titles		87	-	Repayment of long term borrowings		-63	-115
Provision for impairment on investment		15	-	Proceed/(repayment) from short term borrowings		-294	-39
Provision for bad debts and advances		116	100	Lease rental payment		-147	-
Bad debt written off		53	88	Dividend paid on equity share		-	-52
Operating profit before working capital changes		-34	-336	Tax on equity dividend paid		-	-11
Movement in working capital:				Net cash (used in)/generated from financing activities (C)		-815	388
Decrease/ (Increase) in inventories		-53	-486	Net increase in cash and cash equivalents (A+B+C)		(507)	(65)
Decrease in trade receivable		928	1,678	Foreign exchange difference		1	4
(Increase) in loans and advances		47	-11	Cash and cash equivalents at the beginning of the year		604	665
Decrease/ (Increase) in other financial assets		90	-55	Cash and cash equivalents at the end of the year		98	604
(Decrease)/ Increase in provisions		9	18				
(Decrease) in trade payable		-321	-52				
(Decrease) in current liabilities		-52	109				
Cash generated from/ (used in) operations		614	864				
Direct taxes paid (net of refunds)		-129	-478				
Net cash used in operating activities (A)		484	386				

- Our cost optimization and working capital management efforts showed strong benefits by generating an incremental OCF of Rs1,016m till 9MFY20. We expected OCF to be in excess of Rs1,200m in FY20 but the lockdown led to year end OCF of Rs484m which is still higher by ~Rs100m than last year.
- Our borrowings during FY20 were repaid to the extent of Rs327m vs. net loan addition of Rs709m during FY19.

Receivable Days and Net Working Capital Days



- Receivable days lowest in 2 years by 26 days despite lower collections and revenues in Q4FY20;
- We would have seen much improved NWC level on back of lower closing inventory levels if sales would have not been disrupted by lockdown and covid-19 pandemic.

- **Working Capital Metrics.**
 - **Inventory:** Rs2,014m (vs. FY19: Rs2,048m). This includes raw material paper inventory of approx. Rs300m.
 - **Receivables:** Rs3,349m (vs. FY19: Rs4,446m)
 - **Receivable days:** 285 days (vs. FY19: 311 days). This is the lowest receivable days in the past 2 years for Jan-March quarter.
 - **Net Working Capital days:** 321 days (vs. FY19: 317 days). We would have seen much lower level of NWC days level if sales would not have been impacted which would have translated to lower inventory levels at the year end.
- **Debt:**
 - **Gross Debt:** Rs2,152m (vs. FY19: Rs2,479m)
 - **Net debt:** Rs1,867m (vs. FY19: Rs1,569cr)
 - We are at a comfortable Debt to Equity ratio of 0.26x and we expect debt levels to reduce going ahead on back of higher free cash flow generation from business.
- **Cash Flows.** Our strategy of focusing on the cash flows has yielded results with Net cash generated from operations of Rs484m in FY20 (vs. Rs386m in FY19). This is even after seeing a 18% drop in the reported revenues and much lower collections that historical averages in March on back of lockdown during the year.

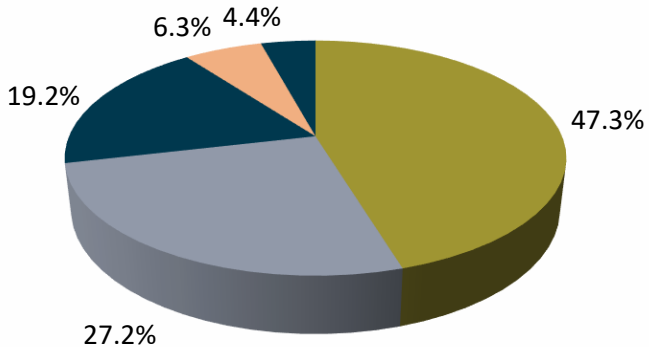
SHAREHOLDING STRUCTURE



Market Data	As of 30 th June, 2020
Market Capitalization (Rs Mn)	1,520
Price (Rs)	43
No. of shares outstanding (Mn)	34.95
Face Value (Rs.)	5.0

(Source: www.bseindia.com)

Ownership as of March, 2020



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

(Source: www.bseindia.com)

Key Institutional Investors - As of March 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	1.9%
Sundaram Mutual Funds	1.5%
BNP Paribas	0.9%

(Source: www.bseindia.com)

- **FY21**

- Given the uncertainty around Covid 19 crisis, it would not be possible to give a revenue growth guidance. However, we would be able to share more details with investors as and when the situation become more clearer in the coming months.
- Some of the cost factors which we are looking to manage during the crisis include:
 - 5%-10% reduction in paper prices on a YoY basis assisting our gross margins during FY21.
 - Reducing operational costs for FY21 including employee costs, SG&A expenses and other expenses. We expect all of these expenses to be at **lower** levels than FY20.
- 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 our new online learning platform for schools, higher education and Test Prep exams (See Slide 5)

- **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
- Offer 360 degrees Blended Learning solutions to educational institutions , teachers and students (from Pre K to Professional)



Saurabh Mittal

Chief Finance Officer

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Email : investorrelations@schandgroup.com

Atul Soni

Head – Investor Relations, Strategy & M&A

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Disclaimer

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