



S Chand And Company Limited

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Date: February 17, 2025

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 – Q3FY25 - pursuant to Regulation 30 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)

The Company organized a conference call for the Analysts and Investors on Tuesday, February 11, 2025 at 01:00 P.M. to discuss the financial results for the quarter and nine months ended December 31, 2024. 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.

Yours Sincerely,

For S Chand And Company Limited

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



Encl: as above

S Chand And Company Limited Q3 FY25 Earnings Conference Call

11th February 2025

Hosted by PL Capital

Host:

Ladies and gentlemen, good day and welcome to S. Chand Q3 FY25 Earnings Conference Call hosted by PL Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Stuti Beria from PL Private Limited. Thank you and over to you ma'am.

Ms. Stuti Beria – PL Capital:

On behalf of PL Capital, I welcome you all to the 3Q FY25 Earnings Call of S Chand And Company Limited. We have with us the management represented by Mr. Himanshu Gupta - MD and Mr. Atul Soni - Head Investor Relations, Strategy and M&A. I would now like to hand over 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, S Chand And Company Limited:

Thank you. Good Afternoon ladies and gentlemen. I am Himanshu Gupta, the Managing Director of S Chand and Company Limited. I would like to welcome you all to our third quarter and nine months results conference call for FY25 and thank you all for taking the time-out and joining us here today.

I am extremely happy to share that Q3FY25 and 9MFY25 have been an encouraging period for the S Chand group. We would like to highlight the following key points for this period-:

- In Q3, we crossed Rs1,000m in revenues.
- We saw the highest ever 9M Sales in company's history.
- We saw the Lowest Receivable days in 9M in the past 5 years.
- We saw the Lowest Net Working Capital days in 9M in the past 5 years.

Atul will touch more about these in his comments.

In the School Segment which accounts for over 85% of our revenues, we continue to innovate and enhance our offerings, with multiple curriculum solutions i.e Mylestone, Solid Steps, SmartK and MyZen. Further we are ready to make the most of the upcoming sales season promoting and distributing content according to the new syllabus to our customers. We expect FY25 and FY26 to see maximum adoption of the new syllabus

content which should help the growth trajectory for the company. We saw a strong start to the season in Q3 and we hope to continue the momentum into the main quarter.

In the Test Prep segment, apart from partnerships with various Youtubers which has helped us enter new geographies and segments, we are launching CUET Coaching and Mock Tests under the TestCoach platform to cater to the CUET exam preparation. This examination attracts over 15 lakh students, and we see this opportunity as a sweet spot given our product offering and leadership in the school segment which should catapult us as a leader in this segment as well.

We continue to be engaged in a content licensing partnership with leading Tech majors to power their Gen AI Large Language Models (LLMs). This has opened up a new Revenue vertical for the company, which we are keen to continue to build upon since we have a large content repository and AI LLM Models need vast amount of datasets for training.

The 3rd quarter was a marketing intensive quarter where we go all out to connect with key decision makers and our end customers. In this regard, we had events like our Channel Partners Product Briefing, Singapore Study tour for principals of leading schools, Events like Mathematics Summit, Hindi Diwas, Knowledge Quest Quiz, Scratch & Win Prize etc.

With that, I would now request our Investor Relations Head, Mr. Atul Soni to apprise all of us on the financial performance of S. Chand.

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

Thank you, Himanshu ji. Good afternoon, everyone and thank you for your time. I am Atul Soni, Head – Investor Relations, Strategy and M&A of S Chand And Company Limited.

In terms of numbers for the first nine months, our consolidated operating revenues came at Rs1,002million and a PAT Loss of Rs256 million.

This was a historic Q3 since we crossed Rs1,000m in revenues and delivered Gross Margins more than 70% for the 1st time in company's history in Q3FY25 (Q3FY24: 55%). There has been an increase in our gross margins in comparison to last year as the 9MFY25 numbers had the benefit of lower raw material costs and AI LLM content licensing revenues which have higher gross margins.

Our EBITDA losses for 9M decreased to Rs 682 million loss vs loss of Rs 765 million on back of higher gross margins.

Our PBT losses for 9M decreased to Loss of Rs 1003 million vs loss of Rs 1116 million.

One of the strongest features of the company's Q3 results were our working capital metrics which are at historic lows for Q3 in the company's history and at par with the best in the industry. Do note that:-

- Our Q3 receivable days were at 80 days for the 1st time in the company's history.

- Our Q3 Net Working capital days was at 152 days which is the lowest in company's history.

Trade Receivables stood at Rs1,503m during the quarter vs. Rs1,502m during same time last year. In terms of receivable days, it stood at 80 days (vs. 89 days in Q3FY24). This is the lowest receivable days in Q3 in the past 5 years.

Inventory reduced to Rs2,157m (vs Q3FY24: Rs2,329m). Our inventory includes raw material paper inventory of Rs544m (vs. Q3FY24: Rs872m). This is the quarter with the highest inventory levels during the year in anticipation of a strong sales season.

Net Working Capital reduced to 152 days (vs. 156 days in Q3FY24). This is the lowest net working capital days in Q3 in the past 5 years.

Net Debt stood at Rs539m (vs. Rs889m in Q3FY24) and Gross Debt stood at Rs1,078m (vs. Rs1,207m in Q3FY24). Net Debt has reduced by Rs350m on a YoY basis.

In terms of Cash Flows, our strategy of focusing on the cash flows has yielded results where we ended the quarter with reduced Operating Losses before Working Capital changes of Rs575m Loss vs. Loss of Rs643m during same time last year.

As we enter the main sales season of FY25, I would like to reiterate for this year-:

- Firstly, we are looking to grow Operating revenues in double digits for the year.
- Secondly, we expect Gross margins to be higher vs last year.
- Thirdly, we have upgraded our EBITDA margin band guidance to 17%-19% (vs. 16%-18% guidance Last year) on account of higher Gross Margins.
- Finally, we look forward to continuing our sharp focus on working capital metrics and cash flows to continue. We will be Net Debt Free for 3 quarters during the year.

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

Host:

Thank you. Thank you very much. We will now begin the Question & Answer session. Anyone who wishes to ask questions may press * and 1 on the touchtone telephone. If you wish to remove yourself from 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.

The first question is from the line of Harshit from Global Capital. Please go ahead.

Mr. Harshit – Global Capital:

Thank you for the opportunity. So, considering that the company has stated in their presentation that there will be maximum adoption of the syllabus change, what is the expected topline growth for FY26 and FY27?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So, we are not giving any topline growth guidance as of now for those 2 years. We will be obviously giving the next year top-line growth guidance when we report our annual numbers in May. So we would be able to provide that answer at that point of time.

Mr. Harshit – Global Capital:

All right. Sir, earlier the company has guided 18 to 20% growth considering that the NCF adoption took place. So, would it be fair to assume a similar growth trajectory?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So, we have said that there would be strong double-digit growth for the company when the NCF would be adopted. So, yes, I think giving any colour around that at this point of time, I think it will not be fair. Let us wait for the season to get over, and in May we would be able to provide an answer.

Mr. Harshit – Global Capital:

All right. Thank you. So, sir, can you tell me how many standards have already changed the syllabus under the new NCF, and how many more are expected to change in the coming years?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So far, K to 3 and 6th class new syllabus books have been announced. The rest have not been announced so far by the government. So, we are hopeful and we are waiting for CBSE to announce new books for those classes.

Mr. Harshit – Global Capital:

All right. Thank you for the answers.

Host:

Thank you. A reminder to all participants, you may press *and 1 to ask questions. The next question is from the line of Niteen from Aurum Capital. Please go ahead.

Mr. Niteen Dharmawat - Aurum Capital:

Yeah. Thank you for the opportunity. So, assuming that NCF does not come in the remaining period, maybe 1 to 1 ½ months, when we can publish this for the next academic year and there is a delay over there, so if we assume that, will we still be having the double-digit growth for this financial year, or there will be doubts on that growth?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

We are very confident of double-digit growth for this year. So, I do not think there is any doubt on that.

Mr. Niteen Dharmawat - Aurum Capital:

Okay. And also the margin will remain on the same line as you mentioned, right?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

Yes. We are reiterating our margin band guidance of 17%-19% for this year. So, that remains the same.

Mr. Niteen Dharmawat - Aurum Capital:

So, my next question was about the investment that the company has made in various private entities. So, one of the investments was Smartivity. So, is there any exit that we are looking for, or any revaluation possibilities over there of that investment that we have made?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So, we are not looking for an exit as of now. At the same time, the company, Smartivity, might raise funds or go in for a new round of fund raise. So, that remains to be seen. When that happens, then there can be a revaluation of our stake in the company. So, it depends on Smartivity raising the next round, you know. I think we are not looking to exit as of now. They are doing pretty well and we intend to ride this investment for some time.

Mr. Niteen Dharmawat - Aurum Capital:

Perfect. Any other new investments that we are exploring either directly in publishing or in allied companies similar to Smartivity?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

We are always evaluating, both in print businesses as well as minority investments in EdTech businesses. There is nothing which we can add as of now. But that does not mean that there are not things on the table. So, we are always on the lookout for good businesses at good valuations. So, as of now, that hunt continues for us.

Mr. Niteen Dharmawat - Aurum Capital:

Perfect. My final question is since our cash flows are very strong and we are also generating good profit and operationally we are doing significantly well compared to what it was earlier. So, is there any possibility of rewarding shareholders in terms of higher dividend or maybe some buyback, considering the valuation that company is

currently carrying? So, is there any other possibilities that management or the Board would like to evaluate, management would like to suggest?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So, these options are obviously considered. But I think the right time for evaluating and getting the official answer on this will be after the Q4 results are announced. But the Board will definitely evaluate these options.

Mr. Niteen Dharmawat - Aurum Capital:

Okay. Thank you and wishing you best.

Host:

Thank you. A reminder to all participants, you may press * and 1 to ask questions. The next question is from the line of the Deepan Sankara from TrustLine Holdings. Please go ahead.

Mr. Deepan Sankara - TrustLine Holdings:

Thanks a lot for the opportunity. Good afternoon, everyone. Firstly, from my side, what is our expectation on what proportion of schools currently which we are catering to, could adopt this NEP for this year and next year?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

Himanshu ji, do you want to take that?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Yeah. Hi. So, exact numbers are very difficult to say. But NEP adoption at last year was only in some schools, around 10 to 15% of the schools. But this year we expect around 30-35 % or even 40% schools adopting the new syllabus and going with the new NEP. But because the government has not released the complete syllabus of all the classes and all the subjects, so we expect the NEP full implementation to happen in the next 2 years, and then the full NEP would be implemented in all the schools in the country. And then the next 2 years, I think, would be a good growth area for us. So, we believe that the new syllabus will be implemented in the next 2 years in all over the country.

Mr. Deepan Sankara - TrustLine Holdings:

Okay. And how has been the NEP adoption rate? Has it been uniform across the country or is it different for any specific region where we are seeing higher adoption?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

I would say it is mostly scattered all over the country. North mainly has, I would say, more of CBSE schools. It is dominated by CBSE schools. East and West has a lot of ICSE schools plus State Board schools. And the South also has some bit of CBSE schools, but mostly State Board schools. So, I would say the adoption is more in North India. But I

would say it is more or less scattered all over India. So, it is not like North is adopting and South is not adopting. Both are adopting, but the number of schools in North only are more, in any case.

Mr. Deepan Sankara - TrustLine Holdings:

Okay. So, considering over next 2 years the full adoption we are expecting, so this will be a uniform growth. So, are we expecting something like 2 to 3 classes added each over next 2 years?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Yeah. So, we are not very sure because it is a government's policy and government has to release the syllabus. But we expect, in the next academic session, 3-4 classes should be added, and the year after that the complete syllabus should be implemented. But all depends on the government's policy. So, we cannot confirm on that. But we expect that in 2 years it should happen. That is what we are hopeful for.

Mr. Deepan Sankara - TrustLine Holdings:

Okay. Thanks a lot and all the best.

Host:

Thank you. A reminder to all participants to press * and 1 to ask questions. The next question is from the line of Mr Jain from Bowhead India Fund. Please go ahead.

Mr. Jain – Bowhead India Fund:

Hi, sir. My question would be, do you expect in the coming 1-2 months, remaining FY25, can the government announce the curriculum change for additional grades for next academic year?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

Sorry, can you repeat the question, and can you please repeat a little louder because your voice is very muffled here.

Mr. Jain – Bowhead India Fund:

Okay. So, I wanted to know, do you think in remaining part of FY25 i.e. in 1-2 months, the government can announce curriculum change for additional grades for the next academic year, or it won't?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

We have our doubts because the season is almost on its peak right now. So, it is not going to impact too much. And we don't believe that the government is coming out with new books in next couple of months. So, it will happen only after, I would say, June or July. So, till that time the season would be over only. So, the impact of the new syllabus change of other classes will happen in the next academic session only.

Mr. Jain – Bowhead India Fund:

Got it. And your expectation is, by FY27, government will roll out curriculum change for all the grades. Is my understanding, right?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Yes, it should happen like that. That's what we believe.

Mr. Jain – Bowhead India Fund:

Okay. And my next question was, I wanted to ask about paper prices. Have they you know increased or decreased in last 2-3 months? And what is your outlook for paper prices going ahead?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Paper prices have decreased in the 1st Quarter and 2nd Quarter, but from Q3, especially after Diwali, the prices started rising, and now they have risen quite a bit, especially for the B-grade mills. And we believe that the paper prices might increase more till March or April, and then they will stabilize after the end of the season. We can't predict very clearly, but that's what we believe. We have already done our contract. So, we already have purchased our paper and we are, I think, well in our budget and below than the last year's paper price.

Mr. Jain – Bowhead India Fund:

Can you tell in percentage terms, what would have been the increase? You said after Q2 it started increasing after Diwali. So, what would be the increase in percentage terms?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Prices of B-grade paper have increased gradually. The total prices must have increased from its lowest point to around 10-15%.

Mr. Jain – Bowhead India Fund:

Okay. Got it. Thank you.

Host:

Thank you. The next question is from the line of Srinath Sridhar from Infinite Financial Services. Please go ahead.

Mr. Srinath Sridhar- Infinite Financial Services:

So, in Q4, are you all targeting... Are you all comfortable to achieve about Rs500 crores plus revenues?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So, see we have given our guidance figure. It is double digit operating revenues over last year. So, we are comfortable with that guidance.

Mr. Srinath Sridhar- Infinite Financial Services:

So, mid-teen double digit or low teen?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

I would tend to go with the double-digit growth. Let us see. We cannot give more colour as of now.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

We will try for high teens, but we do not know as of now what number we will exactly do, because this is a very seasonal business, as we know, and everything happens in the last quarter. So, every day is a very important day for us. So, we will try to do mid and high teens but let us see. Let us hope for the best.

Mr. Srinath Sridhar- Infinite Financial Services:

Also, your books cater to which segment, like CBSE, ICSE, State Board or...?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

So, let me comment on that. So, basically, India has primarily, if you see, a four tier structures for the school system. One is the highest, which is the IB and IGCSE board, where they have only handful of schools and very premium schools, where we are not very present because that is dominated by foreign publishers. Second is the CBSE and the ICSE board, which we are present fully in all the schools in the country. Third is the State Board, which is the local board like Maharashtra board or Bengal board or Bihar board etc. In that, there are two categories of schools. One is the vernacular language, which is the local language, and second is the English medium school. So, English medium schools, we are present in almost all regions. And as I said, the third category also has the vernacular. So, in the vernacular, we are there but not much because they are dominated by locals there. So, we also have a company focused on the West Bengal market with Chhaya Prakashini, which does local West Bengal State Board. So, something similar what Navneet does in Maharashtra and Gujarat. So, this is the tier structure. This is the structure of the way the things happen in India.

Mr. Srinath Sridhar- Infinite Financial Services:

Great. Thank you. So, your proportion would be mainly in CBSE?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

CBSE, ICSE, we are in mostly all the schools. And State Board English medium schools, we are there in quite a bit of them, but not all. And in vernacular, we are in some of them.

Mr. Srinath Sridhar- Infinite Financial Services:

All right. Thank you.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

But we cater to around 45,000 to 50,000 schools in the country.

Mr. Srinath Sridhar- Infinite Financial Services:

Okay. Thank you.

Host:

Thank you. The next question is from the line of Rishikesh from RoboCapital. Please go ahead.

Mr. Rishikesh Oza – RoboCapital:

Yeah. Hi. Thank you for the opportunity. Sir, my question is regarding to a question of the previous participant. So, the understanding is that the Class 4, 5 and Classes 7 to 12, they are yet to be announcing the syllabus changes, correct?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

That is correct.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Yes, that is correct.

Mr. Rishikesh Oza – RoboCapital:

And we expect that by FY27, the syllabus should be changed in these classes?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Yeah, for all the classes and subjects. We're hopeful for that.

Mr. Rishikesh Oza – RoboCapital:

Okay. So, for the remaining classes, where the syllabus has not been changed, what would be the proportion of the revenue for these classes?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So, basically, K to 2 will be around, let us say, 10 to 15% of our total revenues. For 3rd and 6th, we do not break out our revenues this way. But you can say from 3rd to 8th will be another 30%-40% of our revenues.

Mr. Rishikesh Oza – RoboCapital:

Okay. And we do 9 to 12 as well?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So let me explain this, K-8 is around 80% of our school revenues. And our school revenues are about 80% to 85% of the consolidated revenues. So, K-8 would be around 60%-65% of our consolidated revenues.

Mr. Rishikesh Oza – RoboCapital:

Okay. Got it. And let us say the syllabus change is announced, what impact will it have on the revenue? What incremental revenues can it generate?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So for this sales season, we are not hopeful that there is going to be more classes which are going to be announced. Even if they are announced, they're not going to impact our sales much because right now the schools are in the process of finalizing their list and ordering. So they are not going to change their lists, you know, as of now. Now, whatever impact you will have, you will have in the next sales season only.

Mr. Rishikesh – RoboCapital:

Okay, but could you quantify what impact could we have?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

You mean for this year?

Mr. Rishikesh – RoboCapital:

No, no. FY26 onwards.

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So for FY26 let's wait and watch. Let's see how many classes are announced for and also, we'll be giving our annual guidance in May. So I think that will be a better time to talk about that.

Mr. Rishikesh – RoboCapital:

Got it. And one more question, which one participant I think asked before that, assuming that we grow by low teens in FY25 also, would it be fair to say that we'll be doing 500 crores, closer to 500 crores in Q4, right?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

I think you can do the mathematics. We have done Rs248 crores so far. For us to do at least double digits basically let's say, 10%, 10% on Rs662 crores which we did last year. So I think you can do the math there.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

But I would say closer to that number.

Mr. Rishikesh – RoboCapital:

Got it. Thank you very much.

Host:

Thank you. A reminder to all participants, you may press '*' and '1' to ask a question. The next question is from the line of Lavanya Tomar, an individual investor. Please go ahead.

Mr. Lavanya Tomar – Individual Investor:

So the company's balance sheet reflects a substantial goodwill amount. Can you provide more insights into what this goodwill represents? That is my first question. And there was a recent news that NCERT has decided to drop over 100 printing agencies. Can you just confirm that whether S. Chand also receives direct order from NCERT for printing?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

So let me answer the second question. First question Atul will answer. The second question, NCERT yes, has dropped agencies. But we are not a part of the consortium, and we don't do any printing for NCERT. And in the future also we don't intend to do as of now. We're not a part of that consortium.

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

Goodwill is there because of our acquisitions which we have done in the past 10-12 years. So it's because of that.

Mr. Lavanya Tomar – Individual Investor:

Okay. So regarding that only, if you see the company's return on equity, it appears to be on the lower side. So I primarily think it is because of this goodwill on our balance sheet. So could you elaborate on the key factors which you think is impacting our ROA and what specific steps the management is taking to improve this?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

See you have correctly identified as because of the high amount of goodwill which is sitting in the balance sheet. But you know, the acquisition has been done long time back and we do not intend to write down the goodwill in any kind. So that number will stay in the balance sheet.

Mr. Lavanya Tomar – Individual Investor:

Okay. So then has company figured out whether the goodwill number is still relevant what it has being seen, sir?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

Yes. That number is reviewed by our auditors every quarter.

Mr. Lavanya Tomar – Individual Investor:

Yeah. So I was asking like in this quarter the company achieved gross margin of 70%. Are we like looking at the similar kind of margins in the next quarter also?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

Q3 margins were aided by Licensing revenues. On an annual basis we do not give a guidance on gross margins. We are giving an EBITDA margin guidance. So we are sticking to that.

Mr. Lavanya Tomar – Individual Investor:

Okay sir. And in I think the last con call you had said that company had secured multiple AI platform deals. So can you elaborate on how this is going forward and what kind of revenues are we expecting from this area? And you also said something about LLMs, your company partnering into. So if you could elaborate on that, sir?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

These are deals with global players. Due to contractual obligations, I cannot give their names out. But I mean there are only a few in the world. So you can figure out.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

They are one of the largest players in the world. So you know the names.

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

In terms of contracts, you know, this is an ongoing thing. So we are also at the same time approaching other players and also trying to give them other content from our library. So we are very hopeful that this should be a consistent stream for us. This is more of a developing revenue line for us.

Mr. Lavanya Tomar – Individual Investor:

Okay, thank you sir. Okay, sir. Just a follow up like, in how much time are we looking to recognize these revenues? Or like, some sense of how it is going to be, sir?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So see our current revenues are there from two contracts. One of the contracts was one time in nature and one of the contracts was a recurring two year contract. In future which contracts come and what are the deal construct you know, that will be known in due time only. So this year we have done almost Rs20 crore plus in revenues from this stream. We will see if we can guide around this thing at our annual numbers in May.

Mr. Lavanya Tomar – Individual Investor:

Okay, thank you sir.

Host:

Thank you. A reminder to all participants you may press '*' and '1' to ask questions. The next question is from the line of Viraj from SiMPL. Please go ahead.

Mr. Viraj – SiMPL:

Yeah, thank you for opportunity. Just a couple of questions. First is, you know, the kind of growth we are seeing or we are talking about for the full financial year can you give some perspective with respect to volume and price mix?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So this year we have taken a price hike of mid-single digits. So that much should be price size and the remaining number whatever it comes should be volume.

Mr. Viraj – SiMPL:

So the improvement in gross margin which we are seeing, how much of that is because of the lower raw material prices and you know, the pricing or the curriculum change we have seen, the mix part?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So some portion of it is driven by lower raw material cost and some portion of it is because of digital revenues in the top line.

Mr. Viraj – SiMPL:

Can you just give some colour, would low RM be a major part and the digital or the curriculum change would be a smaller? The major part would be the low RM prices or you know, how should one look at this?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

The gross margins for digital revenues are much higher than the printing ones and the console number that you see is obviously a combination of digital as well as print. If I'm saying that there are Rs20 crores of digital revenue in this, you can assume much higher gross margin for the digital business. So I think that should give you some idea around it.

Mr. Viraj – SiMPL:

Okay. And in the digital piece we have also had these few one-time orders from tech majors and content part. So is that reflected in the revenue in current year?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

Yeah, that's reflected in the revenue. That's there in the revenue.

Mr. Viraj – SiMPL:

So going forward, going into FY26 how should one look at sustainability of this business stream?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

I think for FY26 you will have to wait till May for us to give our guidance. This is probably too early for us to speak. We haven't had our annual budgeting and planning cycle. So that will be the correct time for me to answer that question.

Mr. Viraj – SiMPL:

Okay. No, what I was really trying to understand the sustainability part of this particular type of deal. Is it certain deal or the contract period by which this can extend into multiple years or this is more of a one year thing?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

Yes, Absolutely. This is an area which is growing and growing fast. And so far we have only used a very small percentage of our content library. So if I have to think like that, then I have a large content library which is still waiting to be monetized through these kind of views. So, that's all I can say.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

So in this case, some content that we give to tech majors is on a yearly license. Some content we give is on a one-time license, depends on the type of the deal. So it's a mixed deal.

Mr. Viraj – SiMPL:

Okay, got it. And this last query was on the CBSE school coverage that we have pan India. Can you give some perspective how the conversion from say state boards vernacular English and to CBSE either affiliated or patent schools, how is that conversion, you know, taking shape? Any color you can give?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

So this is a very regular business that we've been doing for many decades. So we believe that out of 100 schools we approach for implementing or adopting our books, around 60% to 70% of the schools do use our books, especially in CBSE and ICSE and state board also, that number is quite decent. And, we believe that this is a percentage that we will keep on going and giving good content and good relationships we have with schools and we provide them with a lot of support facilities also. We do a lot of workshops, we do a lot of things for the school. So overall our support system and relationship management and content quality and brand have been quite consistent over the years and the schools have been adopting and using our product consistently over the years.

Mr. Viraj – SiMPL:

No sir, what I meant is you know, the conversion of state English schools to CBSE pattern or CBSE affiliated, any trend you're seeing in the conversion? How is that evolving?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Conversion is in normal course of business only.

Mr. Viraj – SiMPL:

Okay. And last question was in Maharashtra, you know there is possibly an announcement which we hear in the papers about them adopting CBSE contents for core subjects of science, maths and all. So does this in any way of benefit us? Any update you can give?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

No, I haven't received that news as of now but if that happened that will be a positive impact only for our company.

Mr. Viraj – SiMPL:

Okay, I'll come back in the queue. Thank you.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Thank you.

Host:

Thank you. A reminder to all participants, you may press '*' and '1' to ask question. The next question is from the line of Chandramauli, an individual investor. Please go ahead.

Mr. Chandramauli – Individual Investor:

Hello sir. Can we expect your top line and the bottom line to go beyond your previous peak of March 2018? If yes, when will that happen next year, if possible?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

FY18 numbers, Atul, I don't have as of now. Do you have the file for that?

Mr. Chandramauli – Individual Investor:

About Rs795 crores top line.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

That will be little tough to reach. But as we said earlier we should be in the double digit growth range for this year.

Mr. Chandramauli – Individual Investor:

No, I'm not talking this year. I am only asking in the years to come, next year or next to next?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

It might happen, sir. It might happen. We will try for our best. But we will be able to give you guidance only after we finish our year and maybe be able to give you a better guidance for the next year.

I hope that answers your question, sir.

Mr. Chandramauli – Individual Investor:

Yeah, fine. Thank you, sir.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Thank you.

Host:

Thank you. The next question is from the line of Manan Patel, an individual investor. Please go ahead.

Mr. Manan Patel – Individual Investor:

Thank you for the opportunity, sir. So the first question is you mentioned that you are launching a platform for CUET exams. So can you throw some light on what kind of investments are you planning to make? And is it a premium kind of product or do we have a physical presence or centres? How to think about this?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Atul, can you answer that? So, I think Atul's line has got disconnected. So I'll answer it. CUET sir is basically for Central Universities examinations and we had launched a product earlier but that was done in a very rush-rush manner. But now we are doing complete course and we are doing complete program. It's not only books, it will be a lot of other content including digital content, lot of support material, a lot of other stuff that we'll be giving. And I really feel that it should do good in the market. And, I think we have a budget of between Rs. 1.5 crores to Rs2 crore to develop this content. And after launch only we will be able to give you more feedback of how this content is doing in the market.

Mr. Manan Patel – Individual Investor:

But largely this will be a digital product, not like physical centres.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

No, no, it will be a mixed product. It will be having books as well plus having digital support material. But we're not going to open any centres or something to teach the students. We will be giving them content only, but the whole program. It will be like a

whole program. It will not be limited to only books or digital. It will be a mix of digital and books, and it will be a complete program for them.

Mr. Manan Patel – Individual Investor:

Okay. And this will be across all the subjects like 14, 15 subjects at that is there.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Yeah, it will be across all the subjects.

Mr. Manan Patel – Individual Investor:

Understood. And sir, my next question is a few months back I came across an article which mentioned that NCERT is sort of like, pushing schools to use their own textbooks, the textbooks printed by them. And if any liability arises of not using by the liability goes to the principal. So like, how does that affect us?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

So this is mainly an advisory for the schools. It's not a compulsion to the schools. The schools have been advised by NCERT to use their books from a long time. Since when I had joined the business around 25 years back I've been hearing all this, that NCERT is pushing the schools to use the books of NCERT. But schools definitely have their own choice. They have not been compulsory pushed by the NCERT. It's an advisory note from them and they can give the advisory note. Nobody can stop them.

But ultimately the choice of the school which books to use for the benefit of the students because in learning material, the school also has to see the quality of the learning material and the teachers also have to give the input that which content is good for them, which content is not good for them. And they have to see basically the career of the child also because the child has to have a strong background when he goes for competitive examinations especially after 9th and 10th. So the schools look at all those areas before taking the decision of which books are more suitable for their students.

Mr. Manan Patel – Individual Investor:

Understood. And sir, just a follow up on that. So what would be NCERT's market share in the CBSE textbooks?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Exactly I don't have the number, but I would say NCERT has a market share of at least I would say 18% to 20% in the all India market.

Mr. Manan Patel – Individual Investor:

Okay, that's very helpful sir. Thanks a lot and wish you all the best.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Thank you so much.

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

I got disconnected little time back. I'm connected. Am I audible?

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Yeah Atul. You are audible now. I've answered the question.

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

Okay, sir

Host:

Thank you. A reminder to all participants, you may press '*' and '1' to ask questions. The next question will be the line of Lavanya Tomar, an individual investor. Please go ahead.

Mr. Lavanya Tomar – Individual Investor:

Thank you. Just a follow up question sir, about goodwill. I just wanted to know why company has chosen not to amortize it? Don't you think periodic amortization would provide a more accurate reflection of the financial help and also ward off any risk of impairment in future?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So we are amortizing our plant and machinery assets. But for this our thought process is that we have paid the goodwill for the brand and the brand has a much longer life than usual assets which have to be amortized over a five year, ten year period. So we can consider it but that's not on the cards right now. Also, the businesses that we purchased are ongoing. So you know, those brands continue to live and prosper. So that is why we are not looking to amortize that brand cost or the acquisition cost as of now.

Mr. Lavanya Tomar – Individual Investor:

Okay, thank you sir.

Host:

Thank you. A reminder to all participants, you may press '*' and '1' to ask question. The next question is from the line of Madhur Rathi from Counter Cyclic Investments. Please go ahead.

Mr. Madhur Rathi – Counter Cyclic Investments:

Sir, thank you for the opportunity. Sir, I'm trying to understand we used to do a margin of more than 20% pre-COVID years. So why has that declined and when can we expect to get on this margin track again?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So we have given a margin guidance of 17% to 19% for this year. So let's see how the year goes and what number do we finish the year at. Accordingly for the next year we can give a guidance. But I would say that the number that you are saying is doable but let us finish this year and then for next year we will have a clearer idea for the margin band.

Mr. Madhur Rathi – Counter Cyclic Investments:

Okay. So I understood that from Navneet is that as the volumes come in this business, publishing business, the margins, incremental margins are very high.

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

That's correct.

Mr. Madhur Rathi – Counter Cyclic Investments:

So the kind of decent volume growth over the next two to three years like we are expecting a double digit margin growth with a high double digit kind of a margin growth with the New Education Policy implementation? Sir, can we expect the margins to go more than 20%, 22%?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So it all depends on the rollout of the New Education Policy. So if you think about it, for this year there have been only two new classes for which the syllabus has been announced, Class third and Class sixth. So let's see for next year or for the next one or two years what is the schedule of announcements of new classes.

So, let's say for example, theoretically speaking if all the classes come in one go, you know, then you will definitely see a huge jump in volume growth and that would lead to incremental margin increase as well. So it depends on the pace of announcements of the new syllabus by CBSE and NCERT.

Mr. Madhur Rathi – Counter Cyclic Investments:

Okay, got it. So do we have some kind of a ballpark estimate like, if the volumes grow by a certain amount, a certain percentage would directly flow into our margins?

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

So I don't think we will be able to give answer to that. But obviously you can look at the current growth that we have done probably in the last two years and where the margins have expanded in the last two years. So that is more like a normal growth. Any excessive top line growth like 15%, 20%, 25% kind of range and obviously that will lead to much higher growth on the EBITDA margin.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

So actually last couple of years back also the paper prices had increased in one financial year by around 40% to 50%. So that also had an impact on the margins because we can't increase the book price by 40% to 50%. We were able to only increase the book prices by 10% to 12% because the market cannot absorb that much. But that's what I think one of the reasons of margin impact was there after Corona. But we are looking at reaching at a 20s kind of a margin that was pre-COVID time. So we're hopeful that in some time we should be able to reach that number, but that we can only suggest after the year has ended and we can look at all the numbers and then come to a conclusion in that.

Mr. Madhur Rathi – Counter Cyclic Investments:

Got it. Sir, just a final question from my side of the CUET prep side. So this would be a pure play self-prep kind of product. We just provide material to the students who are going to apply for this examination, and we are just going to provide a self-prep kind of model.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

The student will take help from their own teacher, tuition centre wherever they are learning that. So there is no problem with that. They can learn through that. And if they want to read themselves without taking any help, they can do that also. So the course will be completely comprehensive program and that they can use it any way they want to. The students will have access to Live Classes, Mock Tests, Question Banks, Doubt support, along with the content as per the CUET Syllabus. But idea is that the course should be of good quality comprehensive content, and it should be catering to the needs of the current student needs whatever they have in the CUET.

Mr. Madhur Rathi – Counter Cyclic Investments:

So we won't prepare any, what you call, digital content in the way where we are teaching it to the students. We are just preparing digital content where they can do test preps and all those segments on the paper.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

No, it will be a mix of physical and digital content, both. It will be a mix of both. It will not be only digital or only physical.

Mr. Madhur Rathi – Counter Cyclic Investments:

Okay, got it. So thank you.

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

There will be live classes.

Mr. Madhur Rathi – Counter Cyclic Investments:

Okay, Got it. Thank you.

Host:

Thank you. Since that was the last question for the day, I now hand the contents over to the management for closing comments. Over to you, sir.

Mr. Himanshu Gupta - Managing Director, S Chand And Company Limited:

Thank you so much. Thank you, everyone, for your questions, and we hope we have answered them all. If you have any further questions, you can write to the company, we'll get back to you on that and wishing you all a safe health. Thank you so much for your time. Thank you.

Mr. Atul Soni - Head, Investor Relations, Strategy and M&A, S Chand And Company Limited:

Thank you very much.

Host:

On behalf of PL Capital. That concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

End of Transcript

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11th February 2025 will prevail.