S.CHAND GROUP

S Chand And Company Limited

Corporate Office: A-27, 2nd Floor, Mohan Co-Operative Industrial Estate, New Delhi - 110044, India.
Registered Office: Ravindra Mansion, Ram Nagar, New Delhi - 110055, India.
P:+91 11 4973 1800 | F:+91 11 4973 1801 | E: info@schandgroup.com | www.schandgroup.com

Date: May 28, 2019

To Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai, Maharashtra 400001	To Listing Department, National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051

Dear Sir,

Re: Investors Presentation & Press Release-Financial Results-Q4 and FY 2018-19-pursuant to Regulation 30 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The presentation and press release for the analysts and investors for the conference call scheduled to be held on Wednesday, May 29, 2019 at 1:00 P.M. to discuss the financial results for the quarter and year ended March 31, 2019 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.

For S Chand And Company Limited

S Chand And Company Limited New Delhi 110055

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

CIN No. L22219DL1970PLC005400

S. Chand and Company Limited

Q4 – FY2018-19

Investor Update

May 28th, 2019

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- FY19 – CHALLENGING YEAR FOR THE INDUSTRY
- FY19 REVENUES ADVERSELY IMPACTED BY EXPECTATION OF NEW EDUCATION POLICY
- OTHER QUATERLY HIGHLIGHTS
- EARS TO THE GROUND – NEW EDUCATION POLICY
- COST SAVINGS MESAURES FOR FY20
- S CHAND 3.0 – FOCUS ON CASH FLOW IMPROVEMENT
- CONSOLIDATED FINANCIALS
- WORKING CAPITAL CYCLE - METRICS MARRED BY ONE OFF YEAR
- DIGITAL INITIATIVES – SYNERGIES TO THE CORE BUSINESS
- SHAREHOLDING STRUCTURE
- GOING AHEAD
- ANNEXURE:
    - China vs India – A Case Study in Education Sector
    - Indian Education Sector - Overview
    - S Chand – Group Profile

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FY19: An Year of Disruption

- Focus on working with preferred channel partners impacts current season sales
- Cost structure designed for higher level of sales lowers profitability
- Higher sales returns from channel partners on back of expectation of New Education Policy
- Paper price increase for 2nd consecutive year
- Expectation of New Education Policy reduces sales velocity during this sales season
- External Factors

FY19 – CHALLENGING YEAR FOR THE INDUSTRY

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Expectation of New Education Policy reduces sales velocity

- We expect the New Education Policy to be rolled out by the new government *(See Slide 'Ears to the Ground*') This hampered the channel sales velocity for the current season as dealers went into the season with a mentality of keeping lower inventory. Do keep in mind that the last Education policy came out in 2005.

Focus on working with preferred channel partners

- In our journey towards " S Chand 3.0", we had taken a conscious call to work with preferred channel partners during this season.
- Though this had a short term impact but we are confident that this will lead to better working capital management and would normalize going into FY20.

Higher sales returns from channel partners

- Given the expectation of the release of the New Education Policy during the FY19 by the government, which continued to get deferred multiple times, the existing distributor network returned higher levels of return to avoid a situation of higher channel inventory levels going into the NEP.

Cost structure designed for higher level of sales impacts profitability

- On the back of growth witnessed during the previous financial years the company's cost structures were designed for higher growth. However, lower offtake due to various factors impacted profitability adversely for the year.
- We have taken steps to correct the cost structures in the company for a more sustainable growth and the impact of which would be visible from Q2 onwards.

External Factors

- This season saw schools taking steps to reduce the bag weight for the children on the back of some government circulars also resulting in reduction in adoption of certain non core subjects to reduce bag weight in junior classes. The company has made major inroads with monthly/semester wise books which addresses this issue.
- We also saw cases of undue pressure on private schools to adopt NCERT books which in our opinion puts the students/schools at a disadvantage of choice of content and services. The Federation for the Publishing Industry has represented against these various circulars/practises in the appropriate courts/forums.

Paper Price Increase

- FY19 was an abnormal year for paper prices as we saw consecutive price increase in paper by more than 15% on a yearly basis. We managed to reduce impact on our gross margins by entering into annual contracts at the beginning of the year.

FY19 REVENUES ADVERSELY IMPACTED BY EXPECTATION OF NEW EDUCATION POLICY

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- **In our view, FY19 reported Revenues of Rs522cr was adversely impacted by** -:
  - Higher Incremental provisioning of Rs. 74 cr.
  - 28% higher level of sales return vs. FY18 by the channel partners on back of uncertainty around the New Education Policy.
  - However, **we want to highlight that our gross dispatches for K-12 academic season were down only ~11% vs. Reported Net sales down by 31% during the quarter**.
- **Lower sales offtake in the distribution channel**
  - In anticipation of the New Education Policy, the channel partners lowered their sales offtake so as to control the level of inventory with them.
  - The government has been talking about the state of readiness of the New Education Policy in various media articles and public forums which we expect to come out post elections (*See 'Ears to the Ground' slide*).
- **Higher sales return from channel on back of expectation of New Education Policy**
  - Due to the expectation of the New Education Policy, our channel partners did higher that expected/usual sales returns during this season.
- **Conservative approach to sales this season from the company**
  - The company also took steps to work with better channel partners for achieving superior cash flows in the coming quarters inspite of the lower sales being witnessed in this sales season.

OTHER QUARTERLY HIGHLIGHTS

- **Continuing on the "S Chand 3.0" journey focused on increasing Free cash flow generation**
  - We had shared in 3Q that we had launched "S Chand 3.0" program which is aimed at generating higher free cash flows in the coming years from the business.
  - We started on this journey by targeting better trade terms with channel partners during the current sales season.
  - We have focused on various operational and business cost control measures across the group which should lead to significant savings and improve cash flow metrics during FY20. This is highlighted in the slide "*Cost Saving Measures for FY20*".

- **Chhaya Prakashani acquisition completed**
  - We completed the process of acquiring final 26% stake and taking our stake to 100% during the quarter.

EARS TO THE GROUND – NEW EDUCATION POLICY

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May, 2019

- **Article - Modi govt will finally announce New Education Policy by 31 May after 4-year delay**
  - Link - https://theprint.in/india/education/modi-govt-will-finally-announce-new-education-policy-by-31-may-after-4-year-delay/240532/
- **Article - NCERT set for mega review of 2005 curriculum guidelines**
  - Link - https://timesofindia.indiatimes.com/india/after-14-years-ncert-reviews-guidelines-on-curriculum/articleshow/69381082.cms

March, 2019

- **Article - New National Education Policy Draft to Wait Till Lok Sabha Elections 2019 Results, Says Prakash Javadekar**
  - Link - https://www.latestly.com/india/education/new-national-education-policy-draft-to-wait-till-lok-sabha-elections-2019-results-says-prakash-javadekar-700164.html

January, 2019

- **Article - Government will unveil draft education policy soon, says Javadekar**
  - Link - https://www.livemint.com/Politics/lpaHGhD1gLq9Jc8T6fLC9N/Government-will-unveil-draft-education-policy-soon-says-Jav.html

December, 2018

- **Article - Draft National Education Policy ready: Javadekar**
  - Link - https://timesofindia.indiatimes.com/home/education/news/draft-national-education-policy-ready-javadekar/articleshow/67108512.cms
- **Article - National Education Policy draft may be out in public domain soon**
  - Link - https://www.hindustantimes.com/india-news/national-education-policy-draft-may-be-out-in-public-domain-soon/story-m69vKg2PWYTTXygzDpXMKL.html

The New Education Policy would usher in a period of strong & sustainable growth for multiple years on back of the 2nd hand book market getting cleaned from the system.

COST SAVINGS MESAURES SHOULD TRANSLATE INTO ANNUALIZED COST SAVINGS OF Rs60CR TO Rs80CR

Employee Costs

- The organization has been right sized by over 400 employees (Number of employees as of FY18: ~2200). Full benefits to flow in from 2QFY20 onwards.
- The management has decided to not have any salary hikes for FY20.
- Introduction of performance based variable pay structure ranging from 7.5% to 15%.

Numbers of Offices & Warehouse/Rentals Rationalization

- Rationalized regional offices across states in the country. Over 10 offices right sized. Rents of major offices being renegotiated and this should reflect in lower rental costs for the company.
- Consolidation of warehouses across the country. Over 15 smaller warehouses merged with regional warehouses. This should also reduce inventory levels going ahead.

Evaluation of Internal Expenses and eliminating dispensable spends

- Working to renegotiate all major contracts with suppliers towards lower costs. Some of the spends include telecom, office supplies, transportation etc.
- Increased usage of technology to reduce spends on internal meetings, travel and events.
- Events rationalized based on ROI

Paper & Freight

- Going into FY20, we are looking to improve contribution per MT of paper consumed.
- Realignment of grammage and size of paper depending upon titles/markets/subjects/end product pricing.
- Consolidation of warehouses and better freight/courier management through the use of Business analytics to optimize inventory routing and reduced delivery times.

Royalty

- We have renegotiated certain Royalty agreements with our authors to ensure that Royalty costs are paid as per current market practises and dynamics.

In spite of our rationalization on costs, we remain focused on our relationship management with teachers, schools and preferred distributor partners to ensure no negative impact on revenues & market share going ahead.

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Lowering operating costs

- Right Sizing of our employee base by over 400 employees (FY18: 2200+)
- Rationalization of number of offices and consolidation of warehouses at over 25 locations
- Focus on manpower optimization through shared services across group companies.
- Renegotiations of all major operational cost items to bring costs lower.

Working with higher quality channel partners

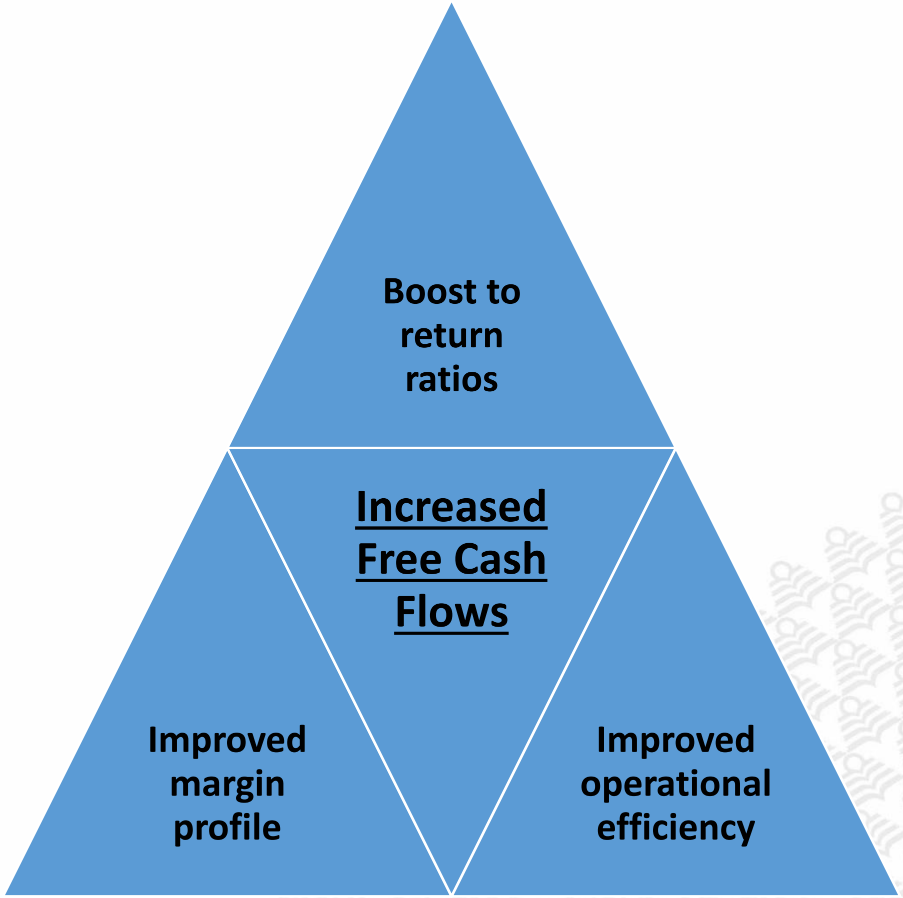
- Focusing on better terms with channel partners, improved velocity of collection, sale productivity metrics etc.
- Focus on higher margin products.
- Tightening of discounting structure.

Lower Inventory levels

- Focus on portfolio of faster moving titles.
- Warehouse consolidation at 15 locations.
- Rationalizing number of SKU's.
- Eliminating print of titles which do not meet sales threshold limits.

Faster Receivables collection cycle

- Prioritizing our channel partners based on historic receivable efficiency.
- Strict escalation of delay in receivable collection from channel partners in the appropriate manner.
- Dealer loyalty program launched.
- Best-selling titles being sold against reduced credit / advance payment.



CONSOLIDATED FINANCIAL PERFORMANCE

(₹ in millions)	Q4FY19	Q4FY18	*Y-o-Y%*	FY19	FY18	*Y-o-Y%*
Revenue from operations	4,491	6,547	*(31)%*	5,220	7,944	*(34)%*
Other income	42	67	*(37)%*	116	126	*(8)%*
Total income	**4,534**	**6,613**	***(31)%***	**5,336**	**8,071**	***(34)%***
Cost of published goods/materials consumed	921	1,177	*(22)%*	2,094	2,346	*(11)%*
Publication expenses	56	62	*(10)%*	154	117	*31%*
Purchases of traded goods	567	767	*(26)%*	(440)	99	*(544)%*
(Increase)/decrease in inventories of finished goods and WIP	227	391	*(42)%*	448	683	*(34)%*
Selling and distribution expenses	244	283	*(14)%*	884	737	*20%*
Employee benefits expenses	384	371	*4%*	1,511	1,386	*9%*
Other expenses	265	151	*76%*	881	649	*36%*
EBITDA	**1,870**	**3,412**	***(45)%***	**(195)**	**2,054**	***(110)%***
EBITDA Margin (%)	***41%***	***52%***		***-4%***	***25%***	
Finance cost	90	60	*49%*	272	240	*13%*
Depreciation and amortization expense	60	52	*17%*	237	193	*23%*
Profit/(loss) before share of loss in associates, exceptional items and tax	**1,719**	**3,300**	***(48)%***	**(705)**	**1,622**	***(143)%***
Share of profit/(loss) in associates	5	(2)	*(296)%*	(14)	(12)	*18%*
Exceptional items (refer note 11)	51	-	*n.a*	(233)	-	*n.a*
Profit/(loss) before tax	**1,775**	**3,297**	***(46)%***	**(953)**	**1,609**	***(159)%***
Tax	560	1,046	*(46)%*	(283)	539	*(153)%*
Profit/(loss) for the year	**1,215**	**2,251**	***(46)%***	**(669)**	**1,071**	***(162)%***
Earnings/(loss) per equity share (in ₹) (for discontinued and continuing operations)						
1) Basic	34.74	64.52	*-46%*	(19.13)	31.14	*-161%*
2) Diluted	34.66	64.44	*-46%*	(19.13)	31.06	*-162%*

FY19 has been a one off year on back of disruption in market from expectation of New Education Policy.

CONSOLIDATED FINANCIAL PERFORMANCE

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(₹ in millions)

Particulars	March 31, 2019 Audited	March 31, 2018 Audited
Assets		
Non-current assets		
Property, plant and equipment	1,152	1,074
Intangible assets	4,203	4,068
Capital work-in-progress	3	7
Intangible assets under development	107	61
Financial assets		
- Investments	242	233
- Loans	95	93
- Other financial assets	13	12
Other non-current assets	287	135
Deferred tax assets (net)	593	220
Total non-current assets (A)	**6,695**	**5,902**
Current assets		
Inventories	2,048	1,562
Financial assets		
- Investments	216	468
- Loans	67	83
- Trade receivables	4,446	6,312
- Cash and cash equivalents	604	665
- Other financial assets	91	29
Other current assets	152	139
Total current assets (B)	**7,623**	**9,259**
Total assets (A+B)	**14,318**	**15,161**

(₹ in millions)

Particulars	March 31, 2019 Audited	March 31, 2018 Audited
Equity and liabilities		
Equity		
Equity share capital	175	175
Other equity		
- Retained earnings	2,639	3,334
- Other reserves	6,490	6,488
Non controlling interests	29	42
Total equity (C)	**9,333**	**10,039**
Non-current liabilities		
Financial liabilities		
- Borrowings	727	266
- Trade payables	7	6
- Other financial liabilities	8	3
Net employee defined benefit liabilities	52	70
Other non-current liabilities	7	8
Total non current liabilities (D)	**801**	**353**
Current liabilities		
Financial liabilities		
- Borrowings	1,409	1,448
- Trade payables		
- micro enterprises and small enterprises	117	50
- other than micro enterprises and small enterprises	1,826	1,965
- Other financial liabilities	590	831
Net employee defined benefit liabilities	9	7
Other current liabilities	196	216
Other provisions	37	251
Total current liabilities (E)	**4,183**	**4,769**
Total equity and liabilities (C+D+E)	**14,318**	**15,161**

FY19 has been a one off year on back of disruption in market from expectation of New Education Policy.

- **Our strategy of focusing on the cash flows has started yielding results with the Net cash generated from operations of Rs38cr in FY19 (vs. Rs39cr in FY18). This is in spite of the 34% drop in the net revenues for the year.**

- Debt metrics include-:
  - Gross Debt: Rs248cr
  - Cash & Equivalents: Rs82cr
  - Net Debt: Rs166cr
  - We are at a comfortable Debt to Equity ratio of 0.3x and we expect debt levels to reduce going ahead on back of higher free cash flow generation from business.

WORKING CAPITAL CYCLE – METRICS MARRED BY ONE OFF YEAR

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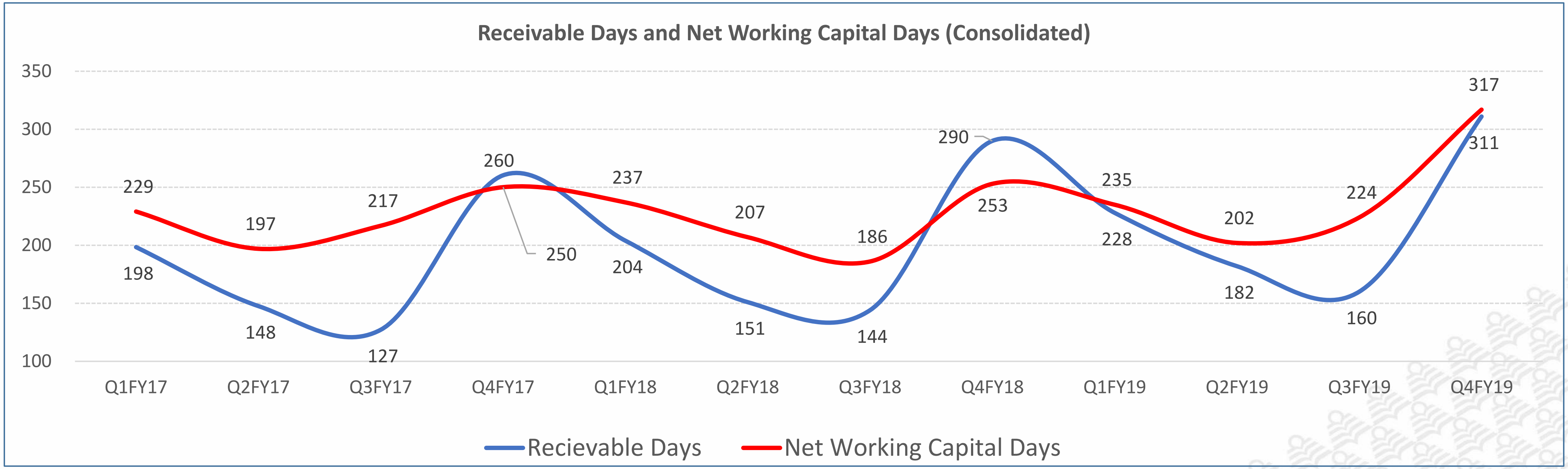
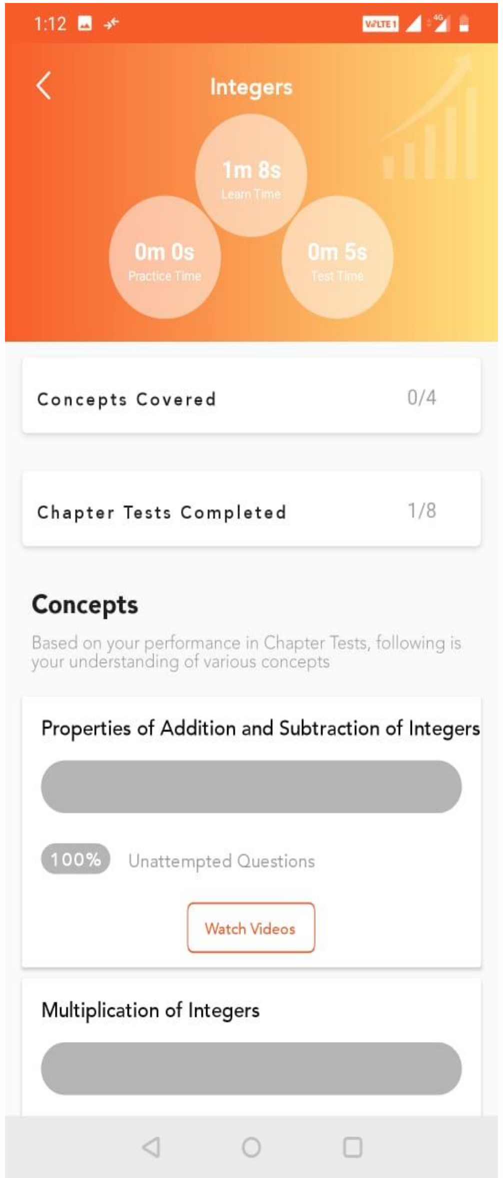
- **Debtors reduced from Rs6,312m as of Q4FY18 to Rs4,446m as of Q4FY19** (vs. Rs5,016m in Q1FY19 & Rs3,866m in Q2FY19 & Rs3,085m in 3QFY19)
- Inventory increased to Rs2,048m as of 4QFY19 (vs. Rs1,562m in Q4FY18) on back of higher sales returns from channel partners.
- We expect improved terms of trade with channel partners during this sales season and focus on inventory rationalization to reduce working capital exposure in the coming quarters.

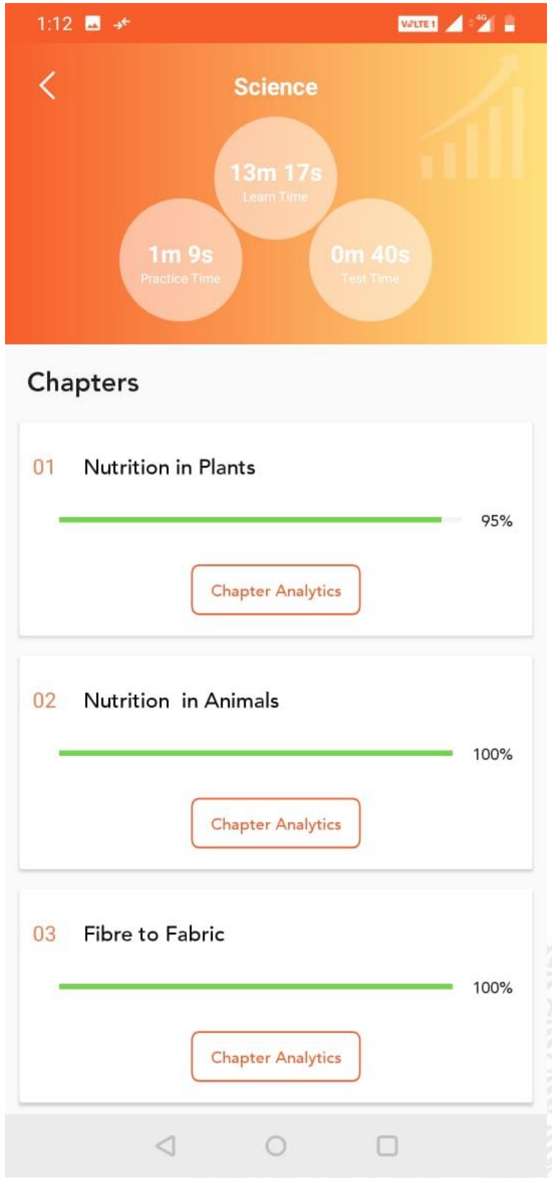


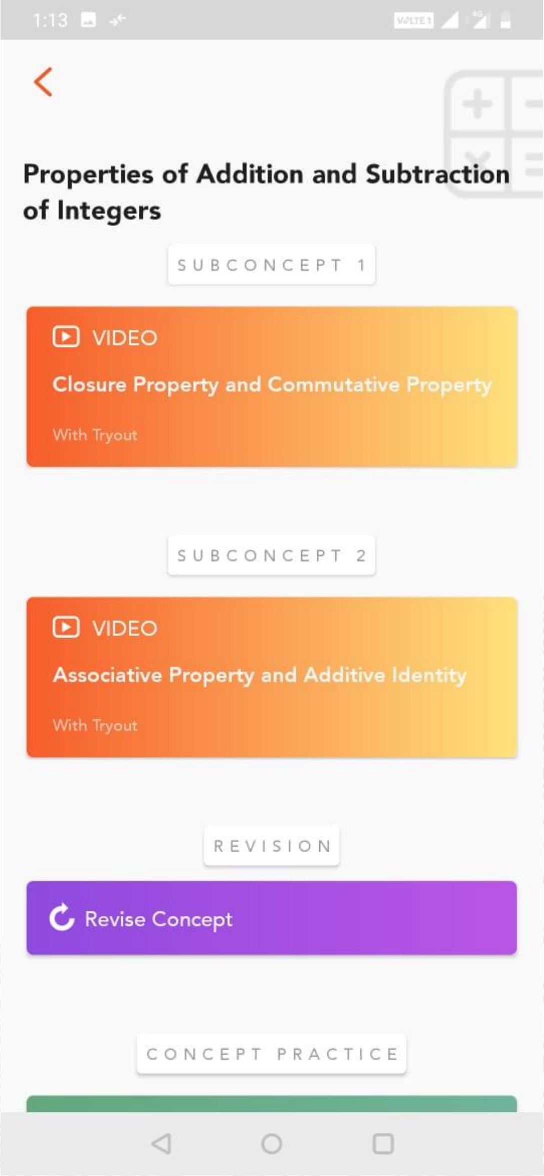
FY19 working capital metrics are one off in nature on back of the disruption in the market from expectations of the New Education Policy.

DIGITAL INITIATIVES – SYNERGIES TO THE CORE BUSINESS

- Digital Revenues grew to Rs 37 cr (vs. Rs32cr in FY18)
- Continued investments in digital during the year.
- Major initiatives which have carved a niche segment in the markets they operate in include-*:*
  - *Destination Success – Enabling Digital classrooms*
  - *Mylestone – School Curriculum*
  - *Nuri Nori, Risekids, Smart K - Early Learning*
  - *Test Coach – Book assisted mobile mock exam App*
- ***Learnflix*** - Planning to launch our all-in-one learning platform in FY20 for the Gen X student.
- **<u>Vision</u>** - We expect digital to contribute 20-25% of the group revenues over the next 3 years.





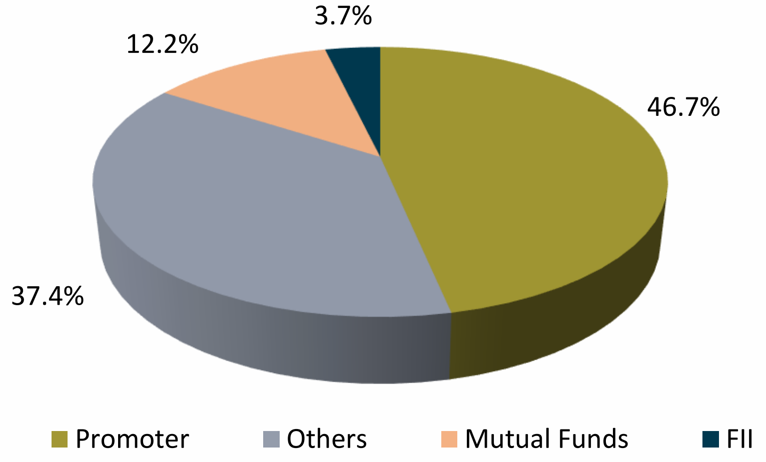


SHAREHOLDING STRUCTURE

Market Data	As of 29th May, 2019
Market Capitalization (Rs Mn)	4,700
Price (Rs)	134
No. of shares outstanding (Mn)	34.95
Face Value (Rs.)	5.0

(Source: www.bseindia.com)

Ownership As of 31st March 2019



(Source: www.bseindia.com)

Key Institutional Investors - March 2019	% Holding
Everstone Capital Partners II LLC	9.5%
International Finance Corporation	8.0%
HDFC Mutual Fund	7.1%
Aditya Birla Sun Life Mutual Fund	3.1%
Volrado Venture Partners Fund	2.4%
Indus India Fund	1.7%
Sundaram Mutual Funds	1.3%
BNP Paribas	1.1%

(Source: www.bseindia.com)

- **FY20**
    - Target EBITDA/FCF generation ratio of 50%.
    - Higher EBITDA margin levels on back of cost savings driven from “S Chand 3.0” implementation.
    - Target at least 35%-40% lower Sales returns vs. FY19 on back of controlled sales to channel.
    - Better terms of trade with channel partners and inventory rationalization to reduce working capital metrics.
    - **We see ourselves well positioned to benefit from the New Education Policy which should be announced during FY20 leading to a period of strong & sustainable growth for the company in a medium time period. Given the uncertainty around the actual timing of the announcement, it would not be prudent to give a revenue guidance for FY20 at this point of time. We have our ears to the ground and are ready for further developments on this front.**
    - We would like to highlight that when the education policy is announced, it translates into strong revenue growth for multiple years as the 2^{nd} hand book market gets expunged due to the new syllabus.

- **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

Annexure:

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

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CHINA 2006

- GDP per capita US$ 2,100.
- Private education market < US$ 50 Billion*.

INDIA 2017

- GDP per capita US$ 1,940
- K-12 market growing at ~ 20%.
- Private education market ~ US$ 30 Billion*.
- Education market expected to double to US$ 180 Billion by 2020.

230 MN Student Population 315 MN

CHINA 2017

- GDP per capital US$ 8,836
- K-12 market doubled in last 5 years.
- Private education market at US$ 260 Billion, expected to touch US$ 330 Billion by 2020.
- Largest global educational companies in book publishing, digital and vocational learning. (TAL - $ 21B, New Oriental - $ 15B, China South Publishing – $ 4 B).

INDIA 2025

- GDP per capita expected ~ US$ 3,600**.
- Over 50% students expected to enroll in private schools.
- Emergence of private education market led by K-12 segment.
- Billion dollar enterprises in education industry.

* Industry estimates. ** Per market estimates of GDP being US$ 5 trillion by 2025.

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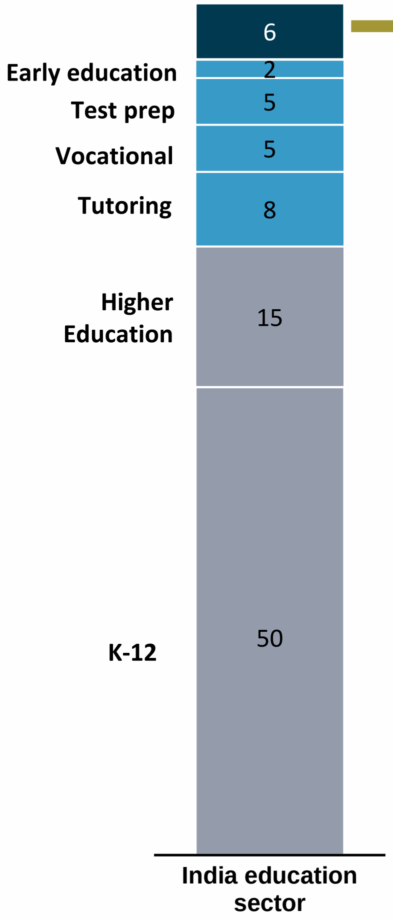
US$90 BN Market Size for the Indian Education Sector



Informal Education Segment

- **US$20 BN**
- Comprises of test prep, tutoring, early education and vocational training.
- Less regulated; no restrictions on profit distribution.

Formal Education Segment

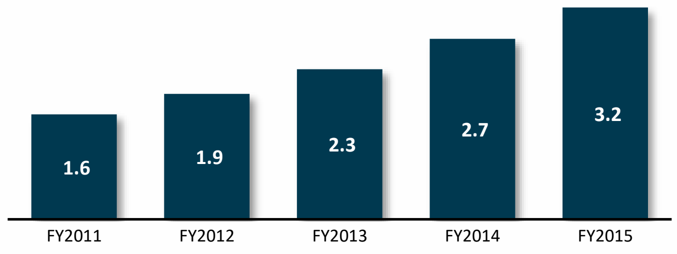
- **US$65 BN**
- Comprises both K-12 schools and higher education institutions (colleges, engineering institutes, etc.).
- Regulated segment, institutions cannot be set up on a *'for profit'* basis.

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

US$6 BN Ancillary Education Segment

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

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



(K-12 ancillary market, US$ in billion)

- **Robust growth drivers.**
  - Eligible K-12 population of about 296 MN students in age group 6 to 17 years.
  - Private unaided schools increased at average rate of 10.4% during 2011-15.
  - India has largest education system in the world with over 750 Universities & 35,000 colleges.
- **Highly fragmented segment providing room for growth.**

INDIAN EDUCATION SECTOR: INFLECTION POINT, STRONG POTENTIAL

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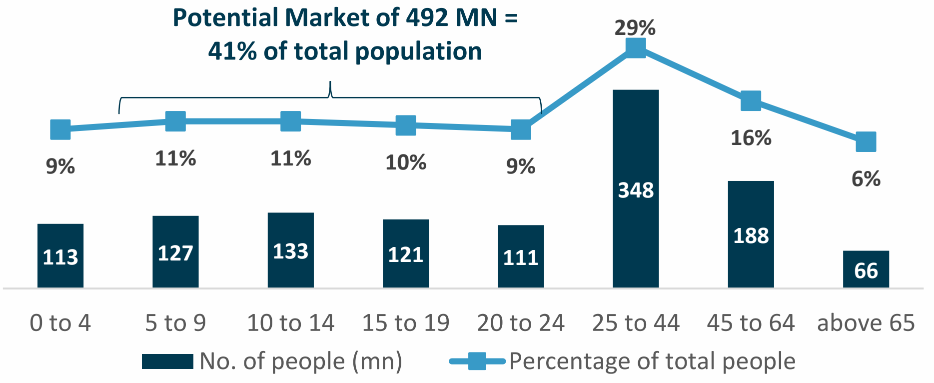
Age-wise population distribution in India : S. Chand target market

(Source: IBEF Report)



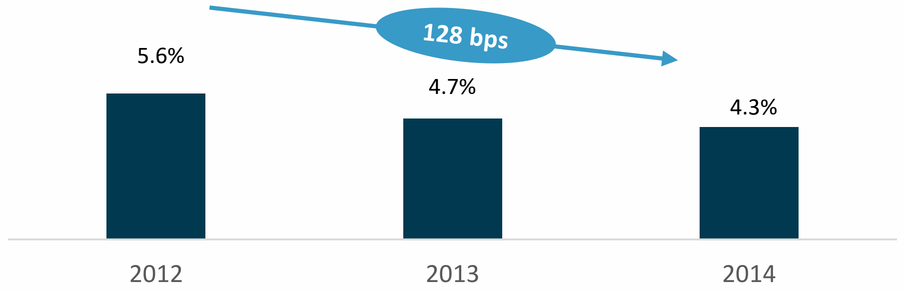
Literacy rate improving with higher participation from students

(Source: Technopak's Outlook on India Schooling Segment)

	Estimated Population			
Level of Education	**%**	**2017 (MN)**	**%**	**2022 (MN)**
Illiterate	**20%**	**269**	**18%**	**250**
Literate but no formal schooling	2%	27	1%	14
School - Up to 5th standard	35%	471	36%	501
School - Up to 10th standard	18%	242	18%	250
School - Up to 12th standard	11%	148	11%	153
Some college but not graduate	5%	67	5%	70
Graduate	6%	81	7%	97
Postgraduate	3%	40	4%	56
Literate	**80%**	**1076**	**82%**	**1141**
Total	**100%**	**1345**	**100%**	**1391**

Decrease in drop-out rates for primary education in India

(Source: Nielsen Report)



S. Chand well positioned to benefit from sector tailwinds

- Gross enrolment ratio and students completing primary & secondary education gradually improving in India.
- Falling dropout rates and increased girls participation led to improvement in literacy rate.
- Government promoting education through various schemes with budgetary support.

PREFERENCE TOWARDS PRIVATE, CENTRAL CURRICULUM SCHOOLS

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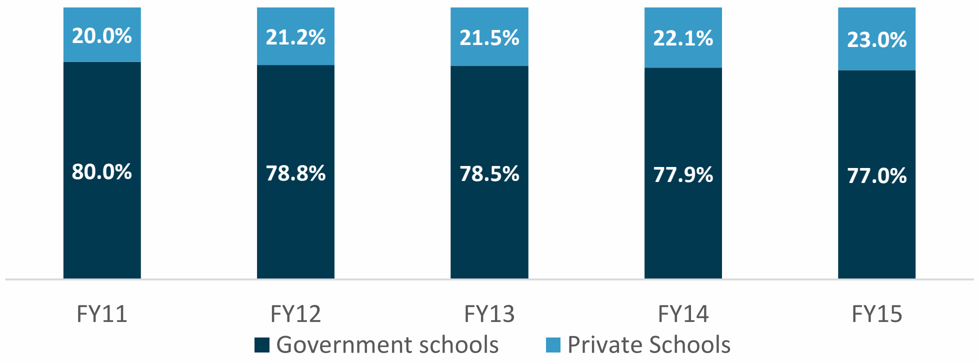
Private schools market share increasing every year

(Source: IBEF Report)



Indian K-12 education infrastructure

(Source: Technopak's Outlook on India's Schooling Segment)

Number of Schools: 1.5 MN	
Government: 1.1 MN	Private: 0.4 MN
Number of Students: 260 MN	
Government: 150 MN	Private: 110 MN
No. of Teachers: 9 MN	
Government: 5 MN	Private: 4 MN
Annual Intake: 18 MN	
Government: 10 MN	Private: 8 MN
Additional Capacity Required: 36 MN	
Additional Requirement of Teachers: 2 MN	
Additional Resources: USD 55 BN	

CBSE & ICSE increasing faster amongst affiliated board schools

Board	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	CAGR
CBSE	11,349	12,337	13,898	14,778	15,933	17,474	19,446	9.4%
ICSE	1,461	1,565	1,678	1,798	1,927	2,181	2,295	7.8%
State Boards	13,16,401	13,63,862	14,47,487	14,65,871	14,60,455	NA	NA	NA
Total	**13,29,211**	**13,77,764**	**14,63,063**	**14,63,447**	**14,78,315**	**NA**	**NA**	**NA**

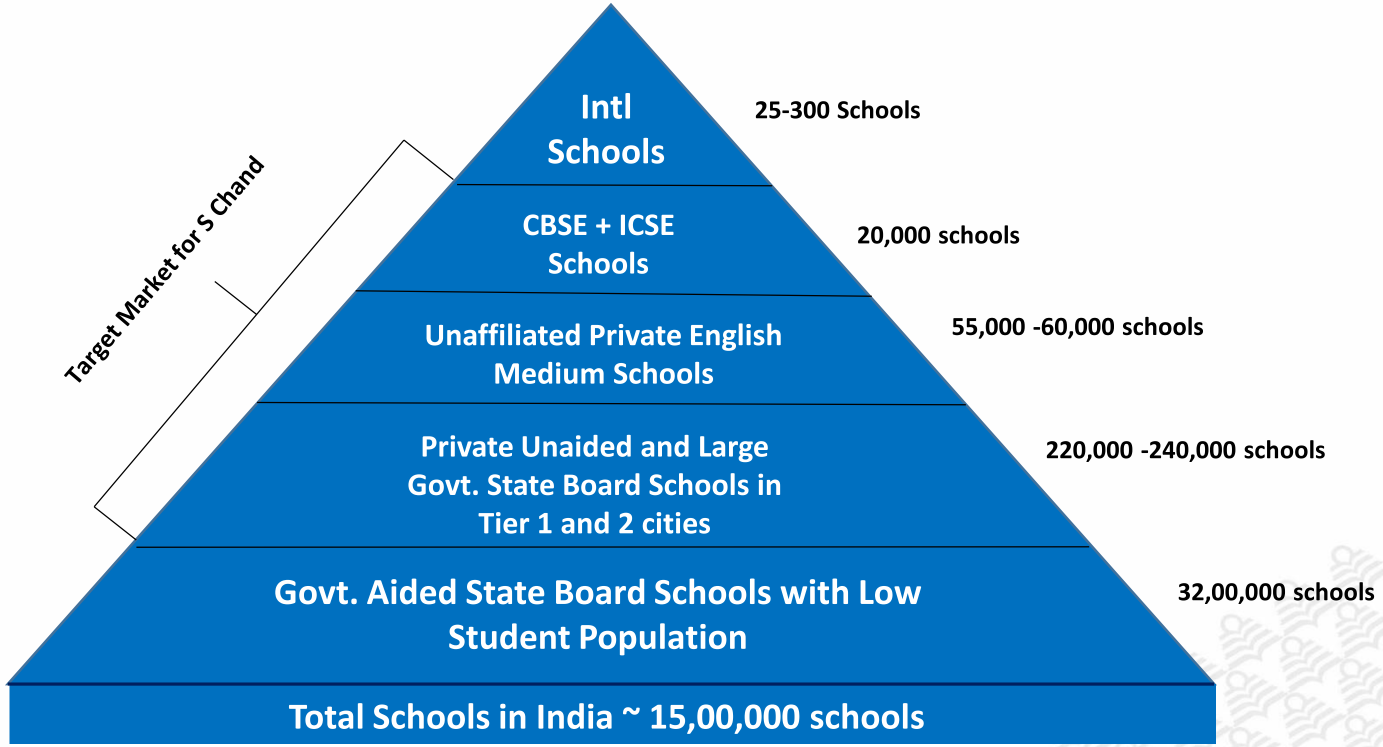
(Source : Nielsen Research Report, School Board reports, DISE)

Preference towards private schools continue to rise

- Student share of private schools increasing consistently despite subsidised fees and free meals/ books in government schools.
- Government schools losing favour even amongst the rural and not so affluent population.
- CBSE and ICSE schools are preferred for their superior curriculum and better pedagogy.
- S. Chand is a key beneficiary of increasing number of CBSE and ICSE schools, being the leading content provider to such schools amongst the private publishers.

Target Market is 3,00,000 schools – growing at 8-10 % annually and student strength growing at 7-8%

- Currently covering 38,000 schools in the target market
- Target market growing at 8-10% annually in the no. of schools
- Total student strength in India is est. 260 million
- Students strength in the target market is est. 120 million and growing at 7-8 annually.



S CHAND GROUP - LEADER IN INDIAN EDUCATION CONTENT

S. CHAND GROUP

Delivering content, services and solutions…

…across the education continuum

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

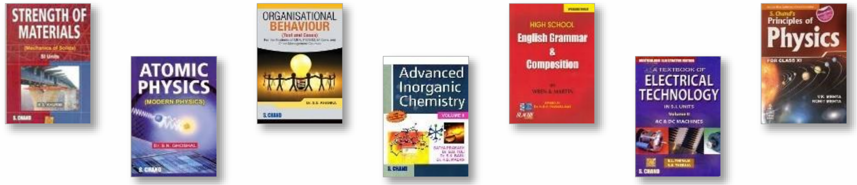
…with Pan India reach

- 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 over seven decades.**
- **High brand equity across multiple brands.**
- **Strong author relationships.**
- **Keeping pace with time - transition from print into digital content and services.**

80 Years of operating history	**10,000+** Active book titles
~ 2,400 Author relationships	**90 TPD** Print Capacity in number of sheets

Strong content, multiple best-sellers.



Portfolio of brands focused on print / digital content.

S. CHAND, VIKAS, MADHUBUN, NEW SARASWATI HOUSE, chhaya prakashani pvt. ltd., mylestone, mystudygear, DESTINATION SUCCESS

S CHAND GROUP - SEASONAL NATURE OF OUR BUSINESS

S. CHAND GROUP

Q1 April - June

Less than 10% of annual revenues; Negative WC

- Last leg of K-12 sales for new academic session and delivery of books to distributors/ schools.
- New academic session commences in April for CBSE/ ISCE schools.
- Annual paper contracts negotiated.
- Finalisation of title catalogue for next academic year (new and revised titles).
- Sales performance review. (regional/ branches)

Q2 July - September

Less than 5% of annual revenues; Negative WC

- Content revision/ development by editorial team in collaboration with authors.
- Engagement with schools & teachers. (training sessions, workshops, etc.).
- Sample distribution. (September)
- Return of unsold stock from distributors as per contractual agreement.
- Semester 1 (Higher Education) and Test preparation sales based on government vacancy examinations.

Q3 October - December

Less than 5% of annual revenues; Peak Inventory

- Sample distribution and evaluation by schools.
- Printing of back list and best seller titles.
- Final reconciliation and closure of distributor accounts before commencement of season sales.
- Order visibility from schools starts building up.
- Significant sales quarter for HE segment.

Q4 January - March

80% to 85% of annual revenues; Peak Receivables

- K-12 season sales and delivery to distributors/ schools. (Peak Season)
- Semester 2 (Higher Education) and Test preparation sales based on government vacancy examinations.
- Printing of front list titles.
- Additional printing runs for back list / best seller titles based on demand.

Connecting with Learners

- Art of Book making tour of the Printing Facilities
- Mystudygear App / VRX App / Learnflix App
- Social Media

Connecting with Teachers with

- Teacher Conclaves and Awards
- Over 2000 Workshops
- The Progressive Teacher magazine

Connecting with School Leadership

- Best Practices in Education Tour to Finland
- The Progressive School magazine

Connecting with Channel Partners

- Dealer Meets , Events and Awards
- Monthly mailer “Sampark”

Increasing Brand presence

- Brand Ambassador
- Strategic Advertising

S CHAND GROUP - DIGITAL INITIATIVES – SYNERGIES TO THE CORE BUSINESS

S. CHAND GROUP

In-House (Revenue Stream)

mylestone Runway to Future

Intellitab

DIGITALLY ENABLED LEARNING DESTINATION SUCCESS INSPIRES LEARNING

mystudygear

- Offerings include **digital classroom learning solutions, learning management systems and curriculum management** which contribute to the revenue streams in the business.
- Approximated Investments is Rs1300 million.

Digital Investments (Inorganic)

Smartivity

IGNITOR

testbook

OnlineTyari

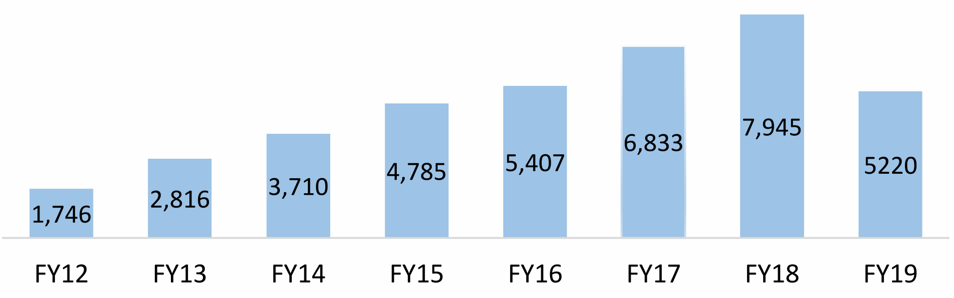
flipClass

- Focused on investing in **early stage digital companies**.
- Total investments in digital investee companies is approx. Rs.300m.
- Currently, Investment portfolio commands a valuation of around 2X as per the latest funding rounds for respective companies.
- Focus is on **establishing synergies with core business** along with investment returns.

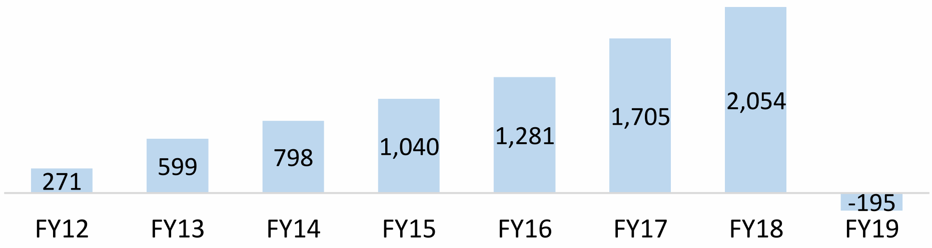
S CHAND – HISTORICAL FINANCIAL PERFORMANCE

Figures for FY 2017 & FY 2018 are as per IND-AS. Prior year figures are as per Indian GAAP. Numbers in Rs million

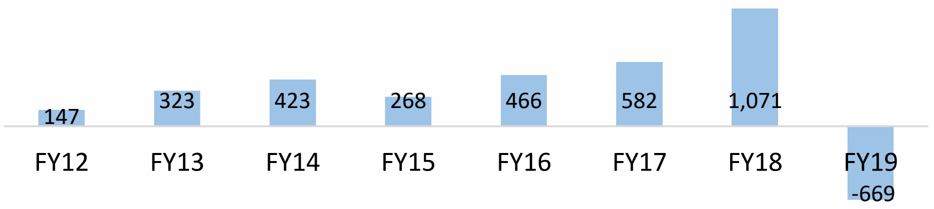
Revenue Growth



EBIDTA



Net Profit (excluding minority)



FY19 has been a one off year on back of disruption in market from expectation of New Education Policy.

Disclaimer

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

These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond S. Chand’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of S. Chand.

In particular, such statements should not be regarded as a projection of future performance of S. Chand. It should be noted that the actual performance or achievements of S. Chand may vary significantly from such statements.

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PRESS RELEASE

- **FY19 was a challenging year for the whole industry on the back of the expectation of announcement of the New Education Policy (NEP) which has been awaited for the last 4 years.**
- **Despite the sluggish offtake during the season, the company continued its earlier stated strategy of sales to the preferred channel partners for achieving longer term goals of improved working capital and FCF generation even while taking a short-term impact on sales growth for the current year.**
- **Faced external environment headwinds which also impacted revenues during this season like circulars from state governments on reducing bag weight for students, pressure for adoption of NCERT books and reduction of certain noncore subjects in junior classes etc.**
- **Reported Revenues have been impacted by higher provisioning for returns taking a conservative view based on higher than expected returns received during this period, which would not be a recurring aspect of business in coming years. Gross dispatches were down only ~11% in the K-12 Academic season vs. Reported Net sales down by 31%.**
- **Profitability was impacted by lower Reported Revenues, One time Higher provisioning and cost levels which were built to cater to the higher level of sales during the year.**
- **Our strategy of focusing on the cash flows has started yielding results with the Cash generated from operations of Rs 38 cr (vs. Rs 39 cr in FY18).**
- **The company has already embarked *"S Chand 3.0"* Plan which focuses on various cost rationalisation measures including improving productivity and gross margins, headcount right sizing, offices/warehouse consolidation on a group level which should lead to annual cost savings to the tune of Rs 60 cr- Rs 80 cr.**
- **In our view, FY19 was an aberration for the industry. We see FY20 bringing back growth with the benefits of improved productivity, lower sales returns, higher FCF generation and lower costs flowing into the bottom line for the company.**
- **The company is well positioned to benefit from the New Education Policy which we expect to be announced immediately post elections, during FY20 which should lead to a period of strong & sustainable growth for the company in the medium term as had been witnessed post the 2005 Education Policy.**

New Delhi, May 28th, 2019. S Chand Publishing, India's leading education content publisher and book publisher reported its results for the fourth quarter & for the financial year ending 31st March 2019.

Broadly speaking, this year has been a challenging year for the Educational Publication industry. The company has a very seasonal business on account of K-12 segment, which accounts for more than 80% of the business and 80-85% of the annual revenues come in the fourth quarter itself. This year when we entered the sales season, we were impacted by the expectation of the launch of the New Education Policy during 2018-19 which was later deferred to be announced after elections (See Media Links at the end). This led to the following challenges-:

1. **Expectation of Education policy impacts FY19 Sales**. The Honourable Education Minister of the 2014-19 NDA government, Mr Prakash Javdekar, has been talking about the Education policy being ready in various media interactions (See Links below). The expectation of the industry is that when the new government is formed, New Education Policy would be one of

the early initiatives on their agenda. The new education policy is long over-due since the last comprehensive education policy came out in 2005 when the NCF was also formed. The expectation of New Education Policy led to -:

- **Destocking of Inventory by the Channel Partners**. Since the Channel Partners perceived the announcement of the new education policy as an event which would happen within CY2019, they have destocked during the current financial assuming that the inventory they were holding may become obsolete resulting in higher returns to the company which is over and above historical averages.
- **Reduction in Sales Velocity**. Further, in the current season to tackle future inventory levels on back of the proposed New Education Policy announcement, the company and channel partners took cognizance of inventory that would remain from the current sales season. Thus, keeping this in mind, the company also ensured that the channel inventory was kept lower during the current academic season.

2. **<u>The Company has also taken a conscious decision to work with preferred channel partners</u>**. As in any distribution network, the company had some channel partners which would fall short on parameters of timely payment, returns and overall revenue growth. During the current season of January-March, 2019, the Company has taken steps to reduce exposure or hold supplies to certain partners who do not work on these Company metrics. This has also been a contributor to an impact on revenues which the company is confident it would retain through the preferred partners during the next academic session.

3. **<u>External factors impact sales</u>**. The industry also faced headwinds on account of various circulars/ notices issued to private schools and being pressurised to prescribe NCERT books and reduce the weight of the school bag by reducing the number of subjects taught. The uncertainty and media stories have impacted and delayed decision making by schools for prescription of books. The company has countered the same through introduction of monthly/semester books, digital products and value-added services like workshops and seminars with schools to enhance engagement with schools.
    - Monthly/semester books are books created with content relevant to a specific month/semester rather than the whole year which helps reduce the bag weight of a child. This can be done for a subject or for all subjects for term.
    - We are also part of the Federation for the Publishing Industry which has represented against these various circulars/practises in the appropriate courts/forums.

4. **<u>Reported Revenues impacted by Provisioning</u>**. In our view, FY19 reported Revenues of Rs 522 cr have been impacted by -:
    - Higher one-time incremental provisioning of Rs 74 cr vs. FY 18 considering the NEP. In our opinion, the incremental provision would be non-recurring.
    - 28% higher level of sales return on a YoY basis by the channel on back of the expectation of New Education Policy.

    <u>We would like to highlight the reported net revenues gives a slanted view of the sales season since our gross sales dispatches were down by ~11% in the K-12 Academic season vs. Reported Net sales down by 31%</u>. The reduction in channel inventory, preferred partner sales, focus on high margin SKUs and improvement in productivity would help retain revenues and margins in the near future.

5. **<u>Focus on improving internal efficiency and reducing operational costs</u>**. We have turned our focus on eliminating inefficiencies from our business. This would include working on improving the efficiency and productivity of our sales force and delivery teams, eliminate non-core projects and investment in technology to improve decision making. Various steps are being taken on this front including rationalizing the number of offices and warehousing space across India, rationalising the payroll through consolidation of shared services, improving revenue per MT of paper consumed and increasing consumer engagement through digital marketing and products. *<u>The company is targeting annual cost saving in the range of Rs60cr-Rs80cr from the S Chand 3.0 program implementation</u>*.

6. **<u>Increase in share of Digital & Services business</u>**. The company has forayed into various other products and services in the past few years to build alternate product and service lines. Some of the initiatives have gained traction as *Destination Success*, *Mylestone*, *Smart K*, *Test Coach* and *Risekids*, all of which have carved a niche segment in the markets they operate. This would enable the company to spread revenue through the first three quarters, enhance visibility and de-risk the present business model.

   To augment books the company has also rolled out the App ***Mystudygear*** (Approx 1 Mn downloads) for ensuring the books of the company offer a blended learning solution in the form of Digitally Enabled Books (i.e DEBs). The company recognises the need of the Gen X student to learn on various media not limited to printed books, but augmented by Interactive Videos, Test generators, Online assessments and analytics, Virtual Reality and Games. Almost 2/3rd of the titles in the K-12 segment are DEBs which enable this 360 degree learning. The company is also geared to launch its all-in-one learning platform ***Learnflix*** in FY20. This would enable a larger audience to Learn on the move.

7. **<u>Increased focus on free cash flow generation for FY20</u>**. The company announced during its 3rd quarter results that we are looking to enhance focus on improving free cash flows from operations. **Our strategy of focusing on the cash flows has started yielding results with the Cash generated from operations of Rs38cr in FY19 (vs. Rs39cr in FY18). This is despite the 34% drop in the net revenues for the year.** We are looking to increase this by focusing on inventory reduction going ahead, improving the collection of receivables and reducing costs in our system. We are targeting a higher conversion of EBITDA to free cash flow in excess of 50% in the future.

8. **<u>Benefit from New Education Policy to flow though from FY20 onwards</u>**. While there has been an impact on revenues from multiple factors discussed earlier in the current financial year, a New Education Policy is normally followed by a change in curriculum which is greatly beneficial to the Company and sector as it removes piracy and used books from circulation helping publishers with higher than usual volumes for multiple years. This phenomenon has been seen regularly with State curriculum changes and we expect to derive benefit from the same in due course of time.

9. **<u>Going ahead</u>**. With our increased focus on free cash flow generation, going ahead the company has an ambitious target of turning debt free in the next three years and increasing EBITDA to free cash flow conversion rate to over 50%. **We see ourselves well positioned to benefit from the New Education Policy which we expect to be announced during FY20 which**

should lead to a period of strong & sustainable growth for the company in the medium term.

<u>**Ears to the ground on Expectation of New Education Policy**</u>

May, 2019	• **Article - Modi govt will finally announce New Education Policy by 31 May after 4-year delay** • Link - https://theprint.in/india/education/modi-govt-will-finally-announce-new-education-policy-by-31-may-after-4-year-delay/240532/ • **Article - NCERT set for mega review of 2005 curriculum guidelines** • Link - https://timesofindia.indiatimes.com/india/after-14-years-ncert-reviews-guidelines-on-curriculum/articleshow/69381082.cms
March, 2019	• **Article - New National Education Policy Draft to Wait Till Lok Sabha Elections 2019 Results, Says Prakash Javadekar** • Link - https://www.latestly.com/india/education/new-national-education-policy-draft-to-wait-till-lok-sabha-elections-2019-results-says-prakash-javadekar-700164.html
January, 2019	• **Article - Government will unveil draft education policy soon, says Javadekar** • Link - https://www.livemint.com/Politics/lpaHGhD1gLq9Jc8T6fLC9N/Government-will-unveil-draft-education-policy-soon-says-Jav.html
December, 2018	• **Article - Draft National Education Policy ready: Javadekar** • Link - https://timesofindia.indiatimes.com/home/education/news/draft-national-education-policy-ready-javadekar/articleshow/67108512.cms • **Article - National Education Policy draft may be out in public domain soon** • Link - https://www.hindustantimes.com/india-news/national-education-policy-draft-may-be-out-in-public-domain-soon/story-m69vKg2PWYTTXygzDpXMKL.html

<u>About S Chand</u>

S. Chand is a leading education content company delivering content across the length and breadth of the country. We provide content, solutions and services across the education lifecycle through our presence in three business segments – Early Learning, K-12 and Higher Education. We have a strong foothold in the CBSE/ICSE affiliated schools, with increasing presence in the state board affiliated schools across India. We develop and nurture our relationships with customers by developing quality content and educational innovations, and in recent years have increased our focus on investing and improving our digital offerings in each of our business segments.

With over 40 branches, marketing offices and extensive distribution system across India, our content reaches all the 29 states and 7 union territories. We also export our printed content to over 20 countries and digital content to 5 countries in Asia, the Middle East, Africa and other parts of the world. Our strength lies in the efforts of our 1800+ employees, some having more than 20 years of experience, who help us in reaching out to our customers and maintaining our growth. Our prestigious brands include some of the best-selling and popular print content, such as S Chand, Vikas, Madhubun, New Saraswati House and Chhaya Prakashani.

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