

Date: May 28, 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 – Q4FY25 - 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 Monday, May 26, 2025 at 11:30 A.M. to discuss the financial results for the quarter and year ended March 31, 2025. 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 Q4 FY25 Earnings Conference Call

26th May 2025

Hosted by PL Capital

Moderator:

Ladies and gentlemen, good day and welcome to the S Chand And Company Limited Q4 and FY25 Earnings Conference Call hosted by PL Capital. 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 Mr. Jinesh Joshi from PL Capital. Thank you and over to you, Mr. Joshi.

Mr. Jinesh Joshi – PL Capital:

Yeah, thanks, Manav. Good morning, everyone. On behalf of PL Capital, I welcome you all to the Q4 and FY25 earnings call of S Chand And Company Limited. We have with us the management represented by Mr. Saurabh Mittal, CFO, and Mr. Atul Soni, who is the Head Investor Relations. I would now like to hand over the call to the management for opening remarks. Thank you and over to you, sir.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Thank you. Good Morning everyone. I am Saurabh Mittal, Group CFO of S Chand And Company Limited. I would like to welcome you all to our fourth quarter and full year results conference call for FY25 and thank you all for taking the time-out and joining us here today. Himanshu ji, our Managing Director, was supposed to be on the call but could not join us today due to some unavoidable circumstances.

I am extremely happy to share that FY25 has been another defining year for S Chand Group on many parameters. I would like to highlight the following key points for the year gone by:-

1. We achieved the Highest operating revenues in 5 years, Up 9% on a YoY basis, and this includes higher volumes of 5%. We have improved our market share despite severe competition and other factors.
2. We achieved the Highest Gross Margins of 68% in 5 years, Up 12% on a YoY basis, on the back of better product mix, content licensing and stable paper prices.
3. We achieved the Highest EBITDA of Rs. 1350 Mn and EBITDA Margin in 5 years, Up 23% on a YoY basis,
4. We achieved the Highest Operating Income in 5 years, Up 65% on a YoY basis, which speaks volumes of our operating efficiency
5. We continue to set benchmarks for ourselves in Working Capital Efficiency
6. We are proposing an Interim Dividend of Rs4/share,

7. The company continues to build on its net debt free status company at the end of FY25 with a net Cash balance of Rs1,036m which now gives ample headway to look at potential M & A from internal accruals.
8. And to top it all, we continued to achieve Operating Cash Flows of approx. Rs1,000m in FY25.

On the business front, Our FY25 sales season saw a relatively lower impact from the new NCERT books based on the NCF syllabus since NCERT books based on the new syllabus were launched for only 2 classes (3rd & 6th) during this year. Piracy of Key best sellers become one of the larger challenges. However, the adoption of the new curriculum books in the classes that were being adopted was higher translating into higher volumes. Curriculum sales adoption grew faster for Mylestone, MyZen and Solid Steps.

On the Higher Education front, we saw continued challenges in the segment on back of lower student purchases in colleges, piracy and uneven roll out of NEP curriculum. On the Ed-Tech front, we launched TestCoach which is focused on the CUET-UG examination during the quarter. The key features include Expert Led Live Classes, Comprehensive Study Material, Periodic Performance Analysis and Flexible Adaptive Learning. In a short time of 2 months since launch, we have had over 100k downloads and 60k sign-ups for the app.

In terms of numbers for the whole year, our consolidated operating revenues came at Rs Rs7,197 million versus Rs 6,626 million during the same time last year, registering a growth of 9% for the year gone by. We have achieved the highest annual gross margins at 68% vs 66% in FY24.

We achieved an EBITDA of Rs 1350 million vs Rs 1098 million in the corresponding period last year, registering a robust growth of 23% for the year gone by.

I am happy to share that our Operating income improved by 65% with Operating profits of Rs 798 million versus Rs 484 million in the same period last year. We achieved a PAT of Rs602m in FY25. On back of solid profitability, we have recommended an Interim Dividend of Rs4/share (vs. Final Dividend of Rs3/share last year).

We continued our focus on improving the working capital metrics which resulted in solid operating cash flows at Rs999m and end the year with a net cash balance of Rs1036 million.

In terms of working capital:-

- Trade Receivables were at Rs2,753m during Q4FY25 vs Rs2,601m during Q4FY24. This is only a Rs152m increase in receivables in spite of achieving incremental sales of Rs571m over last year.
 - In terms of receivable days, it stood at 140 days (vs. 143 days in Q4FY24). This is the lowest Q4 receivable days in the company's history.

- Inventory decreased to Rs1,401m (vs Q4FY24: Rs1,761m). This inventory decrease is driven by a lower raw material paper inventory of Rs270m (vs Q4FY24: Rs633m). Finished goods inventory remained at similar levels as last year.
 - In terms of inventory days, it stood at 223 days (vs. 284 days in Q4FY24), a decrease of 61 days during FY25. This is driven by decrease in holding of raw material inventory which was consciously done.
- Net Working Capital reduced to 151 days (vs. 157 days in Q4FY24). This is the lowest Q4 net working capital days in the company's history.
- In terms of Debt, the company continues to be Net Debt free at the end of the year. There were Net Cash Reserves at March 2025 at Rs. 1036 Mn vs Net Cash of Rs600m at the same time last year. This is in spite of Capital expenditure undertaking to the extent of approx. Rs. 250 Mn.

As we go into FY26, I would like to target the following -:

- Firstly, we are looking to grow Operating revenues in excess of Rs8,000 million for the year.
- Secondly, we have upgraded our EBITDA margin band guidance to 18%-20% (vs. 17%-19% guidance Last year).
- Thirdly, we look forward to continuing our focus on working capital metrics and cash flows.
- Fourthly, we are open to evaluate M&A opportunities which fill in the gaps in our portfolio. We aim to leverage our Group's strengths in such acquisitions to deliver superior value to our customers and stakeholders.
- Further build on the Content Licensing opportunities of our text and videos repositories

Looking ahead, we are quite optimistic for FY26 since CBSE has released a circular in March, 2025 stating that new NCERT books would be launched for 4 Classes – 4th, 5th, 7th and 8th during the next few months. On back of this development, we expect FY26 and FY27 to see complete adoption of the new syllabus books for K-12 segment which should strongly support our growth trajectory over the next 2 years.

We remain focused on building sustainable long-term value for all our stakeholders, and we believe that our unwavering commitment towards operational excellence and delivering value to our customers will continue to drive our success in the coming years. With this, I would like to open the call for your questions. Thank you.

Question & Answer Session:

Moderator:

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

We have the first question from the line of Hitesh Randhawa from CaGR Quest Capital. Please go ahead.

Mr. Hitesh Randhawa – CaGR Quest Capital:

Sir, my compliments to you on the balance sheet transformation that you have achieved in last few years, and also thanks for listening to the shareholder feedback on increasing the payout. My first question is around the top line, actually. We had given a guidance of minimum double digit last year, but we have fallen short of that, and the top line growth is 8.5% in FY25. Why is that the case? And the other thing is that the minimum top line guidance for FY26 is also 11%, which sounds a bit conservative. And I say this because last year we gave 10% and we didn't have a series of books released for 4th, 5th, 7th, 8th, which we have this year. Still, would the top line growth be just 11% or are we being too conservative?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Yeah, I mean, we are being a bit conservative because we want to continue to focus on the quality of sales that we are doing. It's very easy to go aggressive in this market and we saw the competition level also being slightly higher than anticipated. There is a lot of business opportunities that we are having to say 'no' to because they don't fall within our margin guidance. So, if we go for that kind of additional revenue growth then it will dilute our margins. And again, it's not only margins, it's about recovering the money also. So, since we do a lot of credit sales, we do not want to dilute that criteria and work with channel partners who would eventually delay payments. So, we are being conservative because we don't want to dilute the quality of business that we are doing.

Mr. Hitesh Randhawa – CaGR Quest Capital:

Okay. And second, could you please also comment on the earlier part? Why have we fallen short of our guidance actually in FY25?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Yeah, I think the same issue. Basically, see, we've had to say 'no' to a lot of channel partners who have not cleared previous accounts. So, that's the challenge. I mean, if you have to grow faster, you will have to really increase the kind of working capital that goes into the business. And we've seen, faster growth means a lot of cash burn. Today, at an 8%-9% revenue growth if I'm able to generate 100 crores, I'd rather use that money to do an inorganic acquisition rather than giving that money as credit to the market. So, yes, maybe we'll have to look at revenue growth through inorganic means or do more product development, rather than focusing on the same set of customers trying to push revenues and diluting working capital.

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

Also, if I can add to that, see, when we gave our guidance last year, honestly speaking, our expectation was that there will be more classes which will come out with new NCERT books, which frankly didn't pan out during the year. So, I think if you see, our predicament is that we sit in May and talk about something which is going to be very fluid till December. So, that is the reason which probably can explain a bit of that shortfall that you have talked about for FY25.

For FY26, we already have this announcement of four classes now. So, that gives us more confidence. But at the same time, whether I give you a number of 11% or 15% or 20%, I think we have to see those kinds of numbers much closer to our sales season. So, that could also be one of the reasons why we are going ahead with this kind of guidance for FY26.

Mr. Hitesh Randhawa – CaGR Quest Capital:

Sure, I get your point. I appreciate that. Thank you. And what is the progress on the AI content licensing business? And maybe if you could just add more colour in terms of what can be expected on this front in FY26? And again, going ahead, how do you see this panning out? What percentage of the pie it can be of our overall revenue?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

To give you an answer straight away, in FY25 we did about Rs20 crores and in FY24 we did about Rs1.6 crores. And currently, we are targeting about Rs25-30 crores. Let's see where we end up with.

Mr. Hitesh Randhawa – CaGR Quest Capital:

Okay. Sure. Thank you. And, the dividend that we have announced is interim dividend. So, does that also mean that we would also have some final dividend coming in as well, right?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Yes, that will again depend upon the board. And in case there is an inorganic opportunity that really presents itself in the next 2-3 months, then we will take a call around that.

Mr. Hitesh Randhawa – CaGR Quest Capital:

Okay. Okay. So, my request would just be that, okay, so we just keep some sort of payout going, actually. The reason being that it is not about payout, but the stock also gets due attention and gets better valuation in a case like this, if the payout is maintained.

And I think lastly, on potential M&A as well, you spoke about some M&A. So, are we already in some kind of talks? And what kind of segments are we looking at for these acquisitions?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Yeah, we are in discussion in a couple of opportunities, which are gaps in specific areas. Since there are very few players in those segments, we really cannot name those people, but we are having a couple of conversations right now.

Mr. Hitesh Randhawa – CaGR Quest Capital:

Okay. So, would you be able to maybe say which segments they may belong to actually? I am not asking for names.

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

No, I do not think that will be appropriate at this point of time.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

If I say the segments, the name will come out actually.

Mr. Hitesh Randhawa – CaGR Quest Capital:

No worries. Yeah, that is it from my side. Thank you very much.

Moderator:

Thank you. We have our next question from the line of Harshit Khadka from RoboCapital. Please go ahead.

Mr. Harshit Khadka – RoboCapital:

Thank you for the opportunity, sir. So, goodwill is a considered portion of our asset base. So, I just wanted to know if you have any plans of writing off our goodwill as the current goodwill levels are suppressing our ROEs?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Yeah. So, I think we have had those conversations multiple times with our auditors also. See, the goodwill is created on consolidation, it is not as an individual item lying in my books. Since there is no amortization, I will have to write off the investments in my subsidiaries in my holding company to get the goodwill off my books. So, that is the only challenge. And again, that goes to the P&L as well. So, the option of writing off Rs332 crores from my P&L does not make sense.

Mr. Harshit Khadka – RoboCapital:

All right, sir. So, my next question was on EBITDA margins. So, when do we see EBITDA margins getting back to the previous 24%-25% level?

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

It is very difficult to give an answer to that because we are very comfortable giving a guidance of only one year. I mean, our business is very dependent on paper prices. So, I

think a lot of it comes from that as well. We would not be able to give a year or in how many years that number what you have, what you are talking about, we should be able to reach. We have to take it every year as it comes.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Yeah. We are progressively improving our EBITDA for the last three years and it is a competitive market. The ability to increase prices is limited. So, we are trying to do what we can with the conditions that we have.

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

So, in the past five years, our EBITDA Margins have risen from 13% to 19% this year.

Mr. Harshit Khadka – RoboCapital:

Sir, my last question was regarding... you said in the opening remarks that syllabus will be changed for four classes in FY26. So, can you mention which four classes it will be changed for?

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

Yes, it is for 4th, 5th, 7th and 8th.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

So, syllabus has been changed and the new books will come out.

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

The new NCERT books for those years will come out. That is as per the circular of NCERT. We have given a copy of that in our presentation as well.

Mr. Harshit Khadka – RoboCapital:

All right, sir. Thank you.

Moderator:

Thank you. We have our next question from the line of Niteen Dharmawat from Aurum Capital. Please go ahead.

Mr. Niteen Dharmawat – Aurum Capital:

Yeah. Thank you for the opportunity. Congratulations for good set of numbers. My first question is, out of this growth that we had, 9% and the subsequent years 11% that we have given, how much is volume growth out of this? If you can highlight that. And during previous year, did we sign any new schools in our book distribution network? So, if you can highlight that.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Yes. In fact, I talked about the volume growth in my opening comments. The volume growth was about 5%.

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

Saurabh, He is talking about volume growth assumption in the FY26 guidance.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Are you talking about the guidance or about the past year?

Mr. Niteen Dharmawat – Aurum Capital:

Both actually, yes. So, I got it for the past year, 5%. And for next year?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Next year, again, 5% to 7% will be volume guidance.

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

The remaining being value.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

The remaining being again, product mix, price increase etc.

Mr. Niteen Dharmawat – Aurum Capital:

My next question is about paper inventory. So, how are the paper prices now? Do we have the paper inventory? Will we be having any gains or losses due to inventories in the upcoming quarters?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

No, our paper inventory is very limited. In fact, I think whatever inventory we had as of March, most of it would have already been utilized as of June. The paper prices are also very stable or slightly lower level than last year. So, I think that is not a challenge.

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

So, they are stable as of now.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

I do not see any inventory loss due to holding. Anyway, inventory holding paper is only about Rs27 crores?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

We have consciously kept low inventory of paper this time, because last time we were anticipating NCF rollout would be slightly more. So, in the previous year, FY24, we had higher inventory levels. But this time we took it stepwise. So, we continued to buy inventory as and when we had visibility. So, we have kept inventory low at this point of time.

Mr. Niteen Dharmawat – Aurum Capital:

Got it. My next question is about the mention about inorganic opportunity for the acquisitions that you mentioned in the presentation. So, this growth guidance that you have given of 11%, does it include that acquisition also or it is without acquisition?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

No, that is without acquisition.

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

That is excluding acquisitions.

Mr. Niteen Dharmawat – Aurum Capital:

That is excluding acquisitions, got it. Now, the EBITDA guidance that you have given of in the range of 18% to 20% and revenue guidance of more than Rs800 crores. So, if I take it as a lower band of EBITDA guidance of 18%, the growth will be just 6.7% in the EBITDA next year, despite having new curriculum coming in. Do you think that it is highly conservative to give 18% EBITDA guidance for next year, or do you see any risk over there, that is why you mentioned 18% guidance, the lower band of the guidance?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

We have done 18.8% last year and we are targeting 18% to 20%. I mean, ideally, we would like to be at 20%, but that is just a band guidance.

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

So, I mean, yes, you rightly said we are being conservative. Last year, we gave a margin guidance of 17% to 19%, and we ended the year at a number which was very close to the top end. So, we are just trying to be conservative with the 18% to 20% guidance band.

Mr. Niteen Dharmawat – Aurum Capital:

Yeah, yeah, as an analyst, I will have to consider that part also, so that I am reasonable while estimating my number.

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

Sure. Yeah.

Mr. Niteen Dharmawat – Aurum Capital:

Sorry, sorry, you were saying something?

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

I was saying that we are just being conservative because, see, I mean, Niteen, you have been tracking the company for a long time. The business is such that a lot of things are not in our control in the first six months of the year. And honestly speaking, guidance in May for something which is going to happen in Jan-Feb-Mar next year, is kind of a far stretch as well. So, we are just trying to be conservative and, I mean, try to deliver the guidance numbers. Obviously, if things go our way, then the numbers can be vastly different as well.

Mr. Niteen Dharmawat – Aurum Capital:

Perfect, perfect. I completely appreciate that. My next question is, you mentioned that piracy is a challenge for the industry. So, any estimated revenue that we would have lost because of piracy, and what are the steps we are taking to protect it?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Yeah, I mean, my guess is we would have lost about Rs20 crores to Rs25 crores on account of that. And this year what we have done is, we have engaged a firm to carry out raids during the period for the next 12 months. And he has been successful in already doing one. So, one or two of them already he has done, that firm has done. And, we also have an issue with one of the e-commerce platforms, for which we have sent out notices. We have to really ensure that that the platform does not encourage it, because we are facing that challenge and a lot of other publishers are continuing to face that challenge because of the e-commerce platform.

Mr. Niteen Dharmawat – Aurum Capital:

Perfect. Good to know about that. My next question is about, and final one, is about, you know, you have increased the dividends. I'm extremely happy because we have also recommended the same thing in the previous call. I also would like to know, since we are generating very good cash flow now, would we also consider a buyback in the subsequent maybe quarters, since we are also having an opportunity for inorganic growth? So, will there be any balance? Would we be considering any buyback in the future?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

If we do the inorganic, then of course not. Otherwise, we can have a discussion with the board around this.

Mr. Niteen Dharmawat – Aurum Capital:

I got it. I got it. Thank you for the opportunity. I'm wishing you the best.

Moderator:

Thank you. We have our next question from line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.

Mr. Dixit Doshi - Whitestone Financial Advisors:

Yeah, thanks for the opportunity. Sir, my question is regarding the AI content licensing. So, if you can broadly touch upon what kind of firms they are? And, are these yearly contracts or one-time kind of contracts?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

So, because we have an NDA with these companies, I cannot disclose names. Having said that, there is a mix of both one-time licenses and periodic licenses also. So, it's a mix.

Mr. Dixit Doshi - Whitestone Financial Advisors:

Okay.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

What is happening is that, they are not taking all our content. They are taking our content in parts. So, certain segments they are taking right now, something they may consider at a later stage. So, all of that is going on.

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

So, what we believe is that, this can be a revenue stream for some years. That's the visibility that we have as of now. But if you ask me to quantify it, it will be very difficult.

Mr. Dixit Doshi - Whitestone Financial Advisors:

Okay, but are you expecting that more firms will come and take the content, or these 2-3 firms only will take the content?

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

So, it's not about the number of firms. It's about the volume of content that they want from me. Saurabh, you want to add?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Yes. So, in FY24, there was just one. FY25, we have added another. FY26, we have gone to the third. So, we are adding companies. We are having a discussion with the fourth one also. So, it's not that we are dependent upon one. And there are repeats also in between, where there is a subsequent order also coming in. So, we are working on multiple opportunities. Since we have a very large repository, we are able to offer a lot more than what other publishers can do.

Mr. Dixit Doshi - Whitestone Financial Advisors:

Okay. And you mentioned the FY25 revenue was Rs20 crores, right?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Yes. Yes.

Mr. Dixit Doshi - Whitestone Financial Advisors:

Okay. And is it fair to assume that there is no cost related to this? I mean, most of this revenue will be flowing to our profitability only, because it is an old content.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

No, there is a conversion cost. And since all of the material is not owned by me, it is also either licensed from a third party, or it is author content which we have to pay royalty on. So, my estimate, as I said, in terms of the cost, my cost of conversion plus the royalty that we are paying because it is required in a specific format is around 20-25% of the total cost. 75% of it would be margins. But yes, on renewals of the same, there is no cost.

Mr. Dixit Doshi - Whitestone Financial Advisors:

Got it. Thank you.

Moderator:

Thank you. We have our next question from the line of Gunit Singh from Counter Cyclical PMS. Please go ahead.

Mr. Gunit Singh - Counter Cyclical PMS:

So books for four classes are being relaunched by NCERT this year. So I just would like to understand, how much additional revenue do we expect whenever one new class for NCERT is launched in a given year, just to get an idea.

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

No, I don't think we will be able to quantify that. I mean, all of these numbers are part of our guidance. So class-wise, any approximation, we would not be able to share.

Mr. Gunit Singh - Counter Cyclical PMS:

All right. Sir, can you give a breakdown?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

So, see, if you are assuming that we are not supplying to those classes then please don't make that assumption. Currently, our books are already going for those classes, right? It is not that it is a new market or it is a new class for us. We are already supplying in that segment. Now the adoption of books, the new books, will probably give us a slightly higher incremental revenue, because there will be less people, less publishers supplying

in that segment, coming out with new books specifically for those classes. Because, again, the first mover advantage is always there for the quality publishers. Because whenever there is a change in syllabus, again, the preference is for the better publishers initially. Of course, then everybody gets the hang of it and then the competition starts.

Mr. Gunit Singh - Counter Cyclical PMS:

Right, sir. Got Sir, can you give a revenue breakdown for FY25 between the different segments like NCERT, K-12, digital?

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

So right now, we don't have that number with us handy. You can probably connect with me later and I can share that with you.

Mr. Gunit Singh - Counter Cyclical PMS:

All right, sir. If we can get some approximate, like, percentages.

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

So, approximately K-12 has always been around 80% to 85%. Higher education has been around 10%. And the rest will be digital. That's been the historical kind of breakup.

Mr. Gunit Singh - Counter Cyclical PMS:

All right, sir. So, the NCERT launches would come under higher education itself, right?

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

No, no, no. NCERT launches will come under K to 12 segment. NCERT is launching books for school. For college education, there are no NCERT books.

Mr. Gunit Singh - Counter Cyclical PMS:

All right, sir. Got it. Thank you very much.

Moderator:

Thank you. We have our next question from the line of Riya Mehta from Aequitas Investments. Please go ahead.

Ms. Riya Mehta – Aequitas Investments:

This is in regards with the sales return. So, since the curriculum is changing, would we be seeing a lot of sales return, and when will the sales return be accounted for?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

So, a) we have already provided for sales return to the extent that we expect, and we have strict policies in terms of sales return, which we have pegged to a certain level, beyond which we do not take back. So, that is not really a challenge for us.

And over the past years, we have seen a sharp drop in the percentage of sales return because we have focused upon the quality of customers that we are working with. So, where people talked about revenue growth, we have been conservative and we have been able to reduce sales returns substantially over the last five years.

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

And that has already provided for in the numbers.

Ms. Riya Mehta – Aequis Investments:

Yeah. What would be the percentage that is provided for?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

It is about 14%.

Ms. Riya Mehta – Aequis Investments:

Okay. And in terms of earlier, we were guiding for that whenever a curriculum is changing, we see 15 to 20% growth for the next two to three years. So, why have we tapered down our guidance?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

The problem is that it is coming in phases. It is not happening in one year. The announcements from NCERT on the new books is taking far too much time and there is too much confusion in the market. If it was to come in a two-year period, it would have been easier to implement. But now it is stretching over 3-4 years. That is the problem for us.

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

See, if you think about it, the first couple of classes came in FY23. The next two came in FY24 end which impacted sales season of FY25. And now the announcement is for four classes. So, if it had come in a two-year period or a three-year period, then obviously those kinds of numbers we would have seen. But this is already stretching to probably a four-year or a five-year kind of a period. As of now, our estimate is that in the next two years, it should be fully rolled out. That is what we are looking at it as of today.

Ms. Riya Mehta – Aequis Investments:

Got it. And in terms of the rollout, which has already happened for the two grades in FY23 and the 3rd and 6th in FY24, how much percent has been already completed?

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

No, it has been rolled out.

Ms. Riya Mehta – Aequitas Investments:

But, it comes in phases, no? Colleges and the schools adopt it in phases. So, how much percentage of the school has been already converted to the new syllabus?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

In terms of the classes that have come out, I think it will be more like 85-90% would have transitioned.

Ms. Riya Mehta – Aequitas Investments:

Okay, 85% has already transitioned. Okay. And in terms of paper sourcing, as you mentioned, so we have entirely domestic, right? Or do we import also for paper?

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

So, I think in the last 2-3 years, we would have probably had a 50-50 or a 60-40 kind of mix between domestic and foreign. So, that has been the number historically speaking.

Ms. Riya Mehta – Aequitas Investments:

Right. So, in that per se, are we seeing any increase in the freight cost or something in the last few months, which is happening?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

See, what we do is, we do not directly source from the foreign manufacturer. So, whatever agreements that we do in terms of import or domestic, we try to peg prices, which are all inclusive, landed to us. So, those prices normally get fixed for about six months' time. So any changes in freight, any changes in foreign currency, does not impact us.

Ms. Riya Mehta – Aequitas Investments:

Okay. And all your competitors and industry players are saying that the paper prices have been increasing on a sequential basis. Are you seeing similar trends? And are we piling up on inventory going forward?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

So, we are not seeing that trend as of now. So, I do not know where this is coming from. But no, we are not piling up on any inventory at the moment. Our sourcing starts around September.

Ms. Riya Mehta – Aequitas Investments:

September. Okay. And in terms of a tax percentage, for the full year, it is coming at 35%. Can you help me out why the rate is higher?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

The rate is higher because we have not recognized deferred tax in some of our subsidiaries which are making losses. Plus there is some previous year tax adjustments. But largely because wherever subsidiaries are making losses, we have chosen not to recognize deferred tax. Whereas the tax rate could have been lower at about 28%.

Ms. Riya Mehta – Aequitas Investments:

Okay. And when do we expect this to normalize?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

So, we are looking at collapsing more of our subsidiaries. So, I think in a couple of years, this should be down to about 27-28%.

Ms. Riya Mehta – Aequitas Investments:

Okay. So, not immediately, but it might take a year or two.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

No, I mean, because the whole process of restructuring sometimes takes longer. Last time, I mean, we did one restructuring which started in 2017 and ended up in 2023. But again, there the parent company was involved. When we collapse our subsidiaries with each other, probably we can do that in one or one and a half years' time. So, taking an estimate of one to one and a half years, it will take at least two financial years to get it down.

Ms. Riya Mehta – Aequitas Investments:

Got it. In terms of our inorganic acquisition where we are planning, so where would it be? Like, would it be in the K-12 section, higher education? And what kind of cash or what kind of investments are we planning to make? What bracket size?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Largely should be into the K-12 segment only, because that is our core expertise also. Total, at max, I think we are looking at about total value of about 50 crores.

Ms. Riya Mehta – Aequitas Investments:

50 crores at max, okay. And this would be a similar valuation to what our company quotes at?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

That's our endeavour. Give or take 10% here and there.

Ms. Riya Mehta – Aequitas Investments:

Okay, sure. Okay, I'll get back into the queue for further questions.

Moderator:

Thank you. Thank you. We have our next question from the line of Mihir Sethia from Xylem PMS. Please go ahead.

Mr. Mihir Sethia - Xylem PMS:

Sir, could you throw some light on the numbers and KPIs for the digital business?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Right. Digital business standalone per se, I mean, except for the content licensing which is going directly in digital format, rest of the digital is part of the publishing business. See, all books that are going to schools, all have some kind of digital going along with it. So, standalone digital is very limited. It should be around 3 to 4 to 5 crores in revenues. So, it's not very large.

Mr. Mihir Sethia - Xylem PMS:

Okay, and any guidance going forward? Do you expect the share to grow in the future, next couple of years?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Not too much. Because see, what is also happening is that EdTech outside is largely test prep, which is growing. Apart from that, you look at what is happening to all the other apps. I mean, they may be burning money. And test prep, we started out and we hope to do better in that segment. But beyond that, digital is very limited in terms of adoptions directly in schools. And they would want digital free of cost along with the books. That's the way it works. Standalone, very few schools are comfortable paying for digital.

Mr. Mihir Sethia - Xylem PMS:

Okay, okay. Thank you.

Moderator:

Thank you. We have our next question from the line of Manav Agarwal from Concept Investwell. Please go ahead.

Mr. Manav Agarwal - Concept Investwell:

So, thank you for, first of all, giving me the chance. Sir, I'm having a singular question. That is, in the last call, you mentioned that the adoption of the new syllabus and the effect of the same on the top line will start to come from June or July onwards. So, is the guidance maintained, or are we seeing any fast adoption in the top line?

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

Sorry, can you repeat your question?

Mr. Manav Agarwal - Concept Investwell:

In the last call, you just mentioned that the effect of the top line of the introduction of the new syllabus will start to be seen from June or July of 2026.

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

Okay. So, Manav, our sale season primarily is Jan to March. So, the impact of any new books which are announced or which come out in the market, it will be felt only in Jan-Feb-March because that is the time when actually we are selling our books. If you see, 80-85% of our annual number we do in that Q4, right? So, it cannot be felt in any other quarter. It has to be felt only in Q4.

Mr. Manav Agarwal - Concept Investwell:

Okay. So, can you just give an approximate number that how much traction we can see from introduction of these new books or new syllabus each year?

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

For FY26, we have quantified our guidance, that we are looking to do more than Rs800 crores of top line, and that incorporates every other data point that we have as of now. If let's say there is a change in the external environment over the next six months, then obviously the numbers will change.

Mr. Manav Agarwal - Concept Investwell:

Okay, sir. Thank you. I will join in the queue.

Moderator:

Thank you. We have our next question from the line of Vikas Kasturi from Focus Capital. Please go ahead.

Mr. Vikas Kasturi - Focus Capital:

Good afternoon, sirs. First of all, big congratulations to you, sir. The remarkable turnaround in the last five years, it is clearly visible in the numbers that you put out, sir. It is just fantastic to see. Sir, I had a question, just to help me understand the structure of the industry and the size. So, for example, what percentage of the schools would be following ICSE versus CBSE, sir? And I am also asking, because Navneet Education said that a lot of State Board schools are switching over to CBSE. So, just to give me an idea of what the structure of that market, CBSE versus ICSE versus State Board? And within that, sir, what would be our market share in terms of how many schools do we supply to versus our competitors?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

So, in terms of ICSE schools, the number of ICSE schools is around approximately 1,500. And CBSE is well in excess of 20,000 schools. The number of schools going into CBSE would be slightly more as compared to new ICSE schools. So, in terms of our market, a)

CBSE schools, we will be there in largely all the schools. ICSE also will be there in all the schools. Apart from that, there is a segment of schools which are not affiliated, which run up to Class 8 and do not affiliate themselves to any board. These are English medium schools. So, we would be there in approximately 15,000-20,000 of these schools.

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

So, our sales force usually reach around 40,000-45,000 schools a year, and that will be a mixture of affiliated, unaffiliated CBSE, ICSE.

Mr. Vikas Kasturi - Focus Capital:

Got it, sir. So, a school would not have exclusive tie-up only with S. Chand. They would have multiple vendors.

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

Oh yes, that is absolutely correct. Any school in any class, you will have 8 to 10 subjects. So, there will be multiple vendors providing content for those subjects. And similarly, you can multiply that with the number of classes in that school.

Mr. Vikas Kasturi - Focus Capital:

Got it, sir. Thank you very much for that answer.

Moderator:

Thank you. We have our next question from the line of Srinath, an individual investor. Please go ahead.

Mr. Srinath – Individual Investor:

So, my question is, wanted to understand that since in 2013 to 2018, we already had clocked a sales of Rs794 crores with a great top-line growth. I understand that 3-4 years COVID came. But right now, why aren't we even back to where we were? So, is there any lost sales or something like that?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

2013 to 2018??

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

I think 2018 was 794 crores.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Yeah, I know 2018 was Rs794 crores. So, there are multiple reasons for that. I think higher education has degrown by about Rs60-70 crores during this period. So, that is one of the gaps. So, if you discount that, our school education is still well above what we did

in 2018. I think so it will be about 10-15% above of what we did then. So, if you have to compare, we are already back above the pre-COVID levels. That is one.

Second is the quality of business that we are doing. Again, I am going to continue to emphasize on that. At that point of time, we were working with about 4,000 channel partners, and that was causing a lot of sales return coming in, that was causing a lot of delay in payments, our working capital. Our cashflow from operation in 2018 was about 38 odd crores. Compare this with now, where at a lower revenue level, I am doing approx. 100 crores operating cash flows. Now, you tell me what I should do? Should I go back and do that aggressive kind of revenue growth which only eats more working capital? Today, I am generating 100 crores every year.

So, I can give dividends, I can do inorganic from internal accruals. That's a conscious call we have taken up of not going very aggressive. Look at our working capital, it is down 50%. And even if we look at 2018 onwards, even then our working capital was not that efficient. So, I think we have learned that having a slightly lower growth, but the working capital efficient, is much better, because as and when any eventuality like COVID comes in, we are prepared. I mean, we have had very difficult times in 2019 as an organization. And so, we continue to understand that we have to be careful as and when going ahead.

Mr. Srinath – Individual Investor:

Right. Perfect. That is a proper answer. And the other question that I had was, the EBITDA margins also during that same period was around 20% to 23%. And right now, I understand that your material cost is a sizable cost. But other than that, it is your employee and other costs, which have actually gone up reducing the operating margins rather than the material cost, because that stayed at the 31% to 35% band. Yeah.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

So, I mean, we recognize that. See, the cost, reduced a lot during COVID and post COVID years. But having said that, of course, the last two years, we had to invest a lot in people for the NCF. So, that cost was eventually going to come. And I think once this whole process of NCF finishes, I think we might look at a slightly more stable employee cost base.

Mr. Srinath – Individual Investor:

These employee costs are off your payrolls or on your payroll?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Largely on payrolls, largely on payrolls.

Mr. Srinath – Individual Investor:

Largely on payrolls.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

It is a long-term period and we really cannot work with employee costs being off-roll.

Mr. Srinath – Individual Investor:

Okay. Right. All right. And through the inorganic acquisitions, is there any top-line guidance on those, or it is all inclusive in the Rs800 crores that you are targeting?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

No, inorganic is not included in the Rs800 crores guidance. We are discussing a couple of opportunities and whatever comes will be over and above that.

Mr. Srinath – Individual Investor:

So, will it be just a 1x sales? If you are going to spend 50 crores on inorganic expansion, will the top-line also be of similar range?

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

So, that depends. It is a case-by-case thing. So, that we cannot answer as of now. It depends on the quality of the business. It depends on the metrics of the business. It depends on what that company. It depends on how important do we think that acquisition is for our overall product suite.

Mr. Srinath – Individual Investor:

But what is the industry benchmark of the valuation at which you will acquire?

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

See, I think there is no industry benchmark here. It depends on what you are buying, why you are buying and where you are buying from.

Mr. Srinath – Individual Investor:

Right.

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

If you think about the publishing industry, there are not many acquisitions that happen. it.

Mr. Srinath – Individual Investor:

Just one last thing. When will NCERT launch the new books? They have released this circular, but by when do you expect them to come out with the four classes?

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Your guess is as good as mine.

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

So, Srinath, we have to see when it comes.

Mr. Srinath – Individual Investor:

Okay. Okay. Fine.

Moderator:

Thank you. We have our next question from the line of Manav Jain from JS Enterprises. Please go ahead. Yeah.

Mr. Manav Jain – JS Enterprises:

So, I just had one question. I mean, most of the questions, answers were done. I just wanted to understand, is the acquisition going to be in the digital front or is it going to be in the offline segment, what we are operating in? I just wanted that clarity.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Largely in the offline segment.

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

It will be a traditional business.

Mr. Manav Jain – JS Enterprises:

Okay. Fair enough. Thank you.

Moderator:

Thank you. Ladies and gentlemen, that would be the last question for today. And I now hand the conference over to the management for closing comments.

Mr. Saurabh Mittal - Group CFO, S Chand And Company Limited:

Thank you for taking your time and we hope to deliver again upon whatever we have guided for during the year. And everybody be safe, and thank you so much.

Moderator:

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

END OF TRANSCRIPT