



“Navneet Education Limited  
Q2 FY '25 Earnings Conference Call”  
November 08, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 08th November 2024 will prevail.



**MANAGEMENT: MR. SUNIL GALA – MANAGING DIRECTOR – NAVNEET EDUCATION LIMITED**  
**MR. KALPESH DEDHIA – CHIEF FINANCIAL OFFICER – NAVNEET EDUCATION LIMITED**  
**MR. ROOMY MISTRY – HEAD INVESTOR RELATION – NAVNEET EDUCATION LIMITED**  
**SGA – INVESTMENT RELATION ADVISORS – NAVNEET EDUCATION LIMITED**



**Moderator:**

Ladies and gentlemen, good day, and welcome to Navneet Education Limited Q2 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sunil Gala, Managing Director from Navneet Education Limited. Thank you, and over to you, sir.

**Gnanesh Gala:**

Thank you to you also. Good afternoon, ladies and gentlemen, and a warm welcome to everyone present today on the call. Along with me today, I have Kalpesh Dedhia, our CFO; Roomy Mistry, our Head IR; and SGA, our Investor Relations Advisors.

I'm sure you all would have received or seen the results and an investor presentation. So if at all, if someone has not, you can view it on the stock exchanges on the company's website. Before I discuss about the results, I should mention here that the Board of Directors in its meeting declared interim dividend of Rs.1.50 per equity share, representing 75% of the face value of Rs.2.

So now coming to the half yearly results. The performance has been steady at Rs.1,065 crores, very marginal increase from Rs.1,053 crores in the same period last year. Of course, the EBITDA did improve, reaching to Rs.236 crores compared to Rs.219 crores in H1 '24.

Let me talk about the respective businesses. First, on publication business, the publication business has encountered a marginal contraction in revenue, which stood at Rs.498 crores as compared to Rs.504 crores half yearly. In publication segment, I should mention here, as you all know, there is no curriculum change implemented yet. But the courses were reduced by the state government for few of these subjects and accordingly, changes in associated redesign of certain products and the selling price were reduced accordingly.



This impacted our sales realization but overall, there is a marginal increase in volumes compared to the previous year. And thankfully, for last 2 years, I've been rather crippling about paper prices but thankfully, the paper prices are stable now post reduction in the last 6 months.

On stationery business, first, I'll talk about domestic that even their revenue stood at Rs.173 crores versus Rs.189 crores. The decline was mainly due to product repricing, as I just mentioned about the publications. The decline was mainly due to product repricing following a reduction in raw material cost. However, on an absolute basis, we observed marginal growth in volumes across various categories.

Additionally, domestic sales faced some challenges due to slower than anticipated movement of channel inventory in key markets. Now to boost sales momentum in the domestic market for the remaining year as well as for the future. We are expanding our offerings within the present categories and a very advanced stage of planning to introduce new product categories in nonpaper stationery.

On stationery exports, our export business continued to grow. It is fueled by increasing demand for both traditional paper-based products and new non-paper items. Revenue for the period reached Rs.390 crores versus Rs.358 crores in the same period last year. In the export market, in particular, we introduced new product categories across both paper and non-paper segments and we have started receiving promising inquiries, including interesting products evaluated for ADD that is Anti-Dumping Duties.

So this is basic information on the businesses, and I would rather spend time more on Q&A instead of me talking more about the company. So thank you all, and now I open the floor for Q&A.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Viraj from SiMPL. Please go ahead.

**Viraj:** Just a couple of questions. One is, if you can just give some perspective on price versus volume impact, both in publishing and stationery. And typically, how do we arrive at pricing in each of the business, given the lower RM prices? Should we expect some gains to accrue for us going forward?

**Gnanesh Gala:** Okay. Yes. So on price and volume, so in publication business, we normally do not have to reduce the price on account of reduction in raw material prices. But as I just mentioned that we had to reduce the size of the book because government also for a few of the subjects reduced the curriculum and accordingly, we had to reduce the size of our book. With the reduced size of our book, we have to reprice. We can't keep the same price as it was earlier. And therefore, though, as I said, volumes rose but the realization reduced.

So in terms of volume, overall, we have seen incremental of 4% volume increase but there was a reduction of around 6-odd percent in terms of volume of a product -- size of a product, and therefore, the price decrease was on account of that. So around 6-odd percentage, we had to reduce the price.

And your question, let me complete how do we arrive at the pricing of a product. So normally, it is always cost plus basis for both publications and stationery. Only thing in publications, we always are selling the content and paper is a medium. Therefore, we really need not reduce the prices immediately on reduction of paper prices. And in any case, we have to consider same pricing for the 1 academic year. So we never touch the price of our book, even if raw material prices have reduced or probably have increased. So either case, we do not very much on publications.

But in stationery, particularly it is type of a commodity product, where there are huge unorganized sector also in the field. So as and when the fluctuation in paper prices are there, we have to adjust our MRP or if not MRP, if we can't do that, then the trade discounts, either one of that we have to do.

**Viraj:** Just one follow-up on this. In publication, in the past, you talked about second-hand market being a very large factor, which has impacted the volume recovery to, say, the pre-COVID levels. Given where the RM prices are, I understand for the year, we may not change but say, going into next year, would we be looking to kind of maximize volume and share those low paper price gains in the market? Or how are we looking to play this?

**Gnanesh Gala:** No. So believe me, because the value of the pricing will be lower, there will be higher offtake of the products is never a case and vice versa. And therefore, the volumes will increase only and only when we see curriculum changing. Without that, whatever additional efforts that we may do, we may see a single percentage increase in volumes but not large increase in volume. So volume will not increase even if paper prices are low and our pricing of a product is low.

**Viraj:** Okay. Just more questions and I'll come back in queue. One is in the publications, what will be penetration of digital offering in terms of sales indicatively? And what kind of investment or losses will be having in P&L now?

**Gnanesh Gala:** So first of all, now we have really not focused -- rather are focusing on just only digital business because now each and every book of ours has some digital components. So whether digital activities that we are doing, whether it is doing for a book business or whether it is doing for an independent digital activity is very difficult to bifurcate. Therefore, we have clubbed it in our content business or our publication business. But generally, I would say that earlier that -- on a yearly basis, last year that we would have lost around Rs.30-odd crores purely on digital business. This year, that loss may come down to around Rs.15 crores.

**Viraj:** Okay. Got it. Got it. And last question was on the stationery business margins. See, I understand the domestic stationery, given the way the unorganized market is, you would have to share the gains in the raw material prices. But in exports, one would think that we would be -- given most of these contracts will be fixed price contracts, you will be seeing some benefit of low RM prices? And even from a mix point of view in this quarter, the way mix has laid out, one would have expected the margins to improve and see good profit growth but that has not happened. So...



**Gnanesh Gala:** So in reality, in exports business, we have seen improvement in margin because of the reason that you just mentioned. But because in domestic, the volumes or the sales reduced versus our expenses remained the same, including inflationary expenses. And therefore, when we combine both businesses, exports and domestic, you see a little reduction in margin. But independently, if we see, then exports have benefited.

**Moderator:** The next question is from the line of Rushabh Shah from Buglerock PMS. Please go ahead.

**Rushabh Shah:** Yes. So my first question is, what is the progress on the CBSE textbook business in this year? And how many schools did we approach this year? And also the increase in the number of schools where our books are going to get prescribed in the current year versus the last year? And how good was the acceptance of the new titles, which we wish to introduce in this year?

**Gnanesh Gala:** Sure. So the CBSE book business cycle itself is in the month -- by the month of October, we are ready with titles, then we start marketing of these books across all the schools in the country to our target schools. So at present, as we speak, the marketing initiative or marketing activities are on. And therefore, the final understanding of how many schools have accepted or placed in order, we would know by mid-January. And therefore, we always see fourth quarter being the strongest quarter for CBSE book business.

So as far as titles are concerned, I'm very happy to say that titles are quite well accepted. There are no complaints at all on our titles. And as far as number of schools are concerned, so I'm saying at the group level, we were almost reaching 8,500 schools, and this year, the target is to reach 11,000 schools. And of 8,500 schools, we had received order from around 4,700 schools. So this year, our target is to at least get in orders from 6,000 schools.

**Rushabh Shah:** Okay. Okay. And sir, my second question is even in Navneet brand umbrella, we were doing the RISE and Grafalco services for CBSE. How is that part of business doing? Also, how many new schools we would have added for CBSE textbooks in Navneet brand?

**Gnanesh Gala:** Yes. So I therefore mentioned about Earlier about Navneet group. I did not just mention about Indiannica. So when I mentioned about 8,500 or 11,000 or 4,700 versus 6,000, I'm saying at a group level, be it Navneet or be it Indiannica.

But coming to specific to Navneet, the revenue from CBSE schools would grow by around 25%, 26% over last year, which was around -- again, in terms of rupees, it was around Rs.25 crores. So that will grow by 25% to 30%. So overall acceptance in Maharashtra and Gujrat both is quite well. And therefore, we are very sure that at the year-end, we'll see that growth coming to Navneet independently. But generally speaking, what I just mentioned earlier about overall as a group, how many CBSE schools are we targeting were the numbers that I mentioned.

**Rushabh Shah:** Okay. And sir, my third question is, one issue we faced last year was Indiannica did not have a technology solution and that gave us a setback. So can you give what do you do to improve the thing this year?

**Gnanesh Gala:** So we improved on the quality of digital content for each of our titles. And we have not yet though completed the classroom solution as we have it in Navneet. We have not completed that



fully for Indiannica. But the digital component majorly used through QR code, where we were facing challenges or acceptance was a little low that we have improved everywhere, and therefore, we are quite hopeful that this year, the acceptance will be better. We still do not have classroom solution for Indiannica books, which is not fully ready.

**Moderator:** The next question is from the line of Sonaal from Bowhead. Can you speak little louder, please?

**Sonaal:** So, sir couple of questions. First, I wanted to understand, you alluded to lower pricing because the volume declined. So when did it start getting implemented? And when did you get a colour on this?

**Gnanesh Gala:** The -- as far as publications are concerned, we did realize that because we reduced the size of our book we did -- and I recall having discussed a bit in my last con call also that we had to reduce the price of our book because we reduced the size of our book. So that we knew well in advance. But as far as domestic statutory market is concerned, that could -- we have to play with the market dynamics. So probably in the month of June when actually season started or the offtake started. So June and July was a period where we had to increase a little bit margins because the books were -- the products were already ready, so we had to increase the margin, and therefore, sales realization came low.

**Sonaal:** So sir, broadly, I mean you had a very aggressive guidance for domestic stationery. What's your new realistic guidance for domestic stationery for this year?

**Gnanesh Gala:** So as far as volume growth is concerned, we are still confident of growing it by 15% volume. But in terms of value because of around whatever reduction of pricing that we had to take on our books. So net-net, the now as a value growth will be hardly low single digit.

**Sonaal:** Okay. How much cut is in the price of domestic stationery roughly, 10%?

**Gnanesh Gala:** Between 10% to 12%.

**Sonaal:** Okay. And will you be able to maintain your margins or the price cut is more than the paper price?

**Gnanesh Gala:** So no, no, price cut is not more than the paper price. But Sonaal, we have to understand the similar answer that I will give, if -- really value-wise, if we do not grow much, then -- but obviously, it is going to affect our EBITDA margin because of the fixed operational expenses that we have. So that is little concerning. So our endeavour is right now to grow in value terms also but having seen the situation on the ground we believe volume-wise we'll be able to grow. But overall value-wise also on an annual basis to grow, will be in a single digit, it can't be more.

**Sonaal:** And sir, in terms of export stationery, what is the outlook there for this year to around '25, considering the first half is already gone by?

**Gnanesh Gala:** Yes. So now, again, being back-to-school season, ordering will start from November till January. Overall inquiries are really very good. And thankfully, a couple of products, which were not bought from us because of the anti-dumping duty that also now the same buyers are saying that

we don't mind buying from India now. And therefore, we are seeing a very good year, not for the remaining year but in a subsequent year also. Together with that, these new products that we have introduced also have been well received. So overall, we should see a good growth in the fourth quarter as well as the next full year.

**Sonaal:** Okay. And sir, as far the publication business is concerned, would any course curriculum change in '26? Or as of now, I mean, is it a little too early for you to know for sure?

**Gnanesh Gala:** No. So as far as Gujarat is concerned, they have already announced around -- instead of just focusing on a grade their focus right now on subjects. So they have announced around 15 different subjects from grade 1 to grade 4 to change the curriculum. So that is the clarity we have, it is already published by the state government.

As far as Maharashtra is concerned, they are still maintaining that grade 1 and 2, they will change. But in hindsight, we believe that they are still not ready, maximum grade 1 will be changed that's our gut feel. But they still maintain that they will change for grade 1 and 2 both.

**Sonaal:** And sir, grade 1 to 4 for Gujarat is next year or over a period of 2 years?

**Gnanesh Gala:** No, no, next year, '25, '26. So these are not grade 4, I said. I said 15 subjects in those grade 4. They're not...

**Sonaal:** You mean, 15 subject...

**Gnanesh Gala:** From grade 1 to 4, there are different, different subjects. So 15 titles, they are changing the curriculum, not all. So this is again a new phenomenon that...

**Sonaal:** Like how many titles would be there between 1 and 4? Like this would be what percentage of the total?

**Gnanesh Gala:** Around 50% of the total.

**Sonaal:** 50%, okay, of 1 to 4. And sir, lastly, you said something -- other thing about anti-dumping duty, I could not hear you.

**Moderator:** I'm sorry to interrupt, sir. Can you just join the queue?

**Gnanesh Gala:** Let him complete his last question, please.

**Sonaal:** Sir, so you have mentioned about something about anti-dumping duty in the call. I could not fully grasp it. Can you please explain it again?

**Gnanesh Gala:** No. So last year, if you recall, we had a little reduction in sales, then, of course, though it had grew but there was a reduction in sales on account of an anti-dumping duty on 1 category of our product last year in the same period. That business, of course, we have got back. But again, just now I did mention that the customers are quite happy and have shown their interest to buy certain products even though there are anti-dumping duty, which are in a single digit from India. And if it is from India, Navneet should benefit out of that.



**Moderator:** The next question is from the line of Megh Shah from Prospero Tree Financial Services. Please go ahead.

**Megh Shah:** Sir, my first question is, which will be the growth trigger for the company because the company is anchored mainly in the two businesses publication and stationery. And in publication, we are restricted only to -- mainly for the two states, Gujarat and Maharashtra. Is there any plan to enter into any more state or any other state of the India? Or -- because the stationery we can sell globally, but in -- because of we are publishing syllabus-based books and study materials. So currently, we are restricted to 2 states. Is there any plan? And which are the trigger for the future?

**Gnanesh Gala:** Yes, yes, partly, you're right. Partly I need to inform you, which is now in publications, though largely a large business from -- for us is from state board curriculum restricted to Maharashtra and Gujarat. But now even CBSE business, that is all India business, from Navneet parent company and from its subsidiary, we are already doing business of around Rs.80 crores, Rs.90 crores, and that business is likely to grow faster going forward because of the more and more number of schools growing in the country.

So now it is just not restricted to Maharashtra, Gujrat. We have already expanded in other category, which is textbook category all India. And -- but to answer your first basic question, our biggest growth driver, for at least next 2 years, I foresee it will be stationery that will be growing much faster than the publication business.

**Megh Shah:** And that the CBSE business is through Indiannica earlier, I think we were...

**Gnanesh Gala:** At present, 60% of the business is from Indiannica. So Indiannica has there its own title, Indiannica is very strong in Northern Belt and Eastern Belt, whereas in Navneet, we are very strong in, again, the same markets, Maharashtra and Gujarat and partly in Karnataka. So those titles are different in both the companies and the focused markets are different. But as a group, what I -- what I would rather foresee is that how much business are we bringing from CBSE textbook business in the group. So overall, 60% at present comes from Indiannica and 40% from Navneet.

**Megh Shah:** And for the stationery business, it is the export business, which will drive our growth?

**Gnanesh Gala:** Yes. So in volume terms, even domestic is likely to grow. But in overall value and volume terms, exports will be much faster than domestic.

**Megh Shah:** Okay. And sir, just you have mentioned that there is a 4 standard, 1 to 4 in the Gujarat, there is some changes in the syllabus for some subject of some textbooks. Then what will be the impact -- likely impact on our business?

**Gnanesh Gala:** So Gujarat business, which is almost 50% of our total state board business that we have, that will have seen a growth of at least 10% with this change.

**Megh Shah:** 10%. Okay. Okay. And sir, is there any plan to further sell the stake in the school business?

**Gnanesh Gala:** Growing the other states you mean?





- Megh Shah:** No. stake sale. See, only remain the...
- Gnanesh Gala:** Stake sale of K12 you're saying?
- Megh Shah:** Yes.
- Gnanesh Gala:** No, no immediate plan on that.
- Moderator:** The next question is from the line of Amit Khetan from Laburnum Capital. Please go ahead.
- Amit Khetan:** Sir, can you just call out what was the volume growth in domestic stationery for the first half?
- Gnanesh Gala:** It was 3% growth in volume. But because of freight rate...
- Amit Khetan:** So if I go by your presentation where you mentioned 12% to 15% volume growth for the full year, that implies that in the second half, we are looking at something like a 20% volume growth.
- Gnanesh Gala:** Yes. Yes. Yes. And accordingly, new product category, and products have been already planned and accordingly, this estimation is there.
- Amit Khetan:** Got it. Got it. Secondly, what is the outlook on paper prices? Do you expect further softening of paper prices? Or do you think it will be stable?
- Gnanesh Gala:** Very difficult now because I think now paper mills will go under losses if they reduce further. And therefore, I foresee, though they do not have orders and they are trying to get orders at any cost but much reduction from here is not seen.
- Amit Khetan:** Got it. And do we use domestic paper or do we import -- are imports cheaper for us?
- Gnanesh Gala:** No. So around 5% to 7% of our consumption is from import of paper, but rest all is domestic.
- Moderator:** The next question is from the line of Niraj Mansingka from White Pine Investment Management. Please go ahead.
- Niraj Mansingka:** I have only one question on the stationery product that launches you are trying to do. Can you give some colour on what launch -- products you're launching in India? And can you also give some colour on the new products that you are trying to get into in the domestic market?
- Gnanesh Gala:** So on domestic market, I will not be able to exactly mention, which finally products that we'll be launching because we are at a time very advanced stage of discussing a couple of categories but we have not finalized which category we launched in the current year. Therefore, I may not be able to answer you that.
- But as far as export markets are concerned, last year only, we had introduced products made out of metal, which is for office use, then there are plastic folders and plastic molded stationery items. So these are the items that we will start getting sales from. For metals, we have already got the sales. But for the other 2 items I mentioned that we will see first sale going in from us in the last quarter, and then it should start growing there on.



- Niraj Mansingka:** And sir, last question on SSE, can you give some colour because...
- Gnanesh Gala:** Sorry, sorry?
- Niraj Mansingka:** On the SSE exports for all, can you give some colour what is your status right now? How do you see the performance?
- Gnanesh Gala:** So performance-wise, they are doing quite well, and they are in the midst of raising further fund because they have great opportunities going forward. I would say company is doing -- as far as the performance is concerned in terms of implementing various programs, they are doing exceedingly well. As far as numbers are concerned, they are not as attractive today but as every start-ups would have the challenge of cash crunch as well as the initial losses that they are -- because they are in the building phase, building the business, and therefore, there are losses.
- But on the execution front, wherever they have gone are very, very well appreciated, be it the contracts that they get or be it the championships that they arrange in 10 states as of now, very, very well accepted.
- Moderator:** The next question is from the line of Arihant from Bowhead. Please go ahead.
- Arihant:** My question would be what is the margin you are expecting in publication and stationery business this year compared to last year?
- Gnanesh Gala:** So margin in publication should be around 30%, 31%. And in stationery, it should be around between 12% and 13%.
- Arihant:** And what would be your expectation for next year? Will it be at middle level only or higher?
- Gnanesh Gala:** It will be higher on two counts. One, these margins in the current year also has her cost inventory, which was used during our production, which will not be the case next year. So that is part one. Part two, because of few curriculum change publications, definitely, there'll be volume growth. And with volume growth, the operational expenses do not grow in the same line and therefore, additional margin. And in stationery business also similar story that there also margins should improve next year.
- Arihant:** And sir, this year, like in cash flow statement, there was mentioned like a Rs.50 crore loan was given to others. So I just wanted to understand whom this loan is given to, and this is for what purpose?
- Gnanesh Gala:** So it was -- we had an excess money today, and we have given loans for a short period to a very strong party. And therefore, that should come back by January.
- Arihant:** Okay. And on export, I wanted to ask like how is the capex going on. What is the capex you plan to do this year and next year? And when will -- I think you are already sent the sample. So when will the order start going for the new items?
- Gnanesh Gala:** Orders, we will come to know only by mid Feb that how many new orders are for the new items that we have got. This is the right period at present, we have started negotiation or discussion



with the buyers and which they normally finalized between 15th January and 15th February. So by then, we will come to know.

As far as investments are concerned, one investment that will come in the books, which is as of now shown as an advanced money for land, that will be -- that will come in the books in the third quarter or fourth quarter by -- as by way of addition in fixed assets of land that would cost around Rs.40-odd crores. As I just said, the monies have already been paid by way of an advance. It is just an execution of conveyance, which was spending that will get over in this quarter or next quarter.

But with respect to additional facilities that we are building for particularly exports of business. So this year, again, we already spent around Rs.12 crores on buying a land in Gujarat and construction is on. So we should be spending around Rs.30 crores on construction. So altogether, with land, it will be Rs.40 crores to Rs.42 crores of investment, additional investment in the current year.

**Arihant:** And then next year, what are you planning to do?

**Gnanesh Gala:** Next year, of course, the first item that I just mentioned, that Rs.40-odd crores, which is shown as advance will get converted to land now in this quarter. There we plan to further increase the capacity, both manufacturing and storage, and for that, we may end up spending between Rs.50 crores to Rs.60 crores.

**Arihant:** Okay. And sir, my last question would be I wanted to ask like what is the seasonality in the edtech business side and like which quarter has the highest share of revenue?

**Gnanesh Gala:** It is similar. So now edtech has 2 components. One is for state curriculum. So there, the highest revenue will come in the first quarter and the CBSE curriculum that will come in the fourth quarter. So -- and normally, fourth quarter and first quarter, you will see good results. Majorly would be first quarter where it is quite much established. So first quarter will be the best, next will be the fourth quarter.

**Moderator:** The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

**Madhur Rathi:** Sir, I wanted to understand that in our stationery segment, we have guided...

**Moderator:** Sir, sorry to interrupt. Can you speak little louder, sir?

**Madhur Rathi:** Sir, I wanted to understand that in our stationery segment, we have guided a 100 bps increase in margin. But again, due to price reduction, it won't be possible for this year. So expect some kind of margin benefit for this financial year? And can you expect that 100 bps to come in the next financial year or even that looks a little bit dicey right now?

**Gnanesh Gala:** So as we expect, there will be higher revenue growth in exports business with a higher margin than last year versus a little lower growth than expected in domestic market with lower margin because top line is not increasing much versus our operational expenses are more. I still maintain



that this year, we will have a little better margin than last year but not as expected. But next -- come next year, I think with further volume growth in the business, we should see further margin growth.

**Madhur Rathi:** Sir, can we quantify about how much can -- kind of a range would be fairly good?

**Gnanesh Gala:** Quantifying would be -- it is so dynamic scenario month-on-month basis to quantifying exact number would be difficult for me.

**Madhur Rathi:** Sir, I have a second question on the CBSE revenue. So you mentioned about the revenue from the CBSE school was Rs.25 crore in FY '24. And we are currently on a Rs.80 crore to Rs.90 crore run rate in the CBSE. So sir what is the incremental revenue that is coming excluding the Rs.25 crore in FY '24 from the CBSE schools?

**Gnanesh Gala:** So as I mentioned, it will be -- if we talk about total business, then we should grow by 15%. But if we talk of stand-alone nominate business, CBSE business, then it will grow between around 20% to 22%. So overall, on Rs.85 crores that we had, we should grow around 15% to 17%.

**Madhur Rathi:** Sir, like I understand that our growth is around 15%, 17%, but sir, Rs.25 crores is coming from the school business and the rest is coming from the publication business, Indiannica, is that understanding correct?

**Gnanesh Gala:** No, no, no. Rs.25 crores school business, there's no revenue of school business in this company. Let me explain. At the group level, now be it our subsidiary, Indiannica or Navneet, a parent company. Both put together, we do a CBSE textbook business of around Rs.80 crores, Rs.85 crores. Around Rs.55 crores to Rs.60 crores comes in Indiannica, which is our subsidiary and the balance comes in Navneet. So I was talking about that number.

**Madhur Rathi:** Okay. And sir, the second question would be, sir, out of -- I guess we got orders of 4,700 school in FY '25 and for this year....

**Gnanesh Gala:** For '24. FY '24, what I meant.

**Madhur Rathi:** I mean, 4,700 schools from FY '24, we are guiding. But sir, our growth is very at a minimum of 25%, 30% and our base is only increasing 25%, 30%?

**Gnanesh Gala:** No.

**Madhur Rathi:** Similarly, per school revenue looks quite low. Sir, can we grow out the more revenue on a per school in this publisher segment?

**Gnanesh Gala:** It's our endeavour to have more and more business from the same school. But in India, each and every school is that they never give 100% order to a one publisher. They give to several publishers. And therefore, the probably with the numbers that I have around Rs.2,00,000 of per school that we are getting that will -- that should grow, that is our always endeavour but we have convinced school-to-school to grow that business. So -- and that efforts are always on.



- Madhur Rathi:** Sir, can we expect that the Rs.2,00,000 per school to may be double order 3 to 5 years with our efforts going on marketing....
- Gnanesh Gala:** Of course. Yes.
- Moderator:** The next question is from the line of Viraj from SiMPL. Please go ahead.
- Viraj:** Just 1 follow-up on the publication business. You said 50% of the curriculum change in grade 1 to 4 in Gujrat will be nearly 50% of the Gujrat publication.
- Gnanesh Gala:** No, no, no. What I meant was that if we take normally, if all 4 grades would have changed all the subjects, we would have grown by around 20% just for Gujarat business because of the revenue mix from grade 1 to 4, which is around 24% for us -- let me explain again, our total book business, 50% comes from Maharashtra, 50% comes from Gujarat. Of that 50%, around 24% would have come if all the subjects of grade 1 and 4 would have changed. But because 50% of the publications are changing, I said instead of 24% or 20%, we may grow by 10% to 12% in the state of Gujarat. So that is giving us 5% to 6% growth at a company level.
- Viraj:** And for Maharashtra, would there be any positives...
- Gnanesh Gala:** Yes, Maharashtra -- as I mentioned earlier, we have a gut feel that they'll be able to change only 1 grade, which is grade 1 that in that additional 5% should come from arrest. So altogether, 5% plus 5%, 10% should come to the group or the company.
- Viraj:** Second question is you said we are looking around 30% EBITDA margin from publications in '25. Now this is purely for the state board publishing business. I mean the standalone business, are you talking about including Indiannica?
- Gnanesh Gala:** No, not including Indiannica, it is stand-alone business that I was talking about.
- Viraj:** Okay. Understood. So on a blended basis, what kind of margin you're looking this year?
- Gnanesh Gala:** You mean stationery and publication both?
- Viraj:** No, no. Indiannica and stand-alone.
- Gnanesh Gala:** Okay. That way we have calculated on a blended basis. but I'll ask Roomy Mistry to come back on that.
- Viraj:** Sure. Sure. Just 2 more questions. One is the cash position, which we are seeing at September end. Is that largely seasonal in nature? Or you think that there is the working capital...
- Gnanesh Gala:** No, no. It is always the seasonality that shows this number. So if you see past balance sheet numbers of Q2, you will always see bank balances in our books because of the seasonality. This year, additionally, we did receive on account of stake sale, and therefore, we have additional money. So it is this scenario, which is every year, and now as we progress on building our inventory for next ensuing season, we will use first our working -- our own money, and then we may borrow for 2, 3 months from banks for working capital.



- Viraj:** So the question was given where the raw material prices are and if you stated that in publications, pricing is not something which we kind of fluctuate every quarter. Is there any thoughts around maximizing the inventory spread so that we can maximize the spread in the business going into '26?
- Gnanesh Gala:** Whatever -- I know whatever storage capabilities that we have, we have already bought additional paper for next ensuing season. But as you understand, paper is perishable commodity, and we really can't store it anywhere we want. And therefore, we would like to play a little safe inventorizing paper. But nonetheless, we have already made contracts at the present price for good quantity of paper for next 3 months. So that way, the inventory will start flowing in, but we have already conducted a larger quantities.
- Viraj:** Okay. And just last question was on exports side. So we have been talking about new categories for some time now. And in last 2, 3 years we have been incurring capex. So just trying to understand in terms of the orders, which we're expecting at what stage would this be at? So are these -- I mean, are they still at an approval stage or you -- it's more about commercials and execution? Or if you could just give some colour and revenue from new products, new categories in the last 2, 3 years in export?
- Gnanesh Gala:** Yes. So first time last corresponding quarter, we did mention about the new categories and then -- there also we actually had not invested big money. They're only invested in small, small machines. Having got good response now we have decided to invest right from land building and machinery in a bigger way comparatively. So our major investment for new categories will go now. It was never done earlier. And as far as the acceptance of these categories, whatever that we had introduced last year, this year, we will definitely see a good jump in there because the product is quite well accepted.
- Viraj:** Okay. So the value proposition still stays if there's any change in duty structure in U.S. but I'm assuming a lot of this will be driven by customers in the U.S.
- Gnanesh Gala:** Yes. So first of all, there is no single standard duty structure for all categories in stationery. It depends on subcategories wise, they decide on whether to put anti-dumping duty or not. And this depends on whether the local manufacturers have the same products available there or not. So only one category, which was hit by anti-dumping, that I was talking about that. Even that category, customers have started saying that even though there is anti-dumping duty of single digit from India, they will buy from India. So that I was trying to explain that we should start getting orders for that as well.
- Viraj:** So basically -- for export orders, which we're expecting, basically, we are replacing another imports from another country.
- Gnanesh Gala:** That's right. Yes. At present, this is the fact.
- Viraj:** So we're not using a local manufacturer.
- Gnanesh Gala:** Yes, yes. So two ways we will grow. One is replacing the countries by exporting from India. And secondly, adding more and more product category. So we also innovate various products at



our end and showcase them in various shows. The buyers keep their shows where we display our products. So any new innovative product that we introduced they try out for the first time, and then they start placing orders. So all these categories put together, replacing from other country as well as our new innovated products will help us grow.

**Moderator:** The next question is from the line of Sonaal from Bowhead. Please go ahead.

**Sonaal:** Sir, all of my questions have already been answered.

**Moderator:** The next question is from the line of Niraj Mansingka from White Pine Investment Management. Please go ahead.

**Niraj Mansingka:** So just wanted to again get a reiteration from you. You said EBITDA margin of publishing at 30%, 31%. In the last 3, 4 years, that was not the case. So do you see an improvement in EBITDA margin because of industry or because of the lower paper prices because the contribution margin is higher, you would -- just some thoughts on your side.

**Gnanesh Gala:** I fully agree with you. So once our revenue grows by even 10%, our margin improvement should start happening. If revenue -- since revenue did not grow for last 2, 3 years, there was pressure on margin, even though in the current year, paper prices came down partly for inventory but all those was taken away by ever from our operational cost. So because revenue did not increase but if we grow by 10%, our margin should start improving. So with every incremental percentage than 50% of that comes to the bottom line.

**Niraj Mansingka:** Got it. And sir, but -- and the margin, you're talking of 30%, 31% against last 3-year average of 27.5%.

**Gnanesh Gala:** You may be seeing consolidated number, right?

**Niraj Mansingka:** yes, yes, yes.

**Gnanesh Gala:** I was talking about stand-alone number. So on consolidated, as I just mentioned to one previous person that we'll have to work out both Indiannica and Navneet put together about the margins. So I have to come back on that.

**Niraj Mansingka:** And sir, Indiannica you tell about the growth what is happening because it seems now it's catching up on the growth side as well. So -- and can you share some thoughts on that?

**Gnanesh Gala:** So growth wise, as I just mentioned that we have good plans in the growing and deeper into the geographies that we are already present. So we are aiming at a higher number of schools, minimum 25% higher number of schools. And therefore, we should see that type of growth in Indiannica as well in the current year.

**Niraj Mansingka:** And sir, is it -- what is bringing this growth? Like is it because you just launch the product? Or is it because on the CBSE or is it because Indiannica was always a very strong brand in terms of in India. So what is...



- Gnanesh Gala:** So the growth -- See, first of all, our base is low today, right? Rs.55 crores, Rs.60 crores is only the base. Now with every new school accepting this, we will have growth. The schools where we are already selling products, and I also mentioned in between that none of the schools accept more subjects from a single publisher they buy from various publishers. So even if additional one title that they accept, then it is an incremental growth for us. So that way, we have a growth possibility not by growing number of schools as well as growing more business with -- in the same school.
- Niraj Mansingka:** Sir, last question on Indiannica, Rs.25 crores revenue, which you had in Indiannica last year, how many schools did contribute...
- Gnanesh Gala:** Not Rs.25 crores. Rs.55 crores, Rs.60 crores revenue we had. Rs.55 crores, if I'm not mistaken.
- Niraj Mansingka:** Yes, Rs.55 crores. Sorry. So Rs.55 crores revenue that you had, how much schools contributed to that?
- Gnanesh Gala:** So altogether, around 3,900-odd schools would have contributed to that.
- Niraj Mansingka:** And you are talking of around 25% more schools this year.
- Gnanesh Gala:** Yes.
- Moderator:** The last question is from the line of Neeraj Kamtekar from Prospero PMS. As participants left the queue, ladies and gentlemen, due to the time constraint, we will take the last question. I now hand the conference over to Mr. Sunil Gala for closing comments. Over to you, sir.
- Gnanesh Gala:** Yes. Thank you once again to every one of you who have joined the call. I hope I have been able to address the queries to my best ability. If at all any more queries are there, please reach out to our IR consultants or Roomy Mistry. And with that, I would like to close today's call and wish you all a happy and prosperous new year. Thank you once again for -- to all for participating in the call. Thank you.
- Moderator:** Thank you. On behalf of Navneet Education Limited, that concludes this conference. You may leave your lines, and you may disconnect your lines.