



Navneet Education Limited
Q1 FY24 Earnings Conference Call
04-08-2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the Company's website on 4th August 2023 will prevail.

- **Moderator:**
- Ladies and gentlemen, good day and welcome to Navneet Education Q1 FY24 Earnings Conference Call hosted by Prabhudas Lilladher. 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 and zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jinesh Joshi from Prabhudas Lilladher. Thank you and over to you, Sir.
- **Mr. Jinesh Joshi - Prabhudas Lilladher Private Ltd.:**
- Yeah, good morning, everyone. On behalf of Prabhudas Lilladher, I welcome you all to the 1Q FY24 Earnings Call of Navneet Education Limited. We have with us the management represented by Mr. Sunil Gala - who is the MD, Mr. Kalpesh Dedhia – CFO, Mr. Rumi Mistry who heads the IR team and Mr. Sanjeev Shah –Joint MD of Navneet FutureTech.
- I would now like to hand over the call to the management for opening remarks. Over to you, Sunil Bhai.
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- Thank you, Jinesh. Good morning and very, very warm welcome to everyone today. Apart from the names Jinesh mentioned, we also have our Investor Relation Advisors together on the call. Hope you all have received our Investor Presentation by now. For those who have not, you can view them on the Stock Exchanges and the company website.
- So, let me start today the call by giving you all the brief overview on the National Education Policy, NEP as it is called, and how it will bring a host of opportunities to

Navneet's business. The policy brings numerous advantages to Navneet's publishing business as it emphasizes on play based learning and an integrated curriculum framework. Education Policy will bring in significant demand for updated teaching materials of which Navneet can seize opportunities by providing innovative, up to date syllabus books and aligned with the NEP guidelines. NEP also offers a favorable environment for Navneet to grow and develop in the publishing industry, contributing to the nation's education goals while enhancing its brand reputation as a trusted education publisher. Government in Maharashtra and Gujarat have started working on the implementation of NEP for the next academic year and the list of titles and all the standards is anticipated in the coming months. So, we'll be able to give clarity on the curriculum change for next year once we receive clarity from the state government of Maharashtra and Gujarat.

- Now, let me go segment-wise performance. So, first I'll start with Publication business. The first quarter has consistently been a robust period for our standalone publication business primarily due to the reopening of SSE school boards in June in the states of Maharashtra and Gujarat, where Navneet currently dominates and has big market share. As you all would have read, Publication business revenue grew by 20% to Rs.427 crores while EBITDA showed positive year-on-year growth driven by price increase and an increase in sales volumes compared to the same period last year. During the quarter, the revenue from Indiannica, our subsidiary offering CBSE textbooks, stood at Rs.3.3 core as compared to Rs.7.6 cores in Q1 FY23. Let me clarify here that usually for Indiannica business Q4 is the strongest quarter on account of back to school for CBSE students, but in FY23 we had witnessed a follow on pent up demand even in Q1 FY23 as many schools reopened later during that time on account of COVID-19. You all may recall that last year FY23 was the first post pandemic period. We firmly believe in our capacity to grow CBSE business as there is huge potential to cater to more number of schools and existing schools with more number of titles. As I have been telling earlier, more and more CBSE schools are opening in the country and many SSE schools are also getting converted to CBSE. So, overall, for FY24 we believe the publication business could grow in mid-teens, which is marginally lower than what we had anticipated at the start of financial year. This is because we have increased prices on some of the publications due to a paper price rise, which has resulted in the slower offtake in end markets. We expect more clarity to emerge in the current quarter and we will accordingly come back to you with a more firm guidance on our next call.
- Now, I come to the Stationary business. First, I'll speak about domestic. So, our domestic business revenue also, as you might have read, grew by 22%. Due to the inherent nature of the business, there is always a two quarter lag in procurement of raw material and sales realization. Hence, the margins in this business were affected due to the escalation in raw material prices which was procured in the previous quarters. However, to gain market share we made a strategic decision to absorb some of the cost increases and not immediately pass it on to the customers. Fortunately, in the current quarter raw material prices have started to decline and coupled with an improved demand scenario

we are confident that the company will be able to achieve a revenue growth more than 15% in FY24 compared to FY23 with an enhanced margin profile.

- Now, I will speak on Exports. Our Export Stationary Business revenue grew only by 3%. One of our product categories has been evaluated for application of Anti-Dumping Duty in the U.S. and as a result orders from this category were not received during Q1. This product contributes 8%-10% of our export revenue. We have been taking appropriate steps ensuring a proactive approach to address the situation. However, this loss was offset by the growth in other existing products. As an Indian player in the export market our brand equity is exceptionally strong, primarily attributed to our commitment to providing quality products and services. To further expand in export markets, we have devised a strategic plan to introduce new offerings beyond paper based products and focus on value added products.
- So, that completes on our standalone businesses. Now, let me talk and give you some guidance on our EdTech business. Business which is under Navneet FutureTech, the business is moving gradually and our efforts are steered towards growing this business more meaningfully and rationally than today. Therefore, the Board of Directors have guided to review our EdTech portfolio and strategy considering the current EdTech scenario. We will present a comprehensive strategy to the Board very soon.
- So, that is it from my side. Now, I will hand over to Mr. Kalpesh Dedhia, our CFO, to give you an update on the financial performance. Hand over to Kalpesh, please.
- **Mr. Kalpesh Dedhia - CFO, Navneet Education Ltd.:**
- Thank you, Mr. Gala, and good morning to everyone. Hope you all are fine and safe and in good health.
- Now, let me take you through the financial highlights. First, I'll talk about the standalone performance. Our revenue for Q1 FY24 grew by 15% to Rs.785 crores as compared to Rs.683 crores in the same period last year. EBITDA for the quarter grew by 8% to Rs.223 crores as compared to Rs.207 crores the same period last year. EBITDA margin for Q1 over at 28.4%. PAT for Q1 FY24 grew by 6% to Rs.158 crores as compared to Rs.150 crores in the same period last year. PAT margins were at 20.1% for the current quarter.
- Now, I come back to consolidated performance. Our consolidated revenue for Q1 FY24 grew by 14% to Rs.791 crores as compared to Rs.694 crores for the same quarter last year. EBITDA for Q1 FY24 grew by 7% to Rs.209 crores as compared to Rs.195 crores for the same period last year. EBITDA margins were for Q1 were at Rs.26.4 crores. Our consolidated PAT for Q1degrow by 5% to Rs. 145 crores as compared to Rs.152 crores the same period last year. Consolidated PAT margins for Q1 were at 18.3%.
- Thank you, that's from my side. Now, I open the floor for Q&A session. Thank you.

- **Moderator:**
- Thank you. Ladies and gentlemen, we will now begin the Question and Answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone phone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handset while asking a question.
- Ladies and gentlemen, we will wait for a moment while the question queue assembles. First question is from the line of Sonal from Bowhead. Please, go ahead.
- **Mr. Sonal, Bowhead – Participant:**
- Thank you, Sir, for this opportunity. I have a couple of questions and also, I wanted to let you know that, you know, during the call for a few minutes we couldn't hear you when you were talking about the benefits of New Education Policy. So, maybe at some stage during the call it will be very helpful to all if post my questions you could repeat the same. Sir, first question is, what kind of growth rate would you expect because of the New Education Policy? And is it fair that it will unfold between '2024 to '2027 or '28? And what kind of CAGR in publication business in your standalone entity could happen because of that in revenues?
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- Should I answer you or you want to ask more questions together? Let me answer this. Let me answer this, Sonal. Yeah. So, with respect to FY24 and thereafter, the growth in publishing business normally will depend on which grades are curriculums are changing. As you would know that contribution of each grade is different in our revenue but net-net I should say that on CAGR basis for the curriculum change cycle around four years, we are very confident that we will grow by 15%. I know.
- **Mr. Sonal, Bowhead – Participant:**
- Per annum?
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- Per annum. Yeah-yeah, CAGR I said.
- **Mr. Sonal, Bowhead – Participant:**
- Sir, secondly, because of this Anti-Dumping Duty, what kind of revenue loss did you have in Q1? And I understand that you have relocated some of these capacities to some other geographies, so would you still continue to suffer the losses on account of this

product in the next nine months or no? And would you be able to recoup the sales lost in Q1 in the next financial year because of relocation of capacities?

– **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**

– Yes, as I mentioned in my speech, the revenue from that category was around 8%-10% of our total exports revenue and we are very confident that we will be able to recoup this lost sales in next year for sure because, as you also said, because of relocation of facilities.

– **Mr. Sonal, Bowhead – Participant:**

– But, Sir, would we continue to lose the revenues on account for this for the remaining three quarters as well?

– **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**

– No, this was back-to-school season and this category normally we get orders in Q4 and Q1, so now we do not have that order for that category normally.

– **Mr. Sonal, Bowhead – Participant:**

– Sir, what would have been the loss? Would it be like Rs.40 crores to Rs.50 crores or how much would have been the loss?

– **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**

– Yeah, around Rs.40 crores odd.

– **Mr. Sonal, Bowhead – Participant:**

– In Q1? Okay. That's right. Sir, as the paper prices, as you said, have fallen, so when would we see the benefit of that in the inventory for stationery and when would we see the benefit of that in publication? And is it fair to say that in stationery you will retain part of these benefits both in export and domestic and in publication would we retain the entire benefits? You know, some light on that would be very helpful.

– **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**

– Yeah. So, of course, we have to finish the inventory that we already have, which we built over the last four months. So, post that the blended cost of paper would, of course, will start going down from this month itself. But first we will have to consume the inventory that we have. So, maybe from Q3 on wards we'll start seeing benefits in all the businesses.

- **Mr. Sonal, Bowhead – Participant:**
- And, Sir, would we be able to retain part of the benefit in stationery and the entire benefit in publication next year?
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- So, entire benefit I wouldn't say. What we have also seen that...
- **Mr. Sonal, Bowhead – Participant:**
- In Publications. In Publications.
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- Yeah-yeah, in Publication, we may have to relook at the incremental prices because last year was unforeseen where we saw paper prices going upward of 40%-50% in some categories. So, if prices really go down drastically, we may relook at reducing the price of our product without affecting our margins.
- **Mr. Sonal, Bowhead – Participant:**
- Sir, you will likely pass on everything back to the customer? Is that what you...?
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- No-no. No-no, not everything. Not everything but whichever, particularly lower grade category of books means lower standard publications, we may have to revisit if prices go down and remain constant for next one quarter. Then we may relook at revisiting the prices of the product for lower grades.
- **Mr. Sonal, Bowhead – Participant:**
- But is it fair to say that you will gain some margins because of this at the net level, you know, if not the entire benefit?
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- Yes, normally it has happened in the past history also. So, margins will definitely improve because of this but we have to finally, Sonal, have to see the longevity of the business. And from that point of view if customers really feel pinch paying higher prices and if competition also reduces the prices, we may have to reduce the prices for some of the products.

- **Mr. Sonal, Bowhead – Participant:**
- And, Sir, as far the tech losses, any guidance for '2024 and'2025?
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- So, with technology, as I mentioned, Board has guided us to relook at the whole strategy. So, Board has guided us to review the entire business and strategy and it will be difficult to guide on the CapEx spend trajectory for FY24 as of now. Post our discussion with the Board, we will come back with a detailed communication on this very soon.
- **Mr. Sonal, Bowhead – Participant:**
- Great, Sir. Thank you so much.
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- Thanks.
- **Moderator:**
- Thank you. Next question is from the line of Bhargav Buddhav from Kotak Mutual Fund. Please, go ahead.
- **Mr. Bhargav Buddhav, Kotak Mutual Fund - Participant:**
- Yeah. Good morning team and thank you for the opportunity. My first question is on the Indiannica business. So, I think, the first participant mentioned that we missed your comments, initial comments, so if you can highlight what could be the reason for doubling of losses at Indiannica? And is it fair to say that the business will be profitable in FY24, as was the case in FY23?
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- Yeah. So, first, let me just repeat what I said on NEP, which I believe most of you have not been able to hear properly. So, what I was saying is that it will bring a host of opportunities to Navneet business. The policy brings numerous advantages to Navneet's publishing business, particularly it will bring significant demand for updated teaching materials for which Navneet can seize opportunities by providing innovative up to date syllabus books that align with NEP guidelines. So, we have been already doing this for many years rather since inception. But this year we believe the type of publications that would be required to implement NEP, Navneet is capable and that we will always have

an advantage over it. It also offers favorable environment for Navneet to grow and develop in publishing industry contributing to the nation's education goals. So, overall, I'm saying the NEP once it starts getting implemented, it will bring in host of opportunities to Navneet.

- Now, coming back to Indiannica. So, Indiannica, as you know, losses of course have widened but usually Indiannica business Q4 is the strongest quarter that we have seen over the last several years. In FY23, particularly post pandemic, few schools opened very late and therefore we saw some pent up demand in Q1FY23, therefore, you are seeing lesser revenue in the current quarter. But if we see the history, normally first quarter is in line with FY24 quarter. So, last year was a little exception.
- And, lastly, to your question, we are very, very confident that Indiannica will definitely be profitable in the current year and going forward also.
- **Mr. Bhargav Buddhav, Kotak Mutual Fund - Participant:**
- Sir, the second question on the stationery business, you mentioned Q1 and Q4 are the quarters where you are receiving this business for the product on which the U.S. is proposing an Anti-Dumping Duty.
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- Right.
- **Mr. Bhargav Buddhav, Kotak Mutual Fund - Participant:**
- So, now that Q1 revenue has been lost, what about Q4? Can we get that revenue or there also will be revenue loss in Q4?
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**
- No, we will be able to cater because we have planned in a way that the impact of Anti-Dumping Duty is not there on us. So, accordingly, we will plan manufacturing of such products at a different location. So, we will not lose on these orders.
- **Mr. Bhargav Buddhav, Kotak Mutual Fund - Participant:**
- Sure. And lastly, Sir, any update on your investments made in K-12 SFA? How is the business panning out, especially on the SFA front given that you are extremely excited about the fortunes of that particular investment?
- **Mr. Sunil Gala - Managing Director, Navneet Education Ltd.:**

- So, SFA, of course, as I had mentioned in the last call, they performed much better than even their projections last year and this year also they are growing very fast and they have very, very strong plans to entering various segments with governments and non-governments. So, we are very confident of this investment going forward. I may not be able to share exactly what has happened in Q1 but, definitely, every year I would like to give detailed explanation on these two investments.

With respect to K-12, of course, the growth in number of schools, as planned, have happened. Received good admissions also. So, everything is happening as per plan and we are clearly seeing lots of opportunities in K12 also.

- **Mr. Bhargav Buddhav, Kotak Mutual Fund- Participant:**

- And sir, what is the last valuation which we have known in K12?

- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**

- Last valuation was, post money was 3000cr. or 2950, one of that number, so that was the valuation of that company last year.

- **Mr. Bhargav Buddhav, Kotak Mutual Fund- Participant:**

- And we have 22% stake?

- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**

- That's right.

- **Mr. Bhargav Buddhav, Kotak Mutual Fund- Participant:**

- Ok, ok sir. Thank you very much for the updates and all the very best.

- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**

- Thank you Bhargav.

- **Moderator:**

- Ladies and gentlemen, in order to ensure that management is able to address questions from all the participants in the conference, please limit your questions to 2 per participant. Next question is from the line of Amit Khetan from Laburnum Capital. Please go ahead.

- **Mr. Amit Khetan, Laburnum Capital – Participant:**

- Hi, good morning and thanks for the opportunity. Sir, if you could just explain a bit better on the export part, right? Are these products being substituted by US manufacturing and what is the case for ADD here and also how do you see the risk for other products being brought under this ambit?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So Amit, time and again the US manufacturers, when they see lots of inputs are taking place across the globe, they file an application with the US Customs. So that has been happening over so many years and it's not the 1st time that we have had this issue. Earlier also in the notebook category and composition book category, we had the same issue. So having said that, this is just one of the categories and for that category we have taken care that we manufacture at a different location and export to the same customer. So overall this year in Q1, we did lose that business but going forward, we are going to recoup that business for sure.
- **Mr. Amit Khetan, Laburnum Capital – Participant:**
- Got it. But when you say manufacture at different location, is it within India or does it have to be in the US or somewhere?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- No, no, it has to be outside India.
- **Mr. Amit Khetan, Laburnum Capital – Participant:**
- But not in the US?

- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- No, no, no.
- **Mr. Amit Khetan, Laburnum Capital – Participant:**
- Ok, understood. And secondly, if I look at your publication revenues, we roughly did the same revenues as the pre-covid quarter of June 19. Right? Just wanted to understand, how much down are we in volume terms and how do you see volume growth in the business?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So compared to FY19, we are still down by around 10% in volume terms and what was your next question?
- **Mr. Amit Khetan, Laburnum Capital – Participant:**
- How do you see volume growth from here on?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So this year in particular, we had some challenges because prices of raw materials went up so high that we had to revisit the prices and the target community or the buyers did face some resistance initially but now that we all know that, finally to learn during the year, they will need this assistance. So, this year we may grow by just mid-teens as I mentioned in my speech but going forward, once new curriculum comes, all these concerns will go away.
- **Mr. Amit Khetan, Laburnum Capital – Participant:**
- And the new curriculum you expect for both Gujarat and Maharashtra to be implemented from FY25 onwards?

- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Yes, yes...in both the states, it will be implemented. Only we do not know the grades, which grades they have decided to implement, which we will come to know in 1 or 2 months.
- **Mr. Amit Khetan, Laburnum Capital – Participant:**
- Ok, ok.
- **Moderator:**
- Sorry to interrupt you Mr. Khetan. May I please request you to rejoin the queue?
- **Mr. Amit Khetan, Laburnum Capital – Participant:**
- Got it, thank you.
- **Moderator:**
- Thank you sir. We have our next question from the line of Himanshu Upadhyay from O3 PMS. Please go ahead.
- **Mr. Himanshu Upadhyay, O3 PMS – Participant:**
- Ya, hi, good morning. Sir, my 1st question is from the publication business. We were expecting kids moving back to private schools from government school and hence higher demand would have been there on the publication side especially for Navneet. Did this fructify in the demand or what really happened because we were expecting this thing that in kids' moving back should lead to high volume growth.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- It has definitely happened Himanshu and therefore we could achieve 20% growth in the current year. That is the main reason but it is not as expected by us otherwise. We felt more number of students will buy but overall volumes have increased compared to last year because of the reason that I had mentioned in earlier calls. Therefore, we could achieve 20% growth.
- **Mr. Himanshu Upadhyay, O3 PMS – Participant:**
- Ok, ok. Let's say Y-on-Y, how much have the volumes increased and price increase has been? You said that from June 19, it is still 10% lower but in comparison to last year, how has the.....

- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Ya, so we have grown by around 11% in volume compared to last year.
- **Mr. Himanshu Upadhyay, O3 PMS – Participant:**
- Ok. And one more thing, any of the workbooks and guides would be selling even in Q2 and Q3? You expect the growth should continue or we can go at higher to FY20 numbers in Q2 and Q3 or you think that business will remain challenging only, in terms of volume growth, not in the value I am saying for the financial year?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- As I mentioned also in my speech, we will get more clarity on how the market is reacting to the price hike in this quarter so as we speak, we are not much worried on the same. But we will have more clarity during the next 2 months. But overall Q2 and Q3, we do not have more sales of guides and workbooks.
- **Mr. Himanshu Upadhyay, O3 PMS – Participant:**
- Ok. And one thing on the education.... Ed-Tech portfolio. We had a reorganization, restructured the business very recently. Ok and we had stated that our focus would be B2B sales and not B2C sales. Can you elaborate on what has changed so soon that we are revisiting our strategy? Is there any change in the scope of the business or size of the business that we were assessing earlier to now?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- What we are assessing is the, first of all we are doing B2B only and what we are reassessing today is the adoption in the schools. Once we have good clarity on the adoption levels and the inclination of schools to implement digital technology, that we are reassessing and that will have clarity very soon, which of course we will present to the board as well as to all of you.
- **Mr. Himanshu Upadhyay, O3 PMS – Participant:**
- One last question...
- **Moderator:**
- Sorry to interrupt Mr. Upadhyay. May I please request you to rejoin the queue as several participants are waiting for their turn?

- **Mr. Himanshu Upadhyay, O3 PMS – Participant:**
- Ok, I will rejoin.
- **Moderator:**
- Thank you sir. Next question is from the line of Mr. Prakash Kapadia from Anived Portfolio Managers Pvt. Ltd. Please go ahead.
- **Mr. Prakash Kapadia, Anived Portfolio Managers Pvt. Ltd. – Participant:**
- Sir, on Indiannica, Q4 generally is the best quarter. So on an annual basis, we should achieve the profitability and sales growth target. Right?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Yes, yes.
- **Mr. Prakash Kapadia, Anived Portfolio Managers Pvt. Ltd. – Participant:**
- And on the paper prices, is it fair to say you know, high cost inventory affected gross margins in the current quarter because I don't see any adverse sales mix in terms of contribution, so the gross margins should improve for the balance of the year?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Ya, as I said earlier, by the time we consume the high cost material, we may see that little pressure on margins but we will start getting benefits from Q3 and Q4.
- **Mr. Prakash Kapadia, Anived Portfolio Managers Pvt. Ltd. – Participant:**
- Ok, in the 2nd half we should see better should come in.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Ya, ya.
- **Mr. Prakash Kapadia, Anived Portfolio Managers Pvt. Ltd. – Participant:**
- Ok. And lastly on domestic stationery, do we expect the growth momentum to continue because you know we have grown fairly well over the last couple of quarters?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**

- Ya, so I had already mentioned in my earlier call that we will not grow as last year. In FY23 we grew very well so this year, we were expecting to grow 20% but on a little conservative basis, we are seeing and we are very confident of growing domestic business 15% plus.
- **Mr. Prakash Kapadia, Anived Portfolio Managers Pvt. Ltd. – Participant:**
- Understood, thank you.
- **Moderator:**
- Thank you. Next question is from the line of Riya Mehta from Equitas Investments. Please go ahead.
- **Ms. Riya Mehta, Equitas Investments – Participant:**
- Thank you for giving me this opportunity and congratulations on the good set of results. My 1st question is in regards to Indiannica. If we increase the prices there and what kind of adoption with the K2 kind of category are we seeing for the new syllabus?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Yes. So Indiannica in this quarter, we have not revised the prices. We had revised last year itself and as far as the implementation of the new curriculum, you said?
- **Ms. Riya Mehta, Equitas Investments – Participant:**
- Yes.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Ya, so implementation of new curriculum was just in grade 1 and 2 in CBSE for which we already had come out with new publication and we will see the benefit of this in Q4 of this year.
- **Ms. Riya Mehta, Equitas Investments – Participant:**
- Ok. How is the school adopting it? What kind of enquiry are you getting for the new syllabus in K2 category?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**

- So as a practice, we go to each and every school of our contact, more than 8500 schools. So we distribute central copies and try to convince the benefits of our books over others. So overall the response has been good but the real result we will come to know when we start marketing in Q3, where we start receiving the orders and in Q4, we get confirmed orders. So that will be the real time when we will know the benefit of the new products that we have come out with. We are very confident that the acceptance level will definitely be good because the products have really come out well.
- **Ms. Riya Mehta, Equitas Investments – Participant:**
- Ok and in terms of raw materials for basically for the publication division, what kind of reduction are we seeing in terms of value?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So from 15th June, it has started reducing the major raw material that we use, which is called writing and printing paper, that has already come down by around 12%. And we may see further reduction in paper prices. So going forward, we feel that once the next downward cycle, will also come in next 1 month or so and that should stabilize for this year. That's our belief. No doubt, in paper industry, they may say that they are likely to increase post December or so but we are not hopeful that they will increase. Therefore we believe, this year now onwards, we will have raw materials purchased at a much better price than last year.
- **Ms. Riya Mehta, Equitas Investments – Participant:**
- Got it. How much price impact we had taken last year in terms of publications with respect to raw material increase?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So around 15% we had taken price rise last year itself, not this year. This year, we have not revisited the prices and particular in Q4. So whatever price revisions we had to make, we had done that in Q3 and Q4. So around 15% we had revised our prices upwards.
- **Ms. Riya Mehta, Equitas Investments – Participant:**
- And what kind of inventory of paper do we keep for raw material and what is our import domestic mix?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**

- So we hardly import 5-7% of our total requirement and raw material inventory level, normally we keep for 2 months and we have always seen that shortening that period always becomes very challenging at a time when production is at its peak. Normally we keep 2 months' inventory. But again you have to understand, this is seasonal business so our products and cycle starts from October and ends in April. So those 7 months, we have to carry that inventory.
- **Ms. Riya Mehta, Equitas Investments – Participant:**
- Ok, right. My last question is with regards to the stationery segment. Also, where do we see the growth coming from in the domestic and standard international maybe. It might remain at the similar level or even lower because of enquiries going on. But in domestic, where do you see the demand coming from?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Across India. It's not from a particular geography, it comes from across India and we have clearly seen the aspiration to buy branded products even in this type of product category is increasing. We are seeing it across India.
- **Ms. Riya Mehta, Equitas Investments – Participant:**
- Just last question. What will be the growth level for stationery business in domestic and exports, if you could give a guidance?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So as I mentioned, 15%+ growth in domestic and around 10% growth in exports.
- **Ms. Riya Mehta, Equitas Investments – Participant:**
- Thank you so much.
- **Moderator:**
- Thank you. Next question is from the line of Rakesh Parekh from Rockstart Capital LLP. Please go ahead.
- **Mr. Rakesh Parekh, Rockstart Capital LLP – Participant:**
- Thank you for the opportunity. Sir, I just wanted to understand, how has been the roll out of Genext/ BeMasterly and how are you seeing it shaping up?

- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- We just introduced our product from 1st April this year. Initial response has been good. Overall we are reassessing that portfolio also and as I mentioned, once we review it properly then very soon we will come back after showing it to the board.
- **Mr. Rakesh Parekh, Rockstart Capital LLP – Participant:**
- Any matrix or something which you can share?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Matrix in terms of the acceptance of the product?
- **Mr. Rakesh Parekh, Rockstart Capital LLP – Participant:**
- Like how many clients onboarded or enrolled or something of this kind?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- I think that will be too specific to ask for right now. I will avoid that and suggest that when I come back on the overall strategy, that time we will reveal all the numbers please.
- **Mr. Rakesh Parekh, Rockstart Capital LLP – Participant:**
- Ok, in terms of our ERP for the school, how many number of schools are we enrolled in the current year?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So as far as ERP is concerned, it is not ERP, it is a full package that we sell to the school. So this year, this year means in last Q4, we had received orders from around 150 CBSE schools and as usual, more than 1000 SSC Board schools have already bought in the current year. It's not ERP, it's a full package.
- **Mr. Rakesh Parekh, Rockstart Capital LLP – Participant:**
- Ok, got it. That's it from my side.
- **Moderator:**
- Thank you. Next question is from the line of Sonal from Bowhead. Please go ahead.

- **Mr. Sonal, Bowhead – Participant:**
- Thank you sir again for this opportunity. With your permission, can I ask 4 questions please?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Yes, please.
- **Mr. Sonal, Bowhead – Participant:**
- Sir, firstly is my understanding correct? The reason why your volumes were low from June 2019 was because of 3 reasons. Please help me understand if I am missing something. Firstly, because of prices increased and there was no change in curriculum so the competition from 2nd hand books would have increased because the gap has increased and the curriculum has remained same for the last few years. So there was no need to change the books right now. Secondly, the schools start late in Maharashtra and Gujarat in July and August and therefore, there was no rush to buy them considering the increase in prices. Is my understanding correct?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- No, 2nd point you said of July and August....
- **Mr. Sonal, Bowhead – Participant:**
- When does school start in Maharashtra and Gujarat? Reopen?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- In Maharashtra, in most of the parts, it starts in the month of June and Vidarbha, as it is called, which is Nagpur and adjacent 7-8 locations, it starts from 1st July and in Gujarat, everything starts from the month of June only.
- **Mr. Sonal, Bowhead – Participant:**
- Ok. Secondly sir, therefore we are confident that once the course changes, the people will have no option but to buy the books. Right?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Ya, ya, 100%. There is no doubt on that.
- **Mr. Sonal, Bowhead – Participant:**

- And therefore atleast in those courses, you wouldn't have any need to cut the prices. Right? At least in those curriculum where the classes would change.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Perfect! Perfect!
- **Mr. Sonal, Bowhead – Participant:**
- Ok. Sir, next question. If I add your export loss of Rs. 40 cr. to the 1st quarter number of exports, you know and seeing a growth of 23%. For your export guidance of 10%, you know, to happen, your growth rate and export business for the next 9 months should be only 19%, while you said that you will not lose any further business because you have been able to address the anti-dumping. So is it that you are expecting a major decline or you are just being conservative after seeing Q1FY24?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Ya, ya. Let me tell you, though we receive orders in Q4 andnormally as a business cycle, what happens is that we receive orders in Q4. Not necessarily the buyers would buy in Q4 only. The supply happens in Q1 also of the next year and therefore this year, though we have lost some orders in the current quarter but various categories that we have introduced in the exports business, so with that, we have been able to at least maintain our revenue in 1st quarter and going forward, in 9 months we therefore believe that we will be able to grow at least 10% in the current year.
- **Mr. Sonal, Bowhead – Participant:**
- So that's what I was trying to understand sir. In the 1st quarter, if I add that Rs. 40 cr. that you have lost because this is not a permanent loss, this is a 1yr. loss. Right? 1 quarter loss. Your growth rate in exports should have been 23%. Now if we have to meet your full guidance of 10% for the full year, it means that your next 9 months' growth should be at 13%. So as compared to a normalized 23% growth in Q1, growth rate is falling to 13% in 9 months. So I am trying to understand, you are being conservative or you actually expect the growth rate to be 10% for the full year?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- No, where did you arrive at this 23% growth Sonal?
- **Mr. Sonal, Bowhead – Participant:**

- Sir, if I add Rs. 40 cr. to the Q1 numbers for your export business, then export sales would have grown by 23%.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Yes, yes. That’s right.
- **Mr. Sonal, Bowhead – Participant:**
- So for 10% guidelines, the next 9 months should grow only at 13% compared to this 23% normal growth.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- I agree but this loss of business of this Rs. 40cr. may not come back in the current year. The sale will happen in Q1 next year.
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- Q1 Next year.
- **Mr. Sonal, Bowhead – Participant:**
- Not in Q4.
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- Not in... No! No! We may receive we will receive orders in Q4, but finally sales will happen in Q1 next year.
- **Mr. Sonal, Bowhead – Participant:**
- The total loss for the year will be what like 50-60 Crores.
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- Max.
- **Mr. Sonal, Bowhead – Participant:**
- Okay. And sir structurally what kind of growth rates would you expect in export business and you know, let's say FY 23-24 normal for you know, paper prices being at Lifetime peak, you know, in a normal state, what is the range of margins would you

expect at a bit level in your stationery business, you know, let say in FY 25 or in any normal year?

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– So, like earlier years in export business a bit margin, around 17% old, we are very confident of which got reduced in the current year because of the paper prices. So, we are very, very confident once paper prices comes down and stabilizes, we'll be able to achieve back that margin only in this year because of the inventory that we are carrying, we may see a little lower margin compared to normal earlier years. So, net going forward FY 24 onwards, we'll come back to the same margin profile.

– **Mr. Sonal, Bowhead – Participant:**

– So, whatever you're making in 2020 kind of margins, you should be able to make in 2025 also.

– **MR. SUNIL GALA- MANAGING DIRECTOR, NAVNEET EDUCATION LTD.:**

– Yes.

– **MR. SONAL, BOWHEAD – PARTICIPANT:**

– Assuming 2025 is a normal year.

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– Yes. Yes, please. Yes, please.

– **Mr. Sonal, Bowhead – Participant:**

– And so, structurally what kind of growth rates do we see in our export business not from one year perspective, but literally from a three four year perspective?

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– The type of inquiries that we are receiving not only for paper stationery, but various other stationary products. We are very confident that we will achieve minimum 15% growth year on year.

– **Mr. Sonal, Bowhead – Participant:**

– Thank you so much.

- **Moderator:**
 - Thank you. Next question is from the line of Neerajman Singh from fine investment managers Private Limited. Please go ahead.
 - **Neeraj Man Singh- Investment Manager private ltd.:**
 - Thank you for the opportunity. Just wanted to ask a question on the LMS. Can you tell us how the scale up will happens for the next two years? And how your market shares we expect to evolve in that business?
 - **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
 - You are asking about LMS.
 - **Neeraj Man Singh- Investment Manager private ltd.:**
 - Yeah, the top tech business that you have.
 - **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
 - Oh, my friend, I requested Neeraj that just wait for some time. Overall, we are studying as I said market acceptance, market adoption usage in the classroom, whether it really benefits or that study is going on full stream, so just wait for one or two months, we'll come back with full clarity in the next call or maybe a little earlier.
 - **Neeraj Man Singh- Investment Manager private ltd.:**
 - So the reason I'm asking is this is the only business which is not for the investments. If you see from a business perspective of your company, you have publishing and stationary doing obviously, the old businesses. The growth that may come in longer term then India can make a future tech, am I right? The larger growth.
 - **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
 - Yeah. So, I would actually rather say that beat CBSE business or SSC business, finally the core business of paper that will continue to grow for sure. And the digital or the technology will aid further to the publishing business. So overall all everything will go hand in hand.
 - **Neeraj Man Singh- Investment Manager private ltd.:**
- Okay, and can you also give some clarity for the Indiannica business will evolve over the next two years, from here? I understand that syllabus change is happening and CBSE

business will come to you, that any thought process that how large can the revenues become?

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– So, overall CBSE textbook market for private publisher is in upwards of 4000 crore. So, we want to have maximum pie from there. So, accordingly we are planning more and more geographical growth. We already have all the publications that are required. So, more and more geography year on year we will try and increase. So, that way we see good opportunity going forward. So, again there also 15 - 20% growth. It looks quite possible with the geographical expansion. We should rather I should also mention that curriculum change frankly does not benefit Indiannica business because we are in textbook business. So, whatever textbooks that schools are buying, they will buy new type of textbooks when we come out with, but it does not really benefit the CBSE publishing business.

– **Neeraj Man Singh- Investment Manager private ltd.:**

– And then Rs. 4000 crore you are saying that is for India revenue Market or only for Maharashtra Gujarat region.

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– No no this is CBSE in any case, we are selling across India and Rs. 4000 crore is India and Gulf both put together is the total market size for textbook market.

– **Neeraj Man Singh- Investment Manager private ltd.:**

– But how much sell would be for Maharashtra and Gujarat because that is where you are quite strongly present?

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– No no, as far as Indiannica is concerned otherwise also that company since inception is in North and major market for them is Northern India and Eastern India. So, Maharashtra Gujarat it really does not matter to the Indiannica.

– **Neeraj Man Singh- Investment Manager private ltd.:**

– And the reason for north and east is because the original origin of Indiannica, am I right?

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

- No CBSE type of schools were maximum in those areas.
- **Neeraj Man Singh- Investment Manager private ltd.:**
- Got it. Thank you very much.
- **Moderator:**
- Thank you. Next question is from the line of Jinesh Joshi from Prabhudas Lilladhar. Please go ahead, sir.
- **Jinesh Joshi- Prabhudas Lilladhar Pvt.Ltd.:**
- Just one small clarification required as you mentioned that in the stationery exports business Q4 onwards there will be no revenue loss, and you have shifted the manufacturing to a different location outside of India. So, can you can you share, where have we shifted this production to? And secondly, given the fact that we will require a new setup as such to within the three to five months will we be ready business setup to ensure that there is no revenue loss? And secondly, if you can also highlight which product are you referring to over here?
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- So to specific product category, because it is little sensitive from various angles that I will not speak about but we have shifted rather we are almost on the verge of finalizing with an existing manufacturing setup in the neighboring country. And there also it's been discussed at length, including commercial. So, I would like to avoid giving the location right now. But it is in neighboring country.
- **Jinesh Joshi- Prabhudas Lilladhar Pvt.Ltd.:**
- Any incremental Capex required for it? Would you like to share?
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- No, it is an existing manufacturing plant. So I don't think so it will require incremental. Small couple of 2-4 crore worth of machinery he may have to invest in. That's it.
- **Jinesh Joshi- Prabhudas Lilladhar Pvt.Ltd.:**
- And secondly, with respect to Ed-Tech, I mean, this time around, you have refrained from giving any future outlook to say with respect to quantification of losses and all. But how do one think through because I mean, in FY 23, the losses had magnified and we had a strategy to of go deep and checked-tech and now there has been a change of

stance, direction wise, how should we think about losses? I mean, can we expect the loss to come off meaningfully in year 24-25?

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– Again, I'm repeating Jinesh, just wait for some time and let us so... lots of research and market surveys being happening and so, let me come up with an exact answer very shortly.

– **Jinesh Joshi- Prabhudas Lilladhar Pvt.Ltd.:**

– Thank you. No problem.

– **Moderator:**

– Thank you. Next question is from the line of Rajendra individual shareholder. Please go ahead.

– **Rajendra, individual Shareholder- Participant:**

– Yeah, hello, am I audible?

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– Yes.

– **Rajendra, individual Shareholder- Participant:**

– Sunil, hope you're fine.

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– Of course, yes.

– **Rajendra, individual Shareholder- Participant:**

– Sunil may I have the liberty of asking a very straight question actually, because I missed a substantial part in the beginning? So we ended FY23 with Rs. 1700 crores of revenue and profit of about Rs. 204 crores on the consolidated basis. So this year, I had the seen the last interview of yours on CNBC where you had mentioned that we will touch a revenue of Rs. 1900 crores for FY 24 and Rs. 2100 crores for FY 25. So, is that achievable now?

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

- So I do not recall having said Rs. 2100 For FY-25, frankly, but Rs. 1900 I did had mentioned and at console level we are confident of achieving that number.
- **Rajendra, individual Shareholder- Participant:**
- No, you had mentioned 15% growth on the top of that, so I assumed Rs. 2100 crs.
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- Yeah, okay. Okay. No, we are definitely helpful and fortunately, all businesses have lots of opportunities. So we are very confident of growing at 15%.
- **Rajendra, individual Shareholder- Participant:**
- Okay, so basically Rs. 1900 crores is what I can assume for the current year, and then at 15% for the next three, four years, which you mentioned earlier.
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- Right.
- **Rajendra, individual Shareholder- Participant:**
- And what about, my the last question, what about the consolidated net profit can be expected to be more than like last year Rs. 204 crore is that we achieved last year? So, will it be higher than the current year and going forward with 15% top line growth, for next three, four years? Can we expect a similar growth in consolidated profit?
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- I am sure, yeah, we already have right plants to grow by 15%, at least. And with that, each businesses though contributes different margins, but accordingly, it should grow in the same line. I'm very confident of that.
- **Rajendra, individual Shareholder- Participant:**
- Fine. Thank you so much. All the best.
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- Thank you.
- **Moderator:**

- Thank you. Next question is from the line of Manish Dhariwal from Fiducia Capital Advisors Private Limited. Please go ahead.
- **Manish Dhariwal, Fiducia Capital Advisors Private limited:**
- Good afternoon. And thank you for this opportunity. I'm new to this company. So I had a very basic question, I wanted to understand the policies of the organization towards capital allocation as to what are the key matrices that the organization works towards while deciding their capital allocation decisions?
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- So on capital allocation, for publishing business, we hardly require any additional capital in terms of fixed investments. More and more, with the increase in businesses will require more and more working capital. And therefore, we normally opt for bank borrowings only on a temporary basis. Stationary business where we will have to invest more money now going forward, because of huge opportunities, both in domestic and in exports. So as a policy, you wanted to understand how much do we allocate for each businesses? That's right.
- **Manish Dhariwal, Fiducia Capital Advisors Private limited:**
- Yeah, and, and what kind of criteria, see, meaning, what kind of return expectation that you have or payback period expectation? What kind of see an organization like yours, which is like fairly well spread out in terms of its business heads, and business areas, you will always have, like, you know, and this is always demand money. So which business to get, what allocation, which business to get, what kind of money? So what are the criteria that you have, you know, this should be my payback and all. And is there any other like qualitative aspects that you consider?
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- So each of the businesses would differ as far as payback period is concerned. But we should understand one more thing that we never invest keeping in mind sorts of benefits, because each businesses for it to stabilize really takes long. Yeah. Yeah, so normally hurdle rates point of view, we always see that minimum 15% return we should get over a period of time minimum that I'm saying.
- **Manish Dhariwal, Fiducia Capital Advisors Private limited:**
- Okay, so suppose if you're investing Rs. 100 crores then your expectation is that the pat level that whatever happens on the air, they should give you 15%. PAT, is that what I understand?

- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- Yeah, whatever investments that we have, yes, that's right. But as I said, it may not happen in the initial year of investment. Every time Yeah. But over a period of time, minimum that return we should start generating.
- **Manish Dhariwal, Fiducia Capital Advisors Private limited:**
- So this over a period like it could be about three years.
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- Three years minimum.
- **Manish Dhariwal, Fiducia Capital Advisors Private limited:**
- Okay. Okay. Okay. So it cannot be that seven years is taken in terms of share.
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- No
- **Manish Dhariwal, Fiducia Capital Advisors Private limited:**
- Because of businesses requiring that kind of you know, you are in continue.
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- Fortunately, all our businesses really do not require huge Capex, and therefore that worry is never with us.
- **Manish Dhariwal, Fiducia Capital Advisors Private limited:**
- All right, so All right. So what is the...
- **Moderator:**
- Sorry to interrupt Mr. Dhariwal, may we please request you to rejoin the queue. If you have any further queries, there are several participants waiting for their turn.
- **Manish Dhariwal, Fiducia Capital Advisors Private limited:**

- I was Just a follow up, you know that from them. It's okay. Thank you. Thank you. Thanks.
- **Moderator:**
- Thank you, sir. Next question is from the line of Kartik Gada from Multiple Wealth Management. Please go ahead.
- **Kartik Gada, Multiple Wealth Management:**
- Hi, am I audible?
- **Moderator:**
- Yes, you are, please go ahead.
- **Kartik Gada, Multiple Wealth Management:**
- Yeah, thank you for the opportunity. So, you mentioned there was resistance from clients or customers, because of the hike we had taken in the price for books, so, how much has been the impact of the secondhand books?
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- Percentage wise of course, this such data is never available, but because we were expecting better growth over last year, but we could achieve hardly 10-11% growth and therefore, we believe the usage of secondhand books would have increased compared to earlier years.
- **Kartik Gada, Multiple Wealth Management:**
- Okay. But it was not the first time that the second hand books were in her circulation. So the behavior of a holding back on the purchases of new books was that surprising because you would have taken price hike like earlier also, so what went different this time?
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- No, price hike in last year would be the maximum in the history of Navneet because we had never seen such price high rise in paper industry in a short period of six to eight months. And that could be one of the major reason otherwise, I agree that this phenomenon of buying secondhand books has always been there, but because of extreme price rise in various products, this would have happened it's our belief and here

also we are doing proper survey test to understand what made people not buy new books.

– **Kartik Gada, Multiple Wealth Management:**

– Okay, any impacts from that or is it still ongoing?

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– What is ongoing you asking?

– **Kartik Gada, Multiple Wealth Management:**

– The survey in which you are looking...

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– Yeah, it is ongoing it is ongoing and we have our own teams. So each and every retailer and the users we are trying to go mainly retailers and rather a whole trade we are going and trying to understand the real reasons which we can, if at all required we can improve upon in subsequent years.

– **Kartik Gada, Multiple Wealth Management:**

– Okay, and can you quantify what was the price hike which was taken?

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– So last year, as I said in Q3-Q4, when we started printing, we took price hike of around, it's not a generalized percentage that we decide depending on the book to book, but between 12 to 15%, we would have taken.

– **Kartik Gada, Multiple Wealth Management:**

– Okay. Thank you.

– **Moderator:**

– Next question is from the line of Amit Doshi from Care PMS, please go ahead.

– **Amit Joshi, Care PMS:**

– Yeah, thank you. So CBSE business the Indiannica part, you know, what is the rate of conversion of SSE schools to CBSE schools? Is there some numbers available on what is

the rate because I believe that the growth that Indiannica would see from primarily from you know, ICSE to CBSE conversion of schools, that is the kind of rate of growth that I believe would be easier for us. So, just wanted to understand that part.

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– So, out of 70000 old, SSC English medium schools, we are clearly seeing between 2000 to 4000 not it is not constant every year, that number of schools that trying to change to CBSE So, that is one the existing SSC schools converting to CBSE. Simultaneously, there are a huge number of new schools that have come up purely CBSE with CBSE affiliation both put together we have clearly seen between 4000 to 5000 new schools coming up in CBSE segment.

– **Amit Joshi, Care PMS:**

– Okay, okay. And second sir, regarding the sale of immovable properties, so, we have a good balance sheet, so as such nothing to any particular we are liquidating this asset and of course it is to promote.

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– Unfortunately. Yeah, unfortunately, debt location where this Property situated is declared as an affordable housing sector by the local authorities. So even if for expansion even if we have to do major repairs or construct little more, it's we are not getting approvals. With that limitation we had no option but will have shift from here.

– **Amit Joshi, Care PMS:**

– Okay, okay, so we don't have any plans to sell any assets, just generally to generate cash or something.

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– No, no, no, no, generally we don't want to only idel assets we were selling but in this particular case, because of the local authorities restrictions, we had no other option.

– **Amit Joshi, Care PMS:**

– Okay, thank you. Thank you and all the very best.

– **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**

– Thank you.

- **Moderator:**
- Thank you very much. Ladies and gentlemen, we will take our next question from the line of Himanshu Pathak from Oaktree PMS. Please go ahead.
- **Himanshu Pathak, Oaktree PMS:**
- Yeah. Hi. Thanks for giving me another opportunity. This was related to Navneet Publishing business only. So we have three segments workbooks, textbooks and guides okay. And every year over prescribed version of books and schools will be increasing in Maharashtra and Gujarat. Okay. Any targets we have in terms of increasing our prescriptions, or schools prescribing our books, and the slowdown what we have seen what the volume means 10% lower than the peak? What would be the in these three let's say workbook, textbook and guides where would be the maximum lower volume and where the volume would be least impacted?
- **Mr. Sunil Gala- Managing Director, Navneet Education Ltd.:**
- So first of all, we don't sell textbooks in the state of Maharashtra Gujarat. We just sell workbooks and guides. And of course, third category is probable question set series. So the impact that we are seeing still the lower percentage that we are seeing over the peak level is in guides.
- **Himanshu Pathak, Oaktree PMS:**
- Okay, okay. Okay, thank you so much.
- **Moderator:**
- Thank you very much. Ladies and gentleman due to time constraint, this was the last question for the day, I would now like to hand over the conference to the management for the closing comments.
- **Management:**
- Yeah, so I take this opportunity to thank everyone for joining the call. I hope I have been able to address all your queries. For any further information, kindly get in touch with me or strategic growth advisors, our investor relation advisors, so thank you Jinesh, in particular Prabhudas Liladhar, as well for arranging this call. Thank you.
- **Moderator:**

- Thank you. On behalf of Prabhu Das Liladhar Private Limited, that concludes today's conference. Thank you all for joining us and you may now disconnect your lines. Thank you.