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NEL/245/2023

Date: 13th February, 2024

The Secretary
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Corporate Relationship Department
Bombay Stock Exchange Ltd.
1st Floor, New Trading Ring,
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Dalal Street, Fort, Mumbai – 400001.

Ref: Symbol– NAVNETEDUL

Ref: Scrip Code – 508989

Subject: Disclosure of transcript of Earning Call for quarter and nine months ended 31st December, 2023 held on 08th February, 2024

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the transcript of earning call held 08th February, 2024 to discuss the financial Results for the quarter and nine months ended 31st December, 2023 is attached herewith and available on the website of the Company at www.navneet.com

You are requested to take note of the above.

FOR NAVNEET EDUCATION LIMITED

AMIT D. BUCH
COMPANY SECRETARY
MEMBERSHIP NO. A15239

NAVNEET EDUCATION LIMITED

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Navneet Education
Q3FY24 Conference Call
08-Feb-2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 8th February 2024 will prevail.

- **Moderator:**

- Ladies and gentlemen, good day and welcome to Navneet Education Q3 FY24 conference call hosted by Prabhudas Liladhar Private Limited. As a reminder, all participant lines will be in listen only mode, and they 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 Touch Note 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 – Lead Analyst, Prabhudas Lilladher Pvt. Ltd.:**

- Yeah. Good morning, everyone. On behalf of Prabhudas Lilladher, I welcome you all to the Q3 FY24 Earning Call of Navneet Education Limited. We have with us the management represented by Mr. Sunil Gala who is the MD, Mr. Kalpesh Dedhia CFO and Mr. Roomy Mistry, who heads the Investor Relations function. 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 very much Jinesh. Good morning and a very warm welcome to everyone present on the call today. Jinesh did introduce my team. I also would like to add here that SGA, our Investor Relations Advisors are also on the call with us.
- 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.
- During the first nine months of FY24, our publication business has faced various challenges due to external factors. This includes lower than anticipated off-take of channel inventory and unprecedented increase in the paper prices during the year. And the recent surge in the sale of secondhand books attributed to no major change in curriculum for last six years.
- Now, despite grappling with such challenging environment, the company has remained steadfast and reported similar sales compared to the same period last year. For the nine months FY24 our consolidated revenue from operations grew by

2.2% which stood at INR 1,316 crores as compared to INR 1,288 crores. Absolute EBITDA for nine months FY24 stood at INR 209 crore while EBITDA margin stood at 59.9%. And PAT stood at INR 158 crores, while PAT margins stood at 12%. I purposely gave you all the numbers of nine months, just to repeat of my earlier speeches, quarter numbers are always challenging for the company to establish or to compare year on year. Therefore I spoke about nine months.

- Now coming to segment wise performances. First, I'll speak about publishing. So during these nine months of FY24, our publication business experienced a steady revenue, as I just mentioned, various factors that lead to negative carry on our sales volumes. But overall, we could at least continue to remain at the same numbers. So, there are some reasons to this for the SSC state board publishing business. We are still awaiting curriculum change announcements from the State Boards of Maharashtra and Gujarat. And we are very sure that post which we anticipate better volumes growth. Additionally, for our CBSE publishing business, which has pan India presence, the ongoing trend of students transitioning from private English medium schools, that is SSC schools, to CBSE schools is expected to have a significant positive impact on our addressable market. Furthermore, our strategy of complementing our edtech business with our traditional publication business and offering products beyond conventional learning is gradually progressing not only in Maharashtra and Gujarat, but at several places in the country, including CBSE schools. It is expected to fuel an increased demand in our publication vertical in the coming years. We are also working towards simplifying our structure to enhance collaboration and offer comprehensive digital education solution leveraging Navneet's resources which will help us save cost and drive growth for both print and digital products.
- Our subsidiary, Indianicca, which caters to CBSE market. We are confident in expanding our business by serving more schools and improving our products offering. As you are aware for CBSE business, Q4 is the major quarter. So, we expect better sales compared to same period last year. So, we did see continuous losses in first three quarters but that is the nature of business as far as Indianicca is concerned.
- Coming to stationery business, with rich brand equity over six decades the company has established a strong presence in paper based and modern non-paper stationery products across India. The company stationery brands like 'YouVa' & 'HQ' have gained popularity in offering diverse range of stationary products catering to a wide range of customer needs. We also see continuous demand for quality product as well as branded product in stationery markets across India for last one year or so. So for nine months FY24, domestic business grew by around 11% to INR 257 crore. Traditionally Q4 and Q1 are our strongest quarters in domestic stationery market. However, in the third quarter, revenue saw marginal growth, which stood at INR 68 crore. We are committed to strengthening the foundation of our stationery business and are very optimistic that the domestic stationery business will continue to gain momentum and grow between 12 to 15% in FY24. Of course, the outlook and the demand that we foresee going forward looks very, very positive.

- Now on our exports of stationery business. As you may know that we export to 30 plus countries globally, having a strong presence mainly in the US. The company's largest Indian exporter of stationery to highly reputed retail chains like Walmart in the US. Company holds a positive outlook on this business fueled by advantages of the China Plus One Strategy and other in-house initiatives of introducing new non-paper products for our clients. As communicated earlier, one of our product category is currently being evaluated for potential anti-dumping duty in the US. We expect to service orders from this category in FY25 as necessary arrangements are already been made.
- Little bit on a slowdown, we are seeing early signs of slowdown in the US market. And the main reason that we have realized is due to be supply chain constraints resulting in unprecedented increase in freight costs from India, which we believe to be a temporary phenomenon. Even with the US slowdown for nine months FY24, our exports business just de-grew only by very marginally to INR 456 crores while the third quarter revenue stood at INR 98 crores. So this was on the business. Now I request my CFO Kalpesh to give you the financial highlights. Please, over to you Kalpesh.
- **Moderator:**
- **Mr. Kalpesh Dedhia – Chief Financial Officer, Navneet Education Ltd.:**
- Thank you, Sunil Bhai and good morning to everyone. Let me take you through standalone performance first. Revenue for nine months financial year 24 stood at INR 1,299 crore as compared to INR 1,268 crores in the same period last year. Revenue for Q3 FY24 stood at INR 253 crores as compared to INR 259 crores in the same period last year. EBITDA for nine months financial year INR 24, stood at INR 264 crore as compared to INR 290 crores in the same period last year. EBITDA for the Q3 FY24 stood at INR 25 crores as compared to INR 32 crores in the same period last year. PAT for nine months financial year 24 stood at INR 199 crores as compared to INR 206 crore in the same period last year. And PAT for Q3 stood at INR 12 crore as compared to INR 24 crore in the same period last year.
- Now, let me take you through the consolidated performance. Revenue for nine months financial year 24 stood at INR 1,316 crores as compared to INR 1,288 crore in the same period last year. And revenue for Q3 FY24 stood at INR 259 crore as compared to INR 264 crore in the same period last year. EBITDA for nine months FY24 stood at INR 209 crore as compared to INR 238 crores in the same period last year. And EBITDA for Q3 FY24 stood at INR 4 crore as compared to INR 10 crore in the same period last year. PAT for nine month FY24, stood at INR 158 crore as compared to INR 181 crore in the same period last year. And Q3 FY24 registered a loss of INR 22 crore as compared to the profit of INR 31 crore in the same period last year. Thank you and now hand it over to Sunil Bhai for closing remarks.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**

- Thank you. So, I take this opportunity to thank everyone for joining the call. I hope we have been able to address many queries, could be of course after Q&A. So, before really, I give my closing remarks, I request everyone and the floor is open for Q&A now. Thank you.
- **Moderator:**
- Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the Touch Note telephone. If you wish to remove yourself from question queue, you may press star and two. 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 Dipen Shankara Narayan from Trust Line PMS. Please go ahead.
- **Mr. Dipen Shankara Narayan – Trust Line PMS:**
- Good morning, everyone. Thanks a lot for the opportunity. So, firstly, in the publication business, so last quarter we have mentioned that Gujarat examination books have been shifted to third quarter. So, what was that amount that has got transferred from previous quarters in publication business?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Yeah, that was 15 to 17 crore that got transferred from Q2 to Q3. Yeah, that was the number.
- **Mr. Dipen Shankara Narayan – Craft Line PMS:**
- Okay, okay. So, adjusted for this. So, we have seen, so, year on year there has been fall in number. So, what kind of volume degrowth we have seen during this quarter and about the issue of students moving back to older books has that been addressed to arrest this volume degrowth?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Yeah, so, basically, as far as Q3 sales are concerned of publications, there we are not seeing any degrowth. But unfortunately, we had more returns than expected of the earlier quarters. And we frankly, how do we address the secondhand book market on our own. The only solution is that we continuously edit many of our products, even though curriculum change is not happening. So, management is quite aware of this and accordingly for next academic year, we have revised several products. We may have removed certain extra content that we otherwise were feeling to be given but now market is not expecting by that we are trying to reduce the volume of the books also. So that way lots of revisions have done at our end for the next academic year. But in this particular year, the sales actually did not grow even though there was lower from Q2 to Q3. Main reason is the returns were higher than expected.

- **Mr. Dipen Shankara Narayan – Trust Line PMS:**
- Okay. So what are that kind of volume degrowth we have seen in Q3 and nine months and also do we foresee this continued till our new curriculum comes on stream?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- I may not be able to really comment very confidently on this, but yes, whatever management could decide and think that to avoid the usage of secondhand books, lots of revision that was required, even though curriculum is not changing has been taken, it is already been done. So, for next year onwards, we foresee that at least secondhand book market will get curtailed. But with respect to your question on how much degrowth in volume, so, around 10 to 12% degrowth that we have seen in nine months period.
- **Mr. Dipen Shankara Narayan – Trust Line PMS:**
- Okay. And also, could you please provide some visibility on the implementation of this new curriculum in state board market and what kind of growth do we expect in FY25 and 26 in terms of revenues?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- As I made one remark that we are dependent on the curriculum change by the respective state governments as far as SSC business is concerned. I already mentioned in my remarks that we are still awaiting that clarity from them. Unfortunately, for several reasons, maybe at the government level, they are not yet able to announce that change. We know that curriculum revision has already or changed curriculum activities have already started at the state government level, but they are still not announcing that. So, depending on the announcement, we will come to know for the standards or the grades that we know are likely to change we have kept our printing on hold for a while, so that whenever the decision comes, we can implement it immediately. Now, with respect to growth, that are expected in FY25-26 again, depend on the decision of the state government. But just from mathematical point of view, the percentage contribution of each grade once we know which I have communicated several times earlier, that will help understand the growth volume whenever curriculum changes. So Mr. Shankara, we can talk this offline later on, particularly grade wise contribution to Navneet every year and then we'll be able to understand depending on which grades are been changing, the growth will come in the company.
- **Mr. Dipen Shankara Narayan – Trust Line PMS:**
- Okay. Sure, that is helpful and lastly from my side on the stationery export front. So, as you have mentioned also in the commentary that this slowdown in growth is visible. So, this is particularly to the supply chain issues are, it can again resume back in a couple of quarters time, the growth?

- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- See, this is as we all know, there is huge disturbance as far as movement of material from Asia to the Western world due to that Red Sea problem because of that freight costs have gone so drastically high. No doubt, we do not supply on CIF basis, but finally customer would look at their landed cost. And with that, we are seeing a slowdown in demand from them at present and as I just mentioned, we believe this issue cannot remain for long. So it is a temporary phenomenon.
- **Mr. Dipen Shankara Narayan – Trust Line PMS:**
- Okay, thanks a lot and all the best.
- **Moderator:**
- Thank you. A reminder to all participants, you will press star and one to ask question. Next question is from the line of Himanshu Upadhyay from Rock PMS. Please go ahead.
- **Mr. Himanshu Upadhyay:**
- Yeah. Hi. Good morning. And I have a question on our CBSE business. Can you give an idea of how many more CBSE schools we would be catering to in FY24 vs FY23? And how is the penetration or number of prescribed books moved in last few years? Secondly, besides overall sales, what are the parameters you're tracking closely for checking your progress on CBSE business? Some thoughts on this business.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Yeah. So, your first question is how many more CBSE schools we would be catering this year. So in FY23, we were marketing around 8500 schools and that number has gone up to now 11,000 schools from the house of Navneet which includes our Indianicca subsidiary. So that is the growth that we have expanded rather geographically and tried creating awareness of our CBSE products in those schools. It's not only the new CBSE schools opening, but many English medium SSC schools are also converting to CBSE. So that's why numbers are increasing in every state that is helping us to grow to more and more schools. So, but this year, we would have touched almost 11,000 schools for creating the awareness of our product. What was your second question, Himanshu?
- **Mr. Himanshu Upadhyay:**
- So my second question was on the penetration or number of book, prescribed books, okay and how has that moved per school, means, so let's say 8500 schools which you cater to last year?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**

- We don't cater too... Yeah, so let me first clarify here. We were going to 8500 schools in FY23 and 11,000 this year, not necessarily all schools prescribed our books. So, I was talking about the reach. Now as far as prescription is concerned out of 8500 around 5300 schools had prescribed one title to 10 titles of ours, versus this year, we are expecting which we'll come to know by March end that in relation to 5300 how many schools are prescribing, but my team is very hopeful of going beyond 6500 schools as far as prescription is concerned or by acceptances is concerned by them.
- **Mr. Himanshu Upadhyay:**
- And following on this only 5300 schools where our books were prescribed from one to 10...
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- 1 to 8 or nursery to eight, I should say.
- **Mr. Himanshu Upadhyay:**
- Okay, nursery to 8 and titles you said 1 to 10 or you said nursery to 8?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- All CBSE book publisher, private publishers would have titles from nursery to eighth grade, ninth and 10th grade each CBSE schools are compulsorily to use NCERT published books, because students have to appear for the board exam.
- **Mr. Himanshu Upadhyay:**
- No, I agree. So, I'm saying how many titles would they be using this 5300 or SKUs we would be catering and how that number would have moved in last five years because that tells us the depth of our relationship has moved in with our...
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Yeah. So, relatively Navneet group is new in CBSE market. So every year, volumes are increasing but exactly how many volumes could we selling 5300 schools that number will have to... it's not readily available with us right now on the call. We can definitely discuss offline on these numbers and give you the overall growth for last two, three years.
- **Mr. Himanshu Upadhyay:**
- And one thing besides just the sales numbers, okay, what are the parameters you are tracking closely, okay, for the setting your progress on CBSE business and how many sales people would have increased to cater to CBSE business in last three years?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**

- So we had 80 people, now I'm talking at a group level I'm just not talking for Navneet alone and Indianicca alone. So, from 80 to we had moved to 170 people now who are daily visiting the schools, this is across India. So that way we have grown the number of people to cater to this or create awareness of our products. So now what are the parameters, of course, parameters would be first on the quality of our product, the features or couple of digital features that we give in the book, which is of course run through QR codes, any other digital asset that we can give it to them. So all these are considered and finally, what are the pricing that we offer to them. So these are the main criteria on which they decide on the book while recommending.
- **Mr. Himanshu Upadhyay:**
- My question was on the effectiveness of this 80 people to 170 people what we have moved, what are their key KRAs, okay, and what are the top three KRAs for them? One would be obviously to meet more number of schools, but getting conversion rates and again what have you put the KRAs?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- First KRA is, of course, the volume that they can get through the year for company, that is the first KRA. Whether they go to more schools or they go to less schools. As first criteria is getting the total volumes by an individual. Second KRA, thereafter is number of schools visited. So, these are the two main key criteria on which we judge a person. Of course, thereafter, how many visits do they have to compulsory, they have to go to school to get the confirm orders that is another one important KRA. So that their effectiveness in convincing the school how fast is, that we try and measure. So, these are primarily three KRAs that we often follow.
- **Mr. Himanshu Upadhyay:**
- And I have a few more, but just one question. See, we have seen price of paper reduced based on many other companies or what we see do you think the stationery margins can start moving better from here on and any thoughts on that and are you seeing... or do you see the price of fall in paper is being completely transferred to the end consumer, okay, in the market what is happening especially on domestic stationery?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So in this year in particular, you would have seen fall in margin in our stationery products. The reason is we did not transfer all incremental costs or I can find that we could not transfer all the costs. Because of the higher cost inventory that we used in the current year's production, we saw a little dip in margin. But now going forward, as paper prices have come down, we hope that it does not really go up fast as it had happened in last year. So if that happens, then we are very sure of improving in the margins.
- **Mr. Himanshu Upadhyay:**

- And for this year, we would have already purchased the price of paper for publications business specially on the...
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- No, paper mill in the current scenario gives us a fixed price for a long period. Most of them have given us confirm price for three months maximum. Probably the demand of paper they also believe will go up and therefore they are not able to give fixed pricing. But as we speak, I would say that 70% of the paper would have already been procured and balance will be procured by April end. So, more or less for the next academic year, we are not really much worried on the pricing,
- **Mr. Himanshu Upadhyay:**
- And how is the paper prices down versus last year?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So they have gone down by 20% from the peak level. It had gone up by 30-35% which has come back to 20 odd percentages. Few paper mills have again started increasing prices by marginally by 5 to 7%. But overall, as we understand the market for us in the next academic year, we are already quite taken care of.
- **Mr. Himanshu Upadhyay:**
- Thank you. I'll join back in the queue for further queries.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Sure.
- **Moderator:**
- Thank you. A reminder to all participants, you may press star and one to ask question. Next question is from the line of Amit Khetan from Laburnum Capital. Please go ahead.
- **Mr. Amit Khetan –, Laburnum Capital:**
- Hi, good morning, and thanks for taking my question. So Gala ji, last time you mentioned that for the publication business, we expect curriculum changes for standards one and two for FY25. Now your current commentary suggests that even this is at risk of being delayed, is that correct?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- That is correct.
- **Mr. Amit Khetan –Laburnum Capital:**

- So what would be our... let's assume that there is no curriculum changes announced for FY25 and they shift to say FY26. What would be our growth outlook in the absence of any such changes for FY25?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So, growth outlook which you are expecting minimum 12 odd percent if curriculum was to change, if that does not change, then we may fall back to a single digit number. And why we are expecting growth even that single digit, as I mentioned during my earlier question, answered to the earlier question that we have ourselves revised lot many products and therefore, the usage of secondhand books should be reduced. And with that confidence, we are saying that will it be able to grow even if curriculum does not change.
- **Mr. Amit Khetan –Laburnum Capital:**
- Got it. And second question is on the export side. Is there any figure that you can share, I can understand there has been some kind of a slowdown, but over the last three years have we gained any kind of market share, say in the US, is there any figures that gives us better colour on this?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Market share as a percentage... I really need to discuss. Sorry?
- **Mr. Amit Khetan –Laburnum Capital:**
- Say as a percentage of US imports?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- It will be very, very marginal because overall US imports from India was hardly between 3 and 4 percent of that total stationery imports and rest was majorly from China. So, as a percentage, I wouldn't be able to really comment because it will be again very fractional. But I know the numbers that we grew in last three years from around 400 crores to 550 crores that much growth we could get. But Amit if you recall I might have told this earlier that whenever they give us the new products or higher production or new customers also, they trial with us for a year or so and then they ramp up their numbers. So, they just don't blindly give us the higher order in the first year itself. So, that base has already been made, and therefore, we believe going forward we will definitely receive much larger orders. And accordingly, we are trying to build capacities internally and expanding and making investments also.
- **Mr. Amit Khetan –Laburnum Capital:**
- Understood and lastly on the export side, my sense is, most of your clients would have finalized budgets for calendar year '24. What is the kind of growth or outlook you are sensing from their orders?

- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So, as we have received orders but without confirmation on delivery period... see, the number that we have received is very attractive, but on delivery... and they have consciously said this time, that till the time this issue is settled, particularly freight, they will not confirm the final delivery. So, even we have not procured paper for that. Just on daily basis it is happening. So, as far as the tentative numbers that have come to us those are very encouraging. But finally, this decision on day-to-day they are making, how much quantity finally they should agree to buy from India. So, we will need a couple of weeks to establish that now.
- **Mr. Amit Khetan –Laburnum Capital:**
- Got it, got it. Great Thanks a lot and all the best.
- **Moderator:**
- Thank you. Next question is from the line of Payal Shah from Billion Securities. Please go ahead.
- **Ms. Payal Shah – Billion Securities:**
- Good morning, sir. Thank you so much for the opportunity. I have two questions. First is, as we have communicated earlier, one of our product categories is currently being evaluated for potential anti-dumping duty in the USA. So, what steps we have taken for the same, if you can please elaborate?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So, we have arranged to get it manufactured in neighbouring country, and that way we will be able to receive this volume back in the year FY25.
- **Ms. Payal Shah – Billion Securities:**
- Okay sir. And, following up to that, can you please quantify what amount of loss are we expecting?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- No, so I have already communicated in my last speech, that because of this loss of order which is seasonal in nature, which was to the tune of around Rs.40 odd crore which we could not get, that will come back in the next year.
- **Ms. Payal Shah – Billion Securities:**
- Okay and my next question is, why has our raw material inventory days gone up as compared to 9 months FY23? Any reasons behind that?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So, paper has been very, very volatile. And at times when we feel that paper is likely to rise again, we do little more inventory. And the other reason which is clearly

evident, is the volumes that we were expecting in the current year to increase did not happen, and therefore, which are reflected in numbers also. And because of that we do have little higher inventory in the current year. But all inventories will be used. The only loss to us is the carrying cost.

- **Ms. Payal Shah – Billion Securities:**

- Okay sir that is quite helpful. Thank you so much for answering the question.

- **Moderator:**

- Thank you. Next question is from the line of Mohammad Patel from Care Portfolio Managers Private Limited. Please go ahead.

- **Mr. Mohammad Patel - Care Portfolio Managers Private Limited:**

- Hi. My first question is when do we start seeing the impact of reduction of losses around Navneet future tech business?

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

- Reduction of loss is already seen in the current year if we compare it with last year. And whatever additional losses that we were incurring, which we incurred rather in first two quarters, as on date, has become zero. And therefore, from next year, you will see reduction in that number. And, simultaneously, you will see increase in revenue also. So, that will have better impact on the reduction of losses.

- **Mr. Mohammad Patel - Care Portfolio Managers Private Limited:**

- Can you quantify the number?

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

- Yes, so I had mentioned that in the EdTech activities, this year we will end up losing around 45 crores compared to 60-odd crores that we lost last year, and that 45 crores will come down to around 30-odd crores in FY25.

- **Mr. Mohammad Patel - Care Portfolio Managers Private Limited:**

- Okay, okay. My second question is in the Indiannica business, the losses have increased over last year. So, does that mean that we are spending more in the marketing, and hence, we should expect very good Q4 which is the largest?

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

- It's not only the cost that we were incurring, but like our SSC business, even their returns were little higher than expected, and therefore, we could not achieve whatever revenue in 9 months that we had achieved earlier year... we could not achieve that. And because of that, we are seeing higher losses. But, as I answered in my previous question, we have increased not only the number of team members of the foothold, we have increased number of schools. So, on daily basis, we are getting

good orders for to be supplied by Q4. And therefore, we believe, all these losses that we have seen in 9 months, we will turn positive at the end of the year.

- **Mr. Mohammad Patel - Care Portfolio Managers Private Limited:**

- Okay. My last question is, so the sharp rise in the usage of second-hand books that we have seen in this year... so, majorly two factors price hike and the slow syllabus change for many years. So, which factor would have dominated amongst these two?

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

- Price rise, the paper price rise.

- **Mr. Mohammad Patel - Care Portfolio Managers Private Limited:**

- Okay. Thank you

- **Moderator:**

- Thank you. A reminder to all participants you may press * and 1 to ask you questions. Next question is from the line of Pooja Mehta from GC Securities. Please go ahead.

- **Ms. Pooja Mehta – GC Securities:**

- Hi sir, I have couple of questions. How much our exports will be impacted due to this red sea issues going on? And secondly, can you please throw some light on demand for the international business? Like, are we seeing the export business for financial year FY25? Like, how are we seeing that?

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

- So, Pooja, a little difficult question for me to answer, that how much will we get impacted? We are still in the month of February, and normally, our customers end up confirming orders between January and March. So, we are still awaiting final response from them, based on which we will come to know what all numbers are getting impacted. But having said that, we have already started producing different stationery, other stationery products where freight as a cost to the total import is not really very... it's marginal, and that way, we will try and achieve similar or higher numbers than what we will do in '24. But very difficult to quantify right now the impact because of this Red Sea problem right now. As on today, as I said I will need couple of weeks to establish that. What was your other question, Pooja?

- **Ms. Pooja Mehta – GC Securities:**

- Sir, can you throw some light on the demand for the international business? How are we seeing the export business for financial year 2025?

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

- So, demand-wise, as I just mentioned earlier, that the expected number that they are asking is very attractive for us to deliver if this Red Sea issue had not happened.

So that way, demand is very high. And the demand is not additional demand in their respective country or customers, but it is because they want to shift their imports from one country to another, and therefore, India being the favoured country now, demand looks very, very positive, and we are seeing that. Only finally as I said, the customer will have to look at their final cost to their destination, where this freight has come as a new animal and disturbing factor.

- **Ms. Pooja Mehta – GC Securities:**

- Okay got it sir that was helpful. Thank you

- **Moderator:**

- Thank you. A reminder to all participants, you may press * and 1 to ask questions. Next question is from the line of Krutika Vispute from Tata PMS. Please go ahead

- **Ms. Krutika Vispute - Tata PMS:**

- Thanks for the opportunity, and please pardon me as I am new to the company. I wanted to understand if you are expecting an impact for the coming year, because I would be assuming that if the NEP is to come, would you try to destock in any way?

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

- Yeah. Of course, NEP implementation is a very, very wide issue or wide topic for the state and the centre to get that implemented. I am not saying NEP has not been implemented even in the state of Maharashtra, Gujarat, in some way it has already been implemented. For company like ours what matters is the curriculum change. Unfortunately, that curriculum change that was informed to the trade or the schools earlier that it will start getting changed from FY25, official announcement has not yet come out from both the states, and we are still awaiting that. But if that does not come, the expectation of changed curriculum benefit that we were to have, that expectation we'll have to - mellow down.

- **Ms. Krutika Vispute - Tata PMS:**

- Okay. Sir, got it. And, by FY25 you mean curriculum year starting FY24, June of '24?

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

- That's right, and that gives us an impact in our financial for FY25.

- **Ms. Krutika Vispute - Tata PMS:**

- But wouldn't it be the case, that for FY25, that is the curriculum year 24-25, the states would happen in Q4 of FY24?

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

- No. So, particularly when... these I am talking about the curriculum of Maharashtra and Gujarat, SSC curriculum, where schools start from the month of June every year, and the books are being bought by the students and the schools in the 1st Quarter of

the academic year i.e. in June quarter of 24-25 they will start buying. So, it's unlike CBSE where major sales happen in Q4 of earlier year, because most of the schools in the country start from 1st April. So, there is little difference of academic years between CBSE and SSC.

- **Ms. Krutika Vispute - Tata PMS:**

- Okay I understood thanks. Thanks for the clarification.

- **Moderator:**

- Thank you. Next question is from the line of Niraj Malsingka from White Pine Investmentmanagement. Please go ahead.

- **Mr. Niraj Malsingka - White Pine Investment Management :**

- Thank you for the opportunity. Only one question. You said that order receipts in the US are good. Can you give some colour that how... if you have to... how much the potential order or potential order you have to execute? Any colour on that would be very useful.

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

- So clearly in percentage wise, of course, it depends from category to category. But purely from percentage point of view, the expected new orders is between 15-17% higher than what we had in FY24. And beyond that, of course, we could have got, but we also have to look at our internal capacities. So, these are the orders that we have indicatively have got from them.

- **Mr. Niraj Malsingka - White Pine Investment Management**

- Okay. Sir, in the last time also, almost a year back, you have been giving a guidance for 25% growth in the stationery side. What has changed? I know there has been a huge deal on one of the products which contributed a large number. But, once that drop down has happened, the growth should also stay at a higher number, right? So, just wanted to know, have your customers become more cautious or... just wondering why the growth especially is lower than what you had expected a year back?

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

- So, let me clarify this. Of course, I recall having given this number, but for our domestic stationery, not for export stationery. For export stationery, I have always maintained between 14-15% growth. Now that 14-15% growth also we are not achieving this year for the reason that I mentioned, one of the big categories which is under investigation for anti-dumping, that we did not receive. So, almost 8-9% of our total volume we lost this year. That is the one of the main reasons.

- And secondly, overall fluctuation of paper prices during the year also, restricted us to finally confirm higher volumes with our customers. We actually did not want to then... at times if we would have bought at a higher price, customers were not ready

to revisit on the price that was fixed. So, these were the unprecedented things that happened during the year and therefore we could not... And, as far as domestic stationery is concerned, only one reason, which is the price fluctuation during the year. That made us reduce from expectation of 25% to now, more or less, 14-15% during the year.

- **Mr. Niraj Malsingka - White Pine Investment Management:**

- Sir, do you expect the domestic to pick up, because the price impact has been to almost all the players. So, is it like people are down trading and using lesser value... lesser quality products? Any colour on the domestic...

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

- Yeah, of course, we do talk to our competitors also on regular basis. And finally, price rise was so high, that everyone felt that if we try to pass that on to the end consumer, it will be a big challenge to all the industry players, and prices has to come down. And therefore, most of the players have taken hit on their margins and have at least focused on that top line, thinking that in long term that will help. So, it is not only with Navneet, but with all the competitors that we have. I am talking about organized players. Unorganized players, of course, every time they change prices depending on the months. So, I am not comparing it with them.

- **Mr. Niraj Malsingka - White Pine Investment Management:**

- Sir, is it that the unorganized players have increased the share during this high paper prices period?

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

- Probably very, very base products, particularly notebook type of a product. They might have succeeded, in tier 2 and tier 3 cities, where also we were selling. But simultaneously... to answer your question, yes, they might have increased their share because of this. But simultaneously, most of our organized players, we are trying to bring up better and better quality products, high value added products. So, that is also gaining momentum. But, for it to get really a very big jump, may take a couple of quarters; it can't happen suddenly. So that way, even though this challenge was there, by the year end we should grow between 14-15%.

- **Mr. Niraj Malsingka - White Pine Investment Management:**

- And sir, a last question. On the FY25, on the stationery side, can you reiterate the revenue expectation growth on domestic and export?

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

- So domestic again, we are confident to grow by around 20%. On exports I will not be able to comment because of this unprecedented issue that has just cropped up. So, I will not be able to give you any view on exports. But we strongly believe this issue is

temporary, and if it does not remain for long, we will definitely see double digit growth.

- **Mr. Niraj Malsingka - White Pine Investment Management:**

- Sorry, I'm taking more time. On the new products that you said, that the companies take 2-3 years to watch you and then scale that up. So, any thoughts on that? Like, how you see that scale up happening? And, is your order that is coming including those orders, or is it that you are yet to scale up for those new products that you have?

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

- We have introduced lot many products in the current year. And it means the base is already created, awareness among these two the user community is already created, so we are likely to see good ramp up in the near future, it means in FY25, in domestic. As far as exports are concerned, of course, we are simultaneously developing various different categories also made out of paper and plastic. So, all those samples have already gone to the customers, they are evaluating. But final decision will be their end cost, end delivered cost, depending on which they will give us the orders. But as far as domestic is concerned, we are very, very confident that with introduction of new and new products every quarter or every month, we have been able to establish our strong brand in all the key markets of India. And that we will see the benefit in a couple of quarters.

- **Mr. Niraj Malsingka - White Pine Investment Management:**

- Got it. Thank you.

- **Moderator:**

Next question is from the line of Jinesh Joshi from Prabhudas Lilladher Pvt. Ltd. Please go ahead

- **Mr. Jinesh Joshi – Lead Analyst, Prabhudas Lilladher Pvt. Ltd.:**

- Sir, in the opening commentary, you mentioned that the publishing division faced a decline because of higher than expected sales return, despite the spillover of about 15 to 17 crores due to change in paper pattern in Gujarat board. So, can you share what was the return number, the sales return number in this quarter versus our expectation? That is one. And, a related follow up is that, now we have seen sales return being higher than our expectations for two quarters in a row. So, does this essentially revise our provisioning number for the next financial year? And also traditionally, how much proportion of our sales comes back as a return to us? If you can give a rough indication in terms of percentage?

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

- So, of the total sales that we do, which is around 700 crores for the state of Maharashtra, Gujarat and Indiannica, 750 odd crores. So, of 750 crores... So, normally, as per our past experience, between 80 to 90 crores worth of goods come

back, and the net revenue is 750 post returns. That 80 to 90 crores this year would have gone to almost 115 to 120 crores overall returns, and that has impacted. Now, these are all unprecedented, so we have been providing in our books as per past experiences and past years' actuals. But this year in particular, because of the factors I mentioned, we did receive higher returns. This is little unprecedented, which is not the case every year. But now, whatever numbers are there, auditors have clearly told us from next year they will make little higher provision and see for thereafter.

- **Mr. Jinesh Joshi – Lead Analyst, Prabhudas Lilladher Pvt. Ltd.:**

- Sure. For this quarter explicitly, can you share the number versus our expectation?

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

- So, our expectation was 10 crores of return. Versus that, we have received around 18 odd crores.

- **Mr. Jinesh Joshi – Lead Analyst, Prabhudas Lilladher Pvt. Ltd.:**

- Got that. And sir, secondly, you did highlight that for FY25, the syllabus change schedule has not been communicated to you as yet. But, given the fact that the NEP got announced a while back, and especially for the CBSE market it is already under implementation, so any idea why is it taking a bit longer for implementation with respect to state boards, so to say?

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

- The only reason that I can see is, less attention by respective state governments on education. One more thing, that what we are realizing while doing various teacher training programs, that implementing NEP in totality is so difficult and challenging for the schools, and therefore, the teachers. So, government may be rather still trying to establish a base that what all changes will be required to be done in imparting education. I think their focus is more on stabilizing or explaining to the schools and the teachers what all is expected. And therefore, they may not be wanting to give an overhang of additional curriculum change also to the schools. That we believe could be the reason. But otherwise, as you rightly said, in CBSE the implementation is in line with that decision. But unfortunately, state governments are not able to. It's not Maharashtra, Gujarat, most of the states have not yet announced when are they going to decide on curriculum change. We know that the content is already ready with them, but they are not announcing that or implementing that.

- **Mr. Jinesh Joshi – Lead Analyst, Prabhudas Lilladher Pvt. Ltd.:**

- Got that. But sir, ex of NEP-2, every year there are certain standards which undergo syllabus change. Why is that not being followed? Because if I recollect properly, even in FY24, we hardly had any standards due for syllabus change.

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

- Yeah, we did not have any.
- **Mr. Jinesh Joshi – Lead Analyst, Prabhudas Lilladher Pvt. Ltd.:**
- And even in '25. So, what is the reason for the state boards, ex of NEP, to not implement the routine syllabus change scheduled? NEP, I can understand, the reasons you highlighted. But then, ex of that, why is it not happening?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- I tried explaining that, that NEP is a very, very wide subject. It's not only the classroom teaching, but there are so many other activities that schools will have to follow implementing. So, probably the focus of the respective state government is to at least make every school understand, that what are the changes that are required to be done in overall school management. Their focus seems to be there, and therefore, they don't want to additionally dump the burden of curriculum change, which also is very very different curriculum than what was there in the states earlier. So, that could be the reason, we believe, that they are not able to announce.
- **Mr. Jinesh Joshi – Lead Analyst, Prabhudas Lilladher Pvt. Ltd.:**
- Sure sir. Thank you so much and all the best.
- **Moderator:**
- Thank you. The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.
- **Mr. Madhur Rathi - Counter Cyclical Investments:**
- Thank you for the opportunity. Sir, you have guided on various scenarios in which our margins... in which our revenue could affect. Sir, could you just highlight on the margins, because in April will be procuring 70% of our paper. So, what kind of margins can we expect next year in FY25?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So FY25, as far as our publishing business is concerned, we are again very confident that this year, because of the higher paper input cost, we could not really pass... higher input cost of paper versus today's paper price. So, we had to keep all MRP or pricing based on current paper prices, whereas our buying pattern was earlier at a higher cost. And therefore, we saw dip in margins. So, now that if paper price is stabilized, we believe to attain back to the original margins, should not be an issue. This is as far as gross margins are concerned. Now, with respect to EBITDA level margins, all depends on the growth simultaneously that we achieve, because our fixed costs are definitely increasing year after year. So, we will have to see to it that we at least grow to the extent of fixed cost increase which are taken care of. So, that much growth if we have, then definitely EBITDA margins will come back to what it was.
- **Mr. Madhur Rathi - Counter Cyclical Investments:**

- Okay. Sir, and on the stationery side.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Stationery side, again, similarly, with respect to domestic, same issue had come of fluctuation of paper prices. So, that number also should come back to what it was in FY25. And on domestic front, if we finally end up getting the same volumes as expected or as indicative given to us, then their margins should improve by around a percentage or so.
- **Mr. Madhur Rathi - Counter Cyclical Investments:**
- Okay. And, just a final question on the exports, that around 15 to 17% higher order that we can get. So, will this be margin accretive? As well as, what kind of margins can we expect from the segment as a whole?
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Segment, you mean to say stationery segment?
- **Mr. Madhur Rathi - Counter Cyclical Investments:**
- Yes sir. The export stationery segment.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- So, I would say independently trying to understand stationery segment, but it will be always challenging because there are so many common things happening between domestic and exports. So, at a blended level what we were showing earlier 12 to 13%, that we should be able to achieve.
- **Mr. Madhur Rathi - Counter Cyclical Investments:**
- Okay. Thank you sir, and all the best.
- **Moderator:**
- Thank you. Ladies and gentlemen, due to time constraints that was the last question of the day. I now hand the conference over to management for closing comments.
- **Mr. Sunil Gala – Managing Director, Navneet Education Ltd.:**
- Yeah. So, I take this opportunity to thank everyone for joining the call. I hope we have been able to answer most of your queries that you had. But, if you still have more queries or further information, kindly get in touch with us or our strategic growth advisor, our investor relation advisors. They will try and answer all of them going forward. Thank you very much. And thanks, Jinesh and Prabhudas Lilladher for arranging this call.
- **Mr. Jinesh Joshi – Lead Analyst, Prabhudas Lilladher Pvt. Ltd.:**
- Thank you everyone.

- **Moderator:**
- On behalf of Prabhudas Lilladher Pvt. Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

- ***END OF TRANSCRIPT***