

May 21, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	149		152	
Sales (Rs. m)	19,669	21,784	19,962	22,121
% Chng.	(1.5)	(1.5)		
EBITDA (Rs. m)	3,550	4,057	3,648	4,147
% Chng.	(2.7)	(2.2)		
EPS (Rs.)	9.5	10.9	9.8	11.2
% Chng.	(2.7)	(2.4)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	17,513	17,857	19,669	21,784
EBITDA (Rs. m)	2,951	3,188	3,550	4,057
Margin (%)	16.9	17.9	18.0	18.6
PAT (Rs. m)	1,834	1,412	2,108	2,417
EPS (Rs.)	8.1	6.4	9.5	10.9
Gr. (%)	30.6	(21.3)	49.3	14.7
DPS (Rs.)	2.6	1.5	2.6	2.6
Yield (%)	1.8	1.0	1.8	1.8
RoE (%)	15.0	9.0	11.0	11.6
RoCE (%)	16.3	15.4	13.8	14.1
EV/Sales (x)	2.0	1.9	1.7	1.6
EV/EBITDA (x)	11.9	10.6	9.6	8.4
PE (x)	17.9	22.8	15.3	13.3
P/BV (x)	2.5	1.8	1.6	1.5

Key Data

NAVN.BO | NELI IN

52-W High / Low	Rs.179 / Rs.127
Sensex / Nifty	81,186 / 24,684
Market Cap	Rs.32bn/ \$ 376m
Shares Outstanding	221m
3M Avg. Daily Value	Rs.27.75m

Shareholding Pattern (%)

Promoter's	63.35
Foreign	3.95
Domestic Institution	12.68
Public & Others	20.02
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.7	4.9	(7.9)
Relative	(0.6)	0.3	(16.1)

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Growth struggle continues

Quick Pointers:

- GM improves 230bps YoY to 57.6%.

NELI reported a weak performance with EBITDA margin of 18.1% (PLe 19.8%) amid 360 bps deterioration in publishing EBIT margin. Of late, the publishing division has been facing considerable growth challenges due to increasing usage of second-hand books. The FY26E syllabus change schedule of Maharashtra and Gujarat does not inspire much confidence and we expect the growth struggle to continue with top-line CAGR of 8% over the next 2 years. Even the domestic stationary business is reeling under pressure from falling volumes and declining realizations. While price reset happened in FY25 due to fall in paper prices and could be deemed transitory in nature, volume decline of 4% represents rising competitive risks. Nonetheless, renewed focus on non-paper products and exports is expected to result in 13% CAGR in stationary business over the next 2 years. We broadly maintain our estimates and expect sales/EBITDA CAGR of 10%/13% over FY25-FY27E and retain HOLD on the stock with a SoTP based TP of Rs149 (refer exhibit 5 for more details)

Revenue decreased marginally by 0.3% YoY: Consolidated revenues decreased 0.3% YoY to Rs4,338mn (PLe of Rs4,570mn). Publishing sales increased 3.2% YoY to Rs1,489mn (PLe Rs1,516mn), while stationery sales decreased 2.2% YoY to Rs2,843mn (PLe Rs3,049mn) as the domestic paper stationery business was impacted by declining raw material prices, resulting in lower realizations.

GM stood at 57.6%: Gross profit increased 3.8% YoY to Rs2,498mn (PLe Rs2,499) with GM of 57.6% (PLe of 54.7%). Consolidated EBITDA decreased 9.2% YoY at Rs786mn (PLe of Rs905mn) with a margin of 18.1% (PLe 19.8%) as compared to a margin of 19.9% in 4QFY24. Miss at the EBITDA level was on account of higher-than expected employee costs at Rs736mn (PLe Rs699mn) & manufacturing expenses at Rs402mn (PLe Rs282mn). Consolidated stationery/publishing EBIT margin stood at 22.1%/12.8% respectively.

Adjusted PAT at Rs503mn: Consolidated net profit decreased 1.3% YoY to Rs472mn (PLe Rs517mn). However, after accounting for an exceptional loss of Rs31mn, the adjusted profit stood at Rs503mn.

Con-call highlights: **1)** ILL reported Revenue/EBITDA/PAT of Rs550mn/(Rs16mn)/(Rs60mn) in FY25. **2)** Under the CBSE business, NELI's reach was 8,500/10,000 schools in FY24/FY25, with 5,000 schools placing orders in each year for one or more titles. Conversion ratio declined in FY25 due to unhealthy competition. **3)** Under the publication segment, 80-85% of revenue comes from 2 states i.e. Maharashtra and Gujarat. The Navneet Rise series contributed ~Rs350mn to the total standalone publication revenue in FY25. **4)** ~Rs500mn in capex was incurred in FY25 for a new plant, which is expected to become operational in July'26. NELI will be investing Rs1bn annually in capex for its stationery business over the next three years. **5)** For FY26E, publication volumes

are expected to grow by ~6–7%. In stationery, exports would see 20% volume growth, while domestic volumes are expected to grow by 5–6%. **6)** At consolidated level, PAT is expected to grow by 10% in FY26E. **7)** For FY25, the publication mix between Maharashtra and Gujarat is 64:36. **8)** Margins under publishing segment would increase by 150-200bps for FY26E. **9)** Stationery margins are expected to be at ~12-13% in FY26E with export business margins estimated at ~15-16% in FY26E. **10)** SFA Play, one of NELL's investments, clocked ~Rs800mn in revenue last year with a loss at bottom-line of ~Rs250mn. Significant losses are incurred by them annually due to the lack of sponsorship for their championship events.

Exhibit 1: Q4FY25 Consolidated Result Overview (Rs mn)

Y/e March	Q4FY25	Q4FY24	YoY gr (%)	Q3FY25	QoQ gr (%)	Q4FY25E	% Var	FY25	FY24	YoY gr (%)
Net Sales	4,338	4,353	(0.3)	2,823	53.6	4,570	(5.1)	17,857	17,513	2.0
Expenditure										
Raw Materials	1,840	1,945	(5.4)	1,171	57.1	2,070	(11.1)	8,362	8,783	(4.8)
% of Net sales	42.4	44.7		41.5		45.3		46.8	50.1	
Personnel	736	674	9.2	675	9.1	699	5.4	2,791	2,578	8.3
% of Net sales	17.0	15.5		23.9		15.3		15.6	14.7	
Selling, dist & Other Exp	976	868	12.4	800	22.1	896	8.9	3,517	3,201	9.9
% of Net sales	22.5	19.9		28.3		19.6		19.7	18.3	
Total Expenditure	3,552	3,488	1.8	2,646	34.3	3,665	(3.1)	14,670	14,561	0.7
EBITDA	786	865	(9.2)	178	342.3	905	(13.1)	3,188	2,951	8.0
Margin (%)	18.1	19.9		6.3		19.8		17.9	16.9	
Depreciation	186	214	(13.4)	170	9.4	199	(6.5)	660	654	0.9
EBIT	600	651	(7.8)	8	7,402.5	706	(15.0)	2,528	2,297	10.0
Interest	47	50	(5.2)	37	28.8	38	24.7	189	200	(5.1)
Other Income	29	46	(37.5)	24	20.6	38	(24.1)	241	134	79.6
PBT	551	647	(14.8)	250	120.4	706	(21.9)	2,579	2,232	15.6
Tax	76	106	(28.1)	91	(16.6)	184	(58.8)	1,365	388	251.5
Tax Rate (%)	13.8	16.3		36.4		26.1		14.5	13.3	
Share of profit/loss from associates	(3)	(62)		(1)		(5)		(5)	(7)	NM
Adjusted PAT	503	478	5.2	(112)	NM	517	(2.7)	1,412	1,834	(23.0)
Extraordinary Income/Exp	(31)	-	NM	255	NM	-	NM	6,829	682	
Reported PAT	472	478	(1.3)	143	229.7	517	(8.6)	7,584	2,516	201.5
EPS	2.1	2.1	1.4	0.7	229.2	2.3	(8.4)	6.4	11.1	(42.6)

Source: Company, PL

Exhibit 2: Consolidated stationery margin is at 12.8%

Y/e March (Rs mn)	Q4FY25	Q4FY24	YoY gr (%)	Q3FY25	QoQ gr (%)
Segment Revenue					
Publishing Content	1,489	1,443	3.2	1,150	29.5
Stationery Products	2,843	2,906	(2.2)	1,667	70.5
Others	14	13	14.4	13	10.9
Segment EBIT					
Publishing Content	329	372	(11.4)	57	481.3
Stationery Products	365	373	(2.1)	75	387.7
Others	7	7	(1.5)	6	11.9
EBIT Margin					
Publishing Content	22.1%	25.7%	(365)bps	4.9%	1,717 bps
Stationery Products	12.8%	12.8%	0 bps	4.5%	836 bps
Others	46.2%	53.6%	(745)bps	45.7%	42 bps

Source: Company, PL

Exhibit 3: Standalone publishing segment has higher revenue share in first quarter due to seasonality

Particulars	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Publishing revenue	893	3,571	1,331	860	1,036	4,306	729	883	1,012	4,167	811	1,129	1,037
YoY growth	-1.5%	261.5%	49.5%	-9.0%	16.1%	20.6%	-45.2%	2.7%	-2.3%	-3.2%	11.2%	27.8%	2.4%
As a % of sales	32.2%	52.4%	40.9%	30.9%	28.7%	54.7%	27.7%	34.7%	26.3%	52.6%	30.1%	40.4%	26.7%
Stationery revenue	1,878	3,247	1,924	1,924	2,571	3,569	1,899	1,660	2,835	3,752	1,879	1,667	2,843
YoY growth	88.5%	48.7%	39.0%	37.5%	36.9%	9.9%	-1.3%	-13.7%	10.3%	5.1%	-1.0%	0.4%	0.3%
As a % of sales	67.8%	47.6%	59.1%	69.1%	71.3%	45.3%	72.3%	65.3%	73.7%	47.4%	69.9%	59.6%	73.3%
Total sales	2,771	6,818	3,255	2,784	3,607	7,874	2,629	2,543	3,847	7,918	2,691	2,796	3,880

Source: Company, PL

Exhibit 4: Standalone margin in stationery division is low due to stiff competition

Particulars	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Publishing EBIT margin	18.7%	41.8%	23.9%	31.1%	-10.7%	38.6%	-22.5%	6.7%	9.3%	39.3%	-13.8%	15.1%	10.7%
Stationery EBIT margin	14.4%	19.6%	7.5%	3.2%	13.2%	15.2%	8.7%	5.7%	14.3%	17.3%	8.6%	4.6%	12.9%

Source: Company, PL

Exhibit 5: SOTP Valuation Table

Particulars	Amount invested (Rs mn)	Valuation method	Multiple assigned (x)	Business valuation (Rs mn)	Per share value (Rs)	Comments
Core business (Printing + Stationery)	NA	P/E	11	26,585	120	We assign P/E multiple of 11x to our FY27E consolidated PAT
K12	1,186	Third party benchmarking	NM	6,300	28	Recently, Sofina divested 5% in K12 at a valuation of ~Rs45bn odd. NELI owns 14.3% stake in K12 business. We value NELI's residual stake in K12 as per the last valuation round (without any illiquidity discount).
SOTP value				32,885	149	

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	17,513	17,857	19,669	21,784
YoY gr. (%)	3.2	2.0	10.1	10.8
Cost of Goods Sold	8,783	8,362	9,343	10,347
Gross Profit	8,730	9,496	10,326	11,436
Margin (%)	49.9	53.2	52.5	52.5
Employee Cost	2,578	2,791	3,000	3,240
Other Expenses	2,175	2,366	2,557	2,854
EBITDA	2,951	3,188	3,550	4,057
YoY gr. (%)	(1.0)	8.0	11.4	14.3
Margin (%)	16.9	17.9	18.0	18.6
Depreciation and Amortization	654	660	785	869
EBIT	2,297	2,528	2,765	3,188
Margin (%)	13.1	14.2	14.1	14.6
Net Interest	200	189	160	160
Other Income	134	241	220	210
Profit Before Tax	2,232	2,579	2,825	3,238
Margin (%)	12.7	14.4	14.4	14.9
Total Tax	388	1,365	712	816
Effective tax rate (%)	17.4	52.9	25.2	25.2
Profit after tax	1,843	1,214	2,113	2,422
Minority interest	2	454	0	0
Share Profit from Associate	(7)	(5)	(5)	(5)
Adjusted PAT	1,834	1,412	2,108	2,417
YoY gr. (%)	30.6	(23.0)	49.3	14.7
Margin (%)	10.5	7.9	10.7	11.1
Extra Ord. Income / (Exp)	682	6,829	-	-
Reported PAT	2,516	7,584	2,108	2,417
YoY gr. (%)	23.0	201.5	(72.2)	14.7
Margin (%)	14.4	42.5	10.7	11.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,516	7,584	2,108	2,417
Equity Shares O/s (m)	226	221	221	221
EPS (Rs)	8.1	6.4	9.5	10.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	6,797	7,919	9,242	10,272
Tangibles	5,309	6,394	7,694	8,694
Intangibles	1,488	1,525	1,548	1,578
Acc: Dep / Amortization	4,657	5,408	6,286	7,250
Tangibles	3,441	4,101	4,886	5,755
Intangibles	1,216	1,307	1,400	1,495
Net fixed assets	2,260	3,225	3,741	3,886
Tangibles	1,988	3,007	3,593	3,802
Intangibles	272	218	148	83
Capital Work In Progress	64	434	434	434
Goodwill	239	239	239	239
Non-Current Investments	3,085	7,832	7,851	7,873
Net Deferred tax assets	(339)	(808)	(808)	(808)
Other Non-Current Assets	760	612	622	633
Current Assets				
Investments	-	73	73	73
Inventories	6,388	6,358	7,275	8,355
Trade receivables	3,673	3,475	4,042	4,775
Cash & Bank Balance	247	420	1,123	1,434
Other Current Assets	619	731	841	967
Total Assets	17,472	23,539	26,403	28,857
Equity				
Equity Share Capital	452	442	442	442
Other Equity	12,482	17,902	19,434	21,276
Total Networth	12,934	18,344	19,877	21,718
Non-Current Liabilities				
Long Term borrowings	91	575	575	575
Provisions	12	0	0	0
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	2,485	1,422	2,486	2,866
Trade payables	524	757	808	895
Other current liabilities	1,041	1,201	1,418	1,563
Total Equity & Liabilities	17,472	23,539	26,403	28,856

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	2,906	9,403	2,825	3,238
Add. Depreciation	654	660	785	869
Add. Interest	200	189	160	160
Less Financial Other Income	134	241	220	210
Add. Other	(733)	(6,978)	(132)	(126)
Op. profit before WC changes	3,027	3,275	3,638	4,141
Net Changes-WC	(676)	263	(1,337)	(1,720)
Direct tax	(791)	(794)	(662)	(766)
Net cash from Op. activities	1,560	2,744	1,639	1,656
Capital expenditures	(11,528)	(23,229)	(1,230)	(935)
Interest / Dividend Income	19	31	132	126
Others	11,154	24,348	(20)	(21)
Net Cash from Invst. activities	(355)	1,150	(1,118)	(831)
Issue of share cap. / premium	-	-	-	-
Debt changes	7,761	2,537	1,064	380
Dividend paid	(590)	(917)	(332)	(575)
Interest paid	(183)	(144)	(160)	(160)
Others	(8,205)	(5,196)	0	-
Net cash from Fin. activities	(1,217)	(3,720)	572	(355)
Net change in cash	(13)	175	1,094	470
Free Cash Flow	810	1,600	409	721

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	8.1	6.4	9.5	10.9
CEPS	11.0	9.4	13.1	14.9
BVPS	57.2	82.9	89.9	98.2
FCF	3.6	7.2	1.8	3.3
DPS	2.6	1.5	2.6	2.6
Return Ratio(%)				
RoCE	16.3	15.4	13.8	14.1
ROIC	16.9	13.5	13.4	14.1
RoE	15.0	9.0	11.0	11.6
Balance Sheet				
Net Debt : Equity (x)	0.2	0.1	0.1	0.1
Net Working Capital (Days)	199	186	195	205
Valuation(x)				
PER	17.9	22.8	15.3	13.3
P/B	2.5	1.8	1.6	1.5
P/CEPS	13.2	15.5	11.1	9.8
EV/EBITDA	11.9	10.6	9.6	8.4
EV/Sales	2.0	1.9	1.7	1.6
Dividend Yield (%)	1.8	1.0	1.8	1.8

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	7,978	2,718	2,823	4,338
YoY gr. (%)	0.8	2.3	9.1	(0.3)
Raw Material Expenses	4,047	1,304	1,171	1,840
Gross Profit	3,931	1,414	1,652	2,498
Margin (%)	49.3	52.0	58.5	57.6
EBITDA	2,199	26	178	786
YoY gr. (%)	5.3	(159.3)	340.9	(9.2)
Margin (%)	27.6	0.9	6.3	18.1
Depreciation / Depletion	150	154	170	186
EBIT	2,048	(129)	8	600
Margin (%)	25.7	(4.7)	0.3	13.8
Net Interest	67	39	37	47
Other Income	81	107	24	29
Profit before Tax	8,667	(60)	250	551
Margin (%)	108.6	(2.2)	8.9	12.7
Total Tax	1,210	(12)	91	76
Effective tax rate (%)	14.0	20.0	36.4	13.8
Profit after Tax	7,457	(48)	159	475
Minority interest	-	-	-	-
Share Profit from Associates	-	(1)	(1)	(3)
Adjusted PAT	851	(49)	(97)	503
YoY gr. (%)	(52.4)	(83.9)	(26.2)	4.9
Margin (%)	10.7	(1.8)	(3.4)	11.6
Extra Ord. Income / (Exp)	6,605	-	255	(31)
Reported PAT	7,457	(49)	158	472
YoY gr. (%)	316.6	(112.8)	(220.6)	(1.5)
Margin (%)	93.5	(1.8)	5.6	10.9
Other Comprehensive Income	(2)	(26)	(48)	58
Total Comprehensive Income	7,455	(74)	110	530
Avg. Shares O/s (m)	226	221	221	221
EPS (Rs)	3.8	(0.2)	(0.4)	2.3

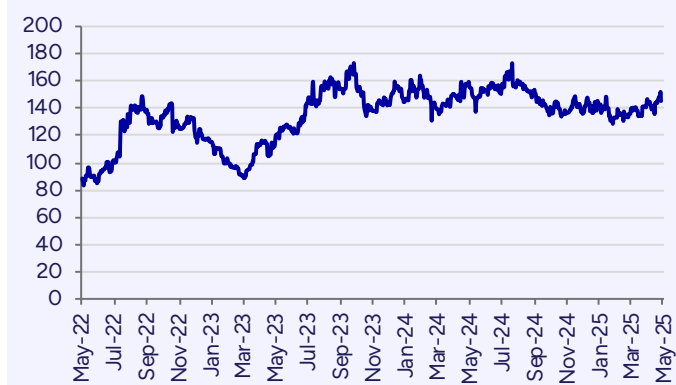
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Segment Revenues				
Publishing	6,759	7,115	7,613	8,299
Stationery	10,126	10,141	11,458	12,859
EBIT				
Publishing	1,651	1,809	2,018	2,241
Stationery	1,207	1,255	1,547	1,800

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	Hold	152	136
2	10-Feb-25	Hold	150	140
3	09-Jan-25	Hold	139	140
4	12-Nov-24	Hold	139	135
5	04-Oct-24	Hold	164	143
6	14-Aug-24	Hold	161	156
7	09-Jul-24	Accumulate	167	156
8	26-May-24	Accumulate	167	155

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,130	875
2	Delhivery	BUY	387	321
3	DOMS Industries	BUY	3,308	2,635
4	Imagicaaworld Entertainment	BUY	97	67
5	Indian Railway Catering and Tourism Corporation	BUY	850	715
6	InterGlobe Aviation	BUY	5,875	5,157
7	Lemon Tree Hotels	BUY	173	139
8	Mahindra Logistics	Hold	287	310
9	Navneet Education	Hold	152	136
10	Nazara Technologies	BUY	1,127	973
11	PVR Inox	Hold	1,040	966
12	S Chand and Company	BUY	294	193
13	Safari Industries (India)	BUY	2,437	1,960
14	Samhi Hotels	BUY	267	176
15	TCI Express	BUY	924	636
16	V.I.P. Industries	BUY	404	338
17	Zee Entertainment Enterprises	BUY	137	111

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

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