

August 9, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	136		145	
Sales (Rs. m)	18,809	20,476	19,423	21,520
% Chng.	(3.2)	(4.9)		
EBITDA (Rs. m)	3,264	3,702	3,468	3,969
% Chng.	(5.9)	(6.7)		
EPS (Rs.)	8.6	9.8	9.3	10.6
% Chng.	(7.1)	(8.2)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	17,513	17,860	18,809	20,476
EBITDA (Rs. m)	2,951	3,180	3,264	3,702
Margin (%)	16.9	17.8	17.4	18.1
PAT (Rs. m)	1,834	1,397	1,902	2,159
EPS (Rs.)	8.1	6.3	8.6	9.8
Gr. (%)	30.6	(22.1)	36.1	13.5
DPS (Rs.)	2.6	1.5	2.6	2.6
Yield (%)	1.9	1.1	1.9	1.9
RoE (%)	15.0	8.9	10.0	10.5
RoCE (%)	16.3	15.4	12.6	13.0
EV/Sales (x)	1.9	1.8	1.7	1.6
EV/EBITDA (x)	11.5	10.2	10.0	8.8
PE (x)	17.3	22.2	16.3	14.4
P/BV (x)	2.5	1.7	1.6	1.5

Key Data

NAVN.BO | NELI IN

52-W High / Low	Rs.179 / Rs.127
Sensex / Nifty	79,858 / 24,363
Market Cap	Rs.31bn / \$ 354m
Shares Outstanding	221m
3M Avg. Daily Value	Rs.24.35m

Shareholding Pattern (%)

Promoter's	63.35
Foreign	4.14
Domestic Institution	12.86
Public & Others	19.65
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(2.1)	(0.1)	(13.8)
Relative	2.6	(2.6)	(14.9)

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Growth challenge amplifies

Quick Pointers:

- Domestic stationary revenue declines 14% YoY to Rs1,160mn.

We cut our EPS estimates by 7%/8% for FY26E/FY27E as we fine tune our revenue growth assumptions for domestic stationary business amid weak performance in 1QFY26. While NELI IN's operational performance was better than our estimates with EBITDA margin of 28.6% (PLe 27.2%); revenue was tad lower than our expectations as there was a delay in publication of grade-1 books in Maharashtra coupled with continued weakness in domestic stationary segment (realization/volume was lower by 9%/5% respectively). We expect revenue/EBITDA CAGR of 7%/8% over FY25-FY27E given rising competition in domestic stationary business and gradual migration of students from state board to CBSE oriented schools. NELI IN trades at inexpensive valuations of 16x/14x our FY26E/FY27E EPS estimates but given persistent growth challenges we maintain HOLD with a SoTP based TP of Rs136 (refer exhibit 5 for more details).

Revenue decreased marginally by 0.5% YoY: Consolidated revenue was flat YoY at Rs7,940mn (PLe Rs8,127mn). Publishing sales increased only marginally by 0.5% YoY to Rs4,220mn (PLe Rs4,330mn) due to minor changes in the lower grade curriculum while stationery sales declined marginally by 0.8% YoY to Rs3,720mn (PLe Rs3,789mn) due to drop in paper prices, resulting in lower realizations.

GM stood at 52.0%: Gross profit increased 4.8% YoY to Rs4,130mn (PLe Rs4,023mn) with GM of 52.0% (PLe of 49.5%). Consolidated EBITDA increased marginally by 2.7% YoY at Rs2,270mn (PLe of Rs2,210mn) with a margin of 28.6% (PLe 27.2%) as compared to a margin of 27.7% in 1QFY25. Consolidated publishing/stationery EBIT margin stood at 40.3%/15.9% respectively.

Adjusted PAT at Rs1,570mn: Adjusted PAT increased 45.7% YoY to Rs1,570mn (PLe Rs1,513mn) as compared to adjusted PAT (after minority interest & re-statement) of Rs1,077mn in 1QFY25.

Con-call highlights: 1) Publication of grade-1 curriculum in Maharashtra was delayed impacting growth in publishing business. Grade 1 contributes ~5-6% to revenue of publication business. 2) Domestic stationery business declined 14% YoY in 1QFY26, driven by 9% drop in realization and 5% drop in volumes. 3) The additional 25% tariff proposed by the US has not come into effect yet. 4) In exports, for every Rs100 received by NELI IN from primary sale, the end customer typically ends up paying ~Rs200-250 after distributor margins, operational costs, and other incidental expenses. 5) Publication business is expected to grow by ~15% in FY27E. 6) In stationery export business, cost differences between countries are mainly due to labor and are not expected to exceed 5-7%. 7) In non-paper stationery, NELI IN has launched new products including writing instruments, geometry boxes, and examination boards, with geometry boxes contributing ~1.5% to sales. 8) Non-paper stationery development team comprises

of 8-9 members, with no dedicated marketing staff at present. **9)** Maharashtra and Gujarat will implement grade-wise curriculum changes next year, for more than 2 grades in the publication segment. **10)** ILL reported revenue/PAT of Rs30mn/(Rs70mn) in 1QFY26 respectively. **11)** Paper prices declined by 5% between Jan to Mar'25, with no further decline since. **12)** Under the CBSE business, NELI's reach was 10,000 schools in 1QFY26. **13)** Top-line growth of ~12-15% in ILL is expected in FY27E. **14)** US forms 75% of NELI IN's exports. **15)** Capex of Rs900mn has been earmarked for FY26E, while Rs1,500mn has been planned for FY27E (subject to export market conditions).

Exhibit 1: Q1FY26 Consolidated Result Overview (Rs mn)

Y/e March	Q1FY26	Q1FY25	YoY gr (%)	Q4FY25	QoQ gr (%)	Q1FY26E	% Var	FY26E	FY25	YoY gr (%)
Net Sales	7,940	7,980	(0.5)	4,340	82.9	8,127	(2.3)	18,809	17,860	5.3
Expenditure										
Raw Materials	3,810	4,040	(5.7)	1,840	107.1	4,104	(7.2)	8,878	8,370	6.1
% of Net sales	48.0	50.6		42.4		50.5		47.2	46.9	
Personnel	760	710	7.0	740	2.7	756	0.6	2,999	2,790	7.5
% of Net sales	9.6	8.9		17.1		9.3		15.9	15.6	
Selling, dist & Other Exp	1,100	1,020	7.8	970	13.4	1,056	4.1	3,668	3,520	4.2
% of Net sales	13.9	12.8		22.4		13.0		19.5	19.7	
Total Expenditure	5,670	5,770	(1.7)	3,550	59.7	5,916	(4.2)	15,545	14,680	5.9
EBITDA	2,270	2,210	2.7	790	187.3	2,210	2.7	3,264	3,180	2.6
Margin (%)	28.6	27.7		18.2		27.2		17.4	17.8	
Depreciation	170	150	13.0	190	(10.5)	190	(10.5)	785	660	18.9
EBIT	2,100	2,060	2.0	600	250.0	2,020	3.9	2,479	2,520	(1.6)
Interest	60	70	(14.3)	50	20.0	40	50.0	160	190	(15.8)
Other Income	80	80	-	30	166.7	51	56.9	230	240	(4.2)
PBT	2,120	2,070	2.4	550	285.5	2,031	4.4	2,549	2,570	(0.8)
Tax	550	1,210	(54.5)	70	685.7	518	6.2	642	1,370	(53.1)
Tax Rate (%)	25.9	58.5		12.7		25.5		25.2	14.6	
Share of profit/loss from associates	-	-		-		-		(5)	(10)	NM
Adjusted PAT	1,570	1,077	45.7	510	207.8	1,513	3.7	1,902	1,397	36.1
Extraordinary Income/Exp	-	6,610	NM	(30)	NM	-	NM	-	6,830	NM
Reported PAT	1,570	7,030	(77.7)	480	227.1	1,513	3.7	1,902	7,570	(74.9)
EPS	7.1	4.8	49.2	2.3	207.8	6.8	3.7	8.6	6.3	36.1

Source: Company, PL

Exhibit 2: Consolidated stationery margin is at 15.9%

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr (%)	Q4FY25	QoQ gr (%)
Segment Revenue					
Publishing Content	4,220	4,200	0.5	1,490	183.2
Stationery Products	3,720	3,750	(0.8)	2,840	31.0
Others	10	40	(75.0)	20	(50.0)
Segment EBIT					
Publishing Content	1,700	1,560	9.0	330	415.2
Stationery Products	590	650	(9.2)	370	59.5
Others	-	20	NM	10	NM
EBIT Margin					
Publishing Content	40.3%	37.1%	314 bps	22.1%	1,814 bps
Stationery Products	15.9%	17.3%	(147)bps	13.0%	283 bps
Others	0.0%	50.0%	NM	50.0%	NM

Source: Company, PL

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

Particulars	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Publishing revenue	3,571	1,331	860	1,036	4,306	729	883	1,012	4,167	811	1,129	1,040	4,190
YoY growth	261.5%	49.5%	-9.0%	16.1%	20.6%	-45.2%	2.7%	-2.3%	-3.2%	11.2%	27.8%	2.7%	0.5%
As a % of sales	52.4%	40.9%	30.9%	28.7%	54.7%	27.7%	34.7%	26.3%	52.6%	30.1%	40.4%	26.7%	53.0%
Stationery revenue	3,247	1,924	1,924	2,571	3,569	1,899	1,660	2,835	3,752	1,879	1,667	2,850	3,720
YoY growth	48.7%	39.0%	37.5%	36.9%	9.9%	-1.3%	-13.7%	10.3%	5.1%	-1.0%	0.4%	0.5%	-0.8%
As a % of sales	47.6%	59.1%	69.1%	71.3%	45.3%	72.3%	65.3%	73.7%	47.4%	69.9%	59.6%	73.3%	47.0%
Total sales	6,818	3,255	2,784	3,607	7,874	2,629	2,543	3,847	7,918	2,691	2,796	3,890	7,910

Source: Company, PL

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

Particulars	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Publishing EBIT margin	41.8%	23.9%	31.1%	-10.7%	38.6%	-22.5%	6.7%	9.3%	39.3%	-13.8%	15.1%	10.7%	41.1%
Stationery EBIT margin	19.6%	7.5%	3.2%	13.2%	15.2%	8.7%	5.7%	14.3%	17.3%	8.6%	4.6%	12.9%	15.9%

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	23,746	107	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				30,046	136	

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	17,513	17,860	18,809	20,476
YoY gr. (%)	3.2	2.0	5.3	8.9
Cost of Goods Sold	8,783	8,370	8,878	9,624
Gross Profit	8,730	9,490	9,931	10,852
Margin (%)	49.9	53.1	52.8	53.0
Employee Cost	2,578	2,790	2,999	3,239
Other Expenses	2,175	2,370	2,483	2,682
EBITDA	2,951	3,180	3,264	3,702
YoY gr. (%)	(1.0)	7.7	2.6	13.4
Margin (%)	16.9	17.8	17.4	18.1
Depreciation and Amortization	654	660	785	869
EBIT	2,297	2,520	2,479	2,833
Margin (%)	13.1	14.1	13.2	13.8
Net Interest	200	190	160	160
Other Income	134	240	230	220
Profit Before Tax	2,232	2,570	2,549	2,893
Margin (%)	12.7	14.4	13.6	14.1
Total Tax	388	1,370	642	729
Effective tax rate (%)	17.4	53.3	25.2	25.2
Profit after tax	1,843	1,200	1,907	2,164
Minority interest	2	450	0	0
Share Profit from Associate	(7)	(10)	(5)	(5)
Adjusted PAT	1,834	1,397	1,902	2,159
YoY gr. (%)	30.6	(23.8)	36.1	13.5
Margin (%)	10.5	7.8	10.1	10.5
Extra Ord. Income / (Exp)	682	6,830	-	-
Reported PAT	2,516	7,570	1,902	2,159
YoY gr. (%)	23.0	200.9	(74.9)	13.5
Margin (%)	14.4	42.4	10.1	10.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,516	7,570	1,902	2,159
Equity Shares O/s (m)	226	221	221	221
EPS (Rs)	8.1	6.3	8.6	9.8

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	6,957	7,854
Trade receivables	3,673	3,475	3,865	4,488
Cash & Bank Balance	247	420	1,140	1,375
Other Current Assets	619	731	841	967
Total Assets	17,472	23,539	25,925	28,010
Equity				
Equity Share Capital	452	442	442	442
Other Equity	12,482	17,902	19,228	20,812
Total Networth	12,934	18,344	19,671	21,254
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	2,285	2,590
Trade payables	524	757	773	841
Other current liabilities	1,041	1,201	1,383	1,510
Total Equity & Liabilities	17,472	23,539	25,926	28,010

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	2,906	9,403	2,549	2,893
Add. Depreciation	654	660	785	869
Add. Interest	200	189	160	160
Less Financial Other Income	134	240	230	220
Add. Other	(733)	(6,978)	(138)	(132)
Op. profit before WC changes	3,027	3,275	3,356	3,790
Net Changes-WC	(676)	263	(911)	(1,463)
Direct tax	(791)	(794)	(592)	(679)
Net cash from Op. activities	1,560	2,744	1,852	1,648
Capital expenditures	(11,528)	(23,229)	(1,230)	(935)
Interest / Dividend Income	19	31	138	132
Others	11,154	24,348	(20)	(21)
Net Cash from Invst. activities	(355)	1,150	(1,112)	(825)
Issue of share cap. / premium	-	-	-	-
Debt changes	7,761	2,537	862	305
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)	371	(430)
Net change in cash	(13)	175	1,111	393
Free Cash Flow	810	1,600	622	713

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	8.1	6.3	8.6	9.8
CEPS	11.0	9.3	12.1	13.7
BVPS	57.2	82.9	88.9	96.1
FCF	3.6	7.2	2.8	3.2
DPS	2.6	1.5	2.6	2.6
Return Ratio(%)				
RoCE	16.3	15.4	12.6	13.0
ROIC	16.9	13.5	12.6	13.2
RoE	15.0	8.9	10.0	10.5
Balance Sheet				
Net Debt : Equity (x)	0.2	0.1	0.1	0.1
Net Working Capital (Days)	199	185	195	205
Valuation(x)				
PER	17.3	22.2	16.3	14.4
P/B	2.5	1.7	1.6	1.5
P/CEPS	12.8	15.1	11.6	10.2
EV/EBITDA	11.5	10.2	10.0	8.8
EV/Sales	1.9	1.8	1.7	1.6
Dividend Yield (%)	1.9	1.1	1.9	1.9

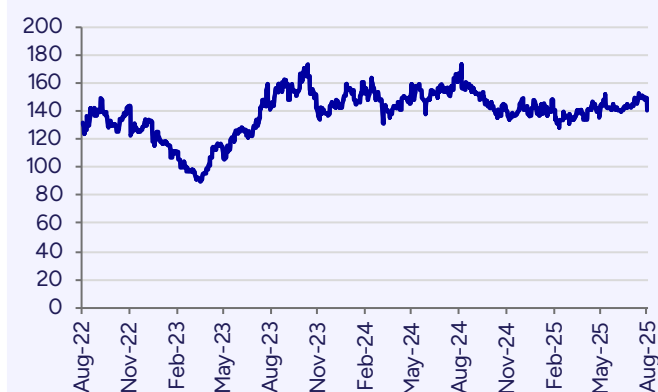
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	2,718	2,823	4,340	7,940
YoY gr. (%)	2.3	9.1	(0.3)	(0.5)
Raw Material Expenses	1,304	1,171	1,840	3,810
Gross Profit	1,414	1,652	2,500	4,130
Margin (%)	52.0	58.5	57.6	52.0
EBITDA	26	178	790	2,270
YoY gr. (%)	NA	340.9	(8.7)	2.7
Margin (%)	0.9	6.3	18.2	28.6
Depreciation / Depletion	154	170	190	170
EBIT	(129)	8	600	2,100
Margin (%)	NA	0.3	13.8	26.4
Net Interest	39	37	50	60
Other Income	107	24	30	80
Profit before Tax	(60)	250	550	2,120
Margin (%)	NA	8.9	12.7	26.7
Total Tax	(12)	91	70	550
Effective tax rate (%)	20.0	36.4	12.7	25.9
Profit after Tax	(48)	159	480	1,570
Minority interest	-	-	-	-
Share Profit from Associates	(1)	(1)	-	-
Adjusted PAT	(49)	(97)	510	1,570
YoY gr. (%)	NA	NA	6.4	82.6
Margin (%)	NA	NA	11.8	19.8
Extra Ord. Income / (Exp)	-	255	(30)	-
Reported PAT	(49)	158	480	1,570
YoY gr. (%)	NA	NA	0.2	(79.0)
Margin (%)	NA	5.6	11.1	19.8
Other Comprehensive Income	(26)	(48)	70	(30)
Total Comprehensive Income	(74)	110	550	1,540
Avg. Shares O/s (m)	221	221	221	221
EPS (Rs)	(0.2)	(0.4)	2.3	7.1

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-25	Hold	145	143
2	21-May-25	Hold	149	145
3	09-Apr-25	Hold	152	136
4	10-Feb-25	Hold	150	140
5	09-Jan-25	Hold	139	140
6	12-Nov-24	Hold	139	135
7	04-Oct-24	Hold	164	143
8	14-Aug-24	Hold	161	156

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,071	882
2	Delhivery	Accumulate	466	430
3	DOMS Industries	BUY	3,087	2,456
4	Imagicaaworld Entertainment	BUY	93	66
5	Indian Railway Catering and Tourism Corporation	BUY	864	785
6	InterGlobe Aviation	BUY	6,517	5,740
7	Lemon Tree Hotels	BUY	175	147
8	Mahindra Logistics	Hold	383	408
9	Navneet Education	Hold	145	143
10	Nazara Technologies	Hold	1,241	1,357
11	PVR Inox	Hold	1,052	1,036
12	S Chand and Company	BUY	286	229
13	Safari Industries (India)	BUY	2,434	2,101
14	Samhi Hotels	BUY	308	221
15	TCI Express	Hold	778	744
16	V.I.P. Industries	Hold	455	450
17	Zee Entertainment Enterprises	BUY	177	134

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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