



Knowledge is wealth

NEL/137/2025-26

Date: 6<sup>th</sup> February, 2026

**The Secretary**  
**National Stock Exchange of India Ltd.**  
**Exchange Plaza, 5th Floor, Plot No. C/1,**  
**'G' Block, Bandra-Kurla Complex,**  
**Bandra (East), Mumbai – 400051**

**Corporate Relationship Department**  
**Bombay Stock Exchange Ltd.**  
**1st Floor, New Trading Ring,**  
**Rotunda Building, P. J. Towers,**  
**Dalal Street, Fort, Mumbai – 400001.**

**Ref: Symbol – NAVNETEDUL**

**Ref: Scrip Code – 508989**

Dear Sir/ Madam,

**Subject: Disclosure of Transcript of Earnings Call for Q3FY26**

In accordance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the transcript of the earnings call held on Monday, 2<sup>nd</sup> February, 2026 with investors and analysts to discuss the Operational and Financial performance of the Company for Q3FY26. We also inform that the said transcript is available on the website of the Company [www.navneet.com](http://www.navneet.com).

You are requested to take note of the above.

Thanking you,

Yours faithfully,  
**FOR NAVNEET EDUCATION LIMITED**

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**AMIT D. BUCH**  
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Encl.: a/a

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“Navneet Education Limited  
Q3 FY '26 Earnings Conference Call”  
February 02, 2026



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

**Moderator:** Ladies and gentlemen, good day, and welcome to Navneet Education Limited Q3 FY '26 Earnings Call. 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 this conference call, please signal an operator by pressing star, then zero on a touch-tone phone. Please note that this conference is being recorded.

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

**Sunil Gala:** Thank you. Good afternoon, and a very warm welcome to everyone present on the call. Today, along with me, I have Kalpesh Dedhia, our CFO; and Mr. Roomy Mistry, our Head of IR. I'm sure you all would have received our Investor Presentation by now. For those who have not, they can view it on the Stock Exchanges of the company.

Navneet continues to build on strong foundation trusted by generations even as we focus on guiding the future through new educational technology. Our Q3 performance presents a mixed picture of seasonal weakness in core operations, simultaneously counterbalanced by strong performance in domestic stationery and significant exceptional gains.

I will briefly talk about the operational highlights of Q3. So the consolidated revenue declined by 11.3% year-over-year to INR250-odd crores, primarily due to minimal curriculum changes in Maharashtra and Gujarat and a drop in exports to the U.S. However, there are key areas of strength and strategic progress, which I feel I should let everyone of you know.

So in domestic stationery, the segment performed strongly, posting around 21% growth compared to Q3 FY '25. Expansion and strategy-wise, we are investing in new facilities and talent for non-paper stationery, which, of course, impacts our margins in a short term.

But we are hopeful -- simultaneously, we are hopeful for a resolution to tariff issues impacting exports. We had already informed to the stock exchanges, and I'm happy to say that our manufacturing facility in UAE is slotted to be operational by Q2 FY '27.

Now the most important thing, which is Navneet AI. Now AI is the buzzword across and every one of you also would be worried about its impact on education and therefore, to Navneet. So I'm very happy to say that India's first custom-made education AI model purely from Indian context has been built by Navneet, which is built on 110,000-plus trusted digital resources, specifically designed to empower teachers rather than replace them.

We have not focused, frankly, on student category directly. We believe if students get ready solution that will impact their overall learning process. So this multi-agent platform helps educators effortlessly create quizzes, homework, presentation, etcetera, and there are many,

many more features. I am also happy to say that the early pilot feedback has been very, very encouraging.

Again, coming back to business, while core operating profit was negative, a substantial exceptional gain from the fair valuation of our investment in K12 Techno Services resulted in a reported consolidated profit after tax of INR188 crores for the quarter. On the balance sheet now, we maintain a strong debt-free position with significant liquidity, providing a crucial buffer against current operational challenges and strategic flexibility for future growth initiatives.

In summary, we are navigating near-term headwinds in the publication cycle and exports, while simultaneously making strategic investments in growing domestic market and our innovative Navneet AI platform to drive long-term growth and educational transformation. Our company operates in a highly seasonal business where the majority of the revenue and profits are generated in H1 that is April to September. The Q3 period is typically a weak quarter with low sales and often operational losses.

The company anticipates that the start of a new curriculum change cycle in India will provide a momentum to the content business and simultaneously Navneet AI feature will encourage recommendations by the teachers. Further, investment in new manufacturing facility in UAE not only will help resolve export tariff issues partially, but also will enhance confidence among our valued customers.

So I just wanted to keep my opening remarks very briefly. I would rather suggest you all can ask us questions for me to answer them as much as possible today. Thank you.

**Moderator:** Our first question is from the line of Niraj Mansingka from White Pine Investment Management.

**Niraj Mansingka:** Sir, just can you give some color on the stationary side business and how the clients are talking to you about the same and about the tariff? And how do you see yourself sustaining till the time the tariff issue is not resolved?

**Sunil Gala:** As far as tariffs are concerned, frankly, the customers at their end also are very, very confused. They really do not want to go back to China type of countries for the items that they were already buying from various other countries.

So with the long-standing relationship that we have, they have assured us to buy material from us. But simultaneously, for them to continue to buy from us, we had to offer them some discounts. And therefore, there was a hit on our margin also.

So on order front, we continue to -- rather -- we try keeping them happy so that they continue to buy from us. But on margin front, we have challenged till this issue is resolved. We have been talking to industry and the government as well.

Somehow none of them are able to give us a clear indication as to when this issue of tariff will get resolved. But we believe this issue of tariff cannot go long for very, very long. It has to

settle. And once it settles and since we continue to do business with the customers, then good numbers will come.

But simultaneously, let me also tell you that due to tariffs, be it minimal tariffs also, overall inflation in the U.S. has gone up, which you all might very well know. And because of that, the consumption at the U.S. also has gone down by 10% to 15%. Now that is likely to impact our volumes for sure. And therefore, as a strategy, we are developing newer and newer categories so that value-wise, at least we match up to what we have been doing so far.

So overall, tariff is a concern to our customers also. They have still not passed on that additional burden on to the final consumers, barring few categories. But they have assured us that as soon as this is settled, they will continue to grow with us, and they have requested us also to, therefore, don't hold any expansion and continue to expand the facilities that we had already planned.

**Niraj Mansingka:** So the pricing -- can you give an example of say, INR100 a selling price, how much you are realizing right now after the tariff is come? And so we at least know how much margin is...

**Sunil Gala:** At present...

**Niraj Mansingka:** Yes.

**Sunil Gala:** Yes. So at present, we are realizing INR90 instead of INR100. And this INR90 automatically, whatever our EBITDA was around 15%, 16% in exports, that has come down to 5%. So that is the impact today.

**Niraj Mansingka:** Okay. But you are still making EBITDA of 5%?

**Sunil Gala:** That's right, yes.

**Niraj Mansingka:** Okay. But two things more, sir. In terms of revenue -- the growth in the stationery revenues, it is not the -- it's a negative growth rate. So -- but you are saying that they continue with good business...

**Sunil Gala:** No, for just Q3, I mentioned about domestic stationery. In the stationery numbers that you may be referring to is the total of exports and domestic, both put together...

**Niraj Mansingka:** No, I'm talking about these stationery exports, which was INR115 crores a year back, is INR90 crores right now. There is...

**Sunil Gala:** Yes, yes, yes, so, I did -- no, I did mention in my opening remarks that the reduction in revenue was primarily due to minimum curriculum change in Maharashtra and Gujarat and drop in the exports to the U.S. So I did mention that.

**Niraj Mansingka:** No, no, sir, I understood that. Only thing is that when you said the customers were not reducing the volumes, but they are wanting to reduce the prices, but we have also seen a reduce in the revenues on the export front. That is what I was asking. Then would you see again a continuous...

**Sunil Gala:** No. As I just made my mention that because of the inflation increased in the U.S., overall inflation, the volumes in the U.S. also has reduced. And therefore, we may not see the same volumes going from us for the categories that we were -- we are dealing today. And as a strategy to counterbalance that, what we did is introducing further newer categories so that value-wise our -- value-wise also our export does not go down.

**Niraj Mansingka:** And sir, can you give some color on the new categories and how much large they can become over a period of time?

**Sunil Gala:** So of course, category-wise, file and folders, which we were already supplying, but we were supplying very few items in there. So now we have decided to expand that category to the full extent possible.

Then metal products, which we were -- which we had started last year, but now volumes are picking up quite well. The canvas category, which also we started last year on a trial basis. So we are suggesting and showcasing all this possible products of that category to all the customers.

So that way, newer and newer categories we are introducing. So practically, every week, we give them a couple of items, not the category and showcase to them if they can agree to buy them. So that way, we are increasing our categories as well as items within categories.

**Niraj Mansingka:** And sir, what is the potential of those new categories?

**Moderator:** Sorry to interrupt you, sir, but if you have a follow-up question, please...

**Niraj Mansingka:** I'll just complete this question. I'll come back on the queue, yes.

**Sunil Gala:** Yes, yes, yes. Please let him continue. Yes. So total imports of the total filed and folder category itself is over \$500 million in the U.S., of which the items that we had selected was hardly \$50-odd million. So the other \$450 million various different items that we have started manufacturing and which we have showcased to them. So possibly, the volume there could be beyond \$100 million.

**Moderator:** Our next question comes from the line of Jinesh Joshi from PL Capital.

**Jinesh Joshi:** Sir, you mentioned that you are hopeful of having a quicker resolution on the tariff issue. But you also mentioned that you are planning to open a new manufacturing facility in UAE, which will start operations in 2Q.

So just wanted to understand if we are hopeful of a quicker resolution why open a manufacturing facility, we can might as well outsource temporarily. That is question one. And secondly, if we manufacture and commit any capex and then the resolution comes through, what happens to the expansion plan in UAE?

**Sunil Gala:** Thanks, Jinesh, for this question. So it's not since the tariffs are initiated. But basically, all our customers were talking about derisking country risk. And therefore, 2 years ago also, we had thought of going beyond India, but the location that we had selected was finally was not the

right location because even tariffs were levied on that country also. But finally, we realized and basis our customers' suggestion, we decided to open the operations in UAE also.

So it is a country risk mitigation policy that we have adopted. Going forward, the way world is behaving, when what will happen, no one knows. And therefore, in the interest of company, we decided to have operations there. Now when we are saying operations, there means we are not opening full-fledged capacities that we have it here. For several categories only, we have -- we are putting up the plant and machinery there.

Thankfully, there, we are not investing in land and building, rather we are not allowed to invest. So we are investing in several machineries. And part of them, we are transferring from the present manufacturing units and partly only we are buying a fresh.

So -- and as I also mentioned in my initial talk that, that will enhance the confidence among our all valued customers. So it is purely strategic move, just not because of the tariff. Otherwise, also, we decided to have some manufacturing base in other country. Investments are not big -- and investments are not big.

**Jinesh Joshi:** Yes. My next question was on that only. How much are we planning to invest over there? And secondly, you also mentioned that this -- I mean, this particular facility will be operational by 2Q and you are not going to invest materially in land and building. So that is why the time line is so short. Is that a correct understanding?

**Sunil Gala:** Yes, please. So there are readily -- they call it warehouses where -- which can be converted to manufacturing units also. These are available readily in that area, and therefore, we are confident of the time line.

**Jinesh Joshi:** And capex number, possible to share?

**Sunil Gala:** Yes. So around INR30-odd crores, we are investing there. Balance, as I said, partly we are shifting -- additionally, partly we are shifting from India. So there will be operational loss in the first year. But from the subsequent year, we will start generating profits as well there.

**Jinesh Joshi:** One last question from my side. There was this fair value gain this time around -- to revaluation of our stake in K12. So can you just share what is the revised valuation towards the fresh investor who had come in and what is the current stake in the company?

**Sunil Gala:** So the value was -- one of the shareholders sold off their part equity at INR6,550 crores valuation. And therefore -- and there was some primary infusion at the same rate also in the company. And therefore, we had to reevaluate it.

**Jinesh Joshi:** Right. And our stake, if I'm not mistaken, was 14%. So due to this primary infusion...

**Sunil Gala:** Yes. So finally, there is going to be a second round also in March. And post that round -- and of course, it will be valued a little higher than what the figure that I mentioned. But post that, our shareholding will be around 13-odd percentage.

**Jinesh Joshi:** 13%, right?

**Sunil Gala:** 13-plus percentage, yes.

**Moderator:** Our next question is from the line of Amit Khetan from Laburnum Capital.

**Amit Khetan:** In your opening remarks, you talked about Navneet's investment into AI. Can you just quantify what is the kind of opex that will entail? And how should we think about margins -- impact on margins as a result of that?

**Sunil Gala:** Yes. Thanks, Amit, for this question. Now Navneet AI platform that we have created, first of all, we have not invested in manpower also, whatever manpower that we had through them only, we have created this platform. So there is no additional opex that we are spending to create this platform.

Now with respect to Navneet AI, it is a feature in the content delivery to the end users and that we are providing. So there will not be any independent revenue numbers coming from there. But because of this feature, we are very confident that the teachers will like the content of Navneet.

So that should help us expand our increase of sales of physical books, digital offering everywhere we will get benefit. So Navneet AI is made in a way that it will change the way learning is happening and the teaching is happening. So teaching -- we are focused at present on teaching part.

It means we are helping the teachers, which -- this helps teachers to teach in a shorter time frame. They don't have to waste on various other activities to prepare something. So that we are helping them to create such features on the platform and immediately, they can give it to the students.

Once this stabilizes and more and more teachers starts using it, then we will decide to have a separate product for the student community, which I'm not committing today when because even this new feature, we are just trying to create awareness, and we have to see that it is adopted quite well.

So I think for next 1 year, we'll be investing in creating awareness. And for that, our sales team, which is going school to school, they -- with them, the technology team will accompany and they will create awareness.

So what I'm trying to say, long term, such a platform will be so, so useful to the teacher community. And therefore, they will start recommending our products to their end customers -- to our end customers that is students. So that way, Navneet should benefit a lot.

**Amit Khetan:** Sir, I get your point, but I'm just trying to understand how much is the opex you are incurring for this? Like there's some cost involved, right?

**Sunil Gala:** So a few license costs would be there, then that will be in INR1 lakhs only. But as I said, we have not increased our manpower just for this feature, whatever manpower that we have in

Bangalore to create our digital offerings, same team is making this. So there is no additional expansion.

**Amit Khetan:** Okay. Understood. Second question was, can you just give an outlook on how do you see the publication business shaping up for FY '27? You would have some better visibility on how many grades are being upgraded with the new curriculum. So what is the kind of growth we can look forward to in this segment as well as in the domestic stationery business?

**Sunil Gala:** In publication segment, now we have a clarity in Maharashtra 2, 3, 4 and 6, these 4 grades are changing, whereas in Gujarat, only 2 grades are changing, 2 and 3. Overall, with these grades changing, we feel around 15-odd percentage revenue growth we will achieve in publication segment for FY '27.

And in stationery, of course, it is just now not the paper stationery. We have already come out with a lot many other non-paper stationery products also. And we have set up a fresh new marketing team also for the same. And with that, overall, both put together, we will see at least 15% to 20% growth in stationery business. That is domestic, I'm only talking about.

**Amit Khetan:** Yes, yes. And lastly, in this K12 transaction, are we not participating by selling?

**Sunil Gala:** So it was deal by Sequoia Capital with an external investor. And they did mention that after a couple of months when they see how it is faring, that time they will decide to further buy. So probably we should receive a call in a few months.

**Amit Khetan:** Got it. So we are open to selling our stake?

**Sunil Gala:** Partly, not fully because we are so excited about the company and the way it is progressing. So we may not think of exiting fully right now, but partly, yes.

**Moderator:** Our next question comes from the line of Rajan Shah, an Individual Investor.

**Rajan Shah:** Sunil bhai, my question was on the facility which we are putting up in UAE. You mentioned that we are putting in about INR30 crores over there, INR30 crores of investment over there. So -- and in the first year, we'll be having operating loss.

So second year onwards, sir, what are we looking at? What kind of exports can we expect from that unit actually in the second year of operation -- second full year of operation? And what kind of profitability we are looking at? That was my first question.

Second was on the K12 Techno thing. Sunil bhai, I would just -- I've been in the markets for more than 37 years. And one thing I would like to suggest is that we hold about 13%, 13.5% stake in K12 Techno. The valuation, assuming that in March, when the next round of funding happens is, let's say, INR7,000 crores, our stake is at about INR900 crores.

Profits, I don't think so will be about INR150 crores or maybe INR100 crores or something like that because last year, I saw -- I mean, there was some loss at the net level and -- INR435 crores of rev.

My point is, sir, we have seen like if you see last 18 months, so many companies got fancy valuations. And today, their stocks are 50% below that top. So my request to the Board is to consider exiting it because if we are getting about INR900 crores, I mean, even on INR7,000 crores of market cap valuation, stock will be at 70x the earnings.

So management should think about this exiting, if not completely at least 50% because we have seen in the last 18 months, all blue-chip companies, small cap, mid-cap, quality companies I'm talking about, I'm not talking about Tom, Dick and Harry companies, I'm talking about really good quality mid-cap. Even a company like Godrej Properties, we saw the stock coming down from INR3,600 to INR1,500. It's more than 50%.

So these are the times when we need to control our urge to make a little more on our investments and exit and make some really fancy profits. So I would urge the Board to consider this because it's only during good times that we get good value. And then when times change, our valuations may come down from INR7,000 to maybe even INR4,500, who knows. So please do think on this. And...

**Sunil Gala:** Rajan bhai, Thanks for the suggestion. But first, I will answer on your first question is that what will be the revenue coming from our UAE operation next year. So basis of our calculation today, it would be between INR50 crores to INR55 crores of revenue with around 8% of EBITDA next year.

And in the subsequent year, that may figure -- FY '29, I'm saying, it will reach around INR90-odd crores with the same facilities and EBITDA would be around 12%. So this is as far as the numbers for UAE operations are concerned.

And your suggestion for K12, we will definitely discuss in the Board, but it is my duty to explain also since you -- everyone are privy to the numbers filed by the company, K12 Techno in ROCE. What one really does not realize in that is every year, they open between 15 to 20 schools as a growth.

And these -- whenever any company opens new school, there are huge losses in the first year. First loss is on account of improvement in the infrastructure that they go to. And second losses are the marketing and sales, whereas the admission numbers are hardly 300, 350 students. Therefore, these schools -- the losses of these schools are adjusted against the profit of other schools. Till the time they continue to expand, this situation will come.

But long-term investors just do not look at 1-year profit or loss. They do look at long-term. And therefore, we are very clear that the day this company stops expansion that profits will zoom to a much better number. And that is the reason of we still holding this stock with us, but we'll discuss this internally and decide right for the shareholders.

**Rajan Shah:** Yes. Sunil bhai, absolutely right. What you said, I do agree 100% with that. In fact, I've gone through K12 Techno, they have about 85 schools, about 53,000 students enrolled actually. I have gone through all the things. But the thing is that, sir, currently, we have 85 schools, and we can really scale this up, and we can scale it up to maybe 200, 250 schools.

But the point is that, sir, yes, the market will give its value, but the point is that as long as we continue to expand because I was reading in that one of the reports -- rating reports by one of the companies, I don't know, CRISIL or CARE Ratings, which had done a study on this K12 techno, they say that about INR10 crores, INR12 crores of expense is incurred in the very first year for every school which they take up.

So my point is that if we keep on scaling up from 85 to maybe 150, 200 schools in the next -- let's say, in the next 5 years, we double, from 85 to, let's say, 170 or 200 schools. That is possible. In that case, we'll continue to keep on building up our losses. And so this will keep on continuing.

So we either need to get some really good big investor who can pump in big money and aggressively scale up and then maybe the market will give it a good value. But we don't need to -- because even last year, INR435 crores of revenue, there was a net loss?

**Sunil Gala:** No, as I said, Rajan bhai, we will discuss this internally in the Board and take appropriate action, which is in benefit to the shareholders.

**Rajan Shah:** Fine. Sir, my last question was on the exports, sir. Do we expect any recovery, I mean, on the exports? How do we plan to cover up on the loss of exports, which is happening in case of U.S. by increasing the sales in the domestic market? Or what is our strategy, sir? Because...

**Sunil Gala:** We need 2 strategies -- Rajan bhai, 2 strategies. One is increasing categories for exports and increasing items within categories. These are the 2 strategies we have adopted for exports to at least continue to achieve a little higher number of volume than the previous year. This year, of course, because of these additional tariff, things really went a little differently than what we were thinking.

And secondly -- second strategy is increasing revenue in the domestic stationery, just not by giving paper stationery, but also adding huge -- rather many categories in non-paper stationery. The process has already started. We have already delivered a couple of categories in the market. And therefore, we believe both things should overall help to grow the stationery business.

**Moderator:** Our next question comes from the line of Praneet, an Individual Investor.

**Praneet:** So I came a little late. Sorry for if I'm repeating any questions. So in terms of our capex plans in stationery, like last quarter and the year before, we had large capex plans for our domestic facility side. Could you explain in terms of -- we started putting up facilities in Dubai, like Middle East, if I'm not wrong. So could you explain how are we changing our overall capacities plan from India to abroad or how are we going to see it?

And in terms of sourcing of our international customers, are they willing to take up from Dubai? Could you give some idea on like how the customers are reacting to it? And how are we changing our plans that we told in the past?

**Sunil Gala:**

Yes. So whatever capex that we were to put in India as far as the machineries are concerned, that we have halted for a while, except the plan that we had already put up last year. And in the current quarter, we have capitalized the same, which is in Southern Gujarat. So except that there are no other expansion plans in India right now. Instead, we have decided to expand in UAE.

Now whether customers have accepted us to deliver from UAE, in fact, they have been suggesting to us for last 2, 3 years to have de-risk our company by de-risking the country. And therefore, we are very sure that once we offer them similar products from any country, they should be happy with. So on customers accepting goods from UAE is not a big question to us today.

**Praneet:**

But in terms of -- I don't know completely, but usually, customers tend to like to look at the new plants and also check out how they're functioning before they start taking up large offtakes, right?

**Sunil Gala:**

But obvious, any new plant, they will have several audits conducted in their plants. Now Navneet fortunately knows what are the requirements of the customer. So it will be audit compliant from day 1. So on that front, we are not at all worried. We have been doing this for the last several years in India and similar things we will have to do there in the new plant also.

**Praneet:**

Understood. And in terms of management bandwidth, who would be taking up the UAE operations for the company and...

**Sunil Gala:**

So the present senior team of Stationery division, manufacturing division, we have deputed a couple of them from India. So most of the senior staff will be going from India who are quite experienced enough with Navneet itself and the lower level staff, we will appoint there.

**Praneet:**

Understood. So -- and in terms of pricing-wise, would it be similar to our India pricing? Or would it be -- are there further savings or the further cost that we pass on to the customer? Could you tell in terms of pricing of the final product and also our margins, how might they change from India operations?

**Sunil Gala:**

So Praneet, margins are -- sorry, the pricing are decided by the customer looking at the international pricing. They just don't look at us country-specific pricing. So accordingly, we believe whatever that they were ready to give it to Navneet India, same sale value, they will give it to us from any other country that we supply from. So on pricing, I think it will be decided by India only, and then it will be supplied from a different country.

And as I -- before you might have come on to the call, I did mention that there will be a little lower margins in UAE operation compared to what we were generating from India. And that is -- main reason is the labor cost would be higher in UAE. And therefore, the margin that we are enjoying from India may not be the same. But reasonably, we will be able to grow as well as generate reasonable margin from there as well.

**Praneet:**

Understood. So would you be -- so in terms of our capacities, what is the maximum potential in India the last year plans exactly? And UAE, I heard that you wanted to take it to INR90

crores by the end of '27, if I'm not wrong. So could you explain how you want the mix to be by '28? What are the plans in terms of management that we see right now?

**Sunil Gala:**

So I should admit here that since we are going to a new country for the first time, we have, as on date, decided to grow our business to INR90 crores. Once we are quite well settled and are satisfied with the operations there, then there is no harm growing there as well further, and it can be before FY '28 also. So we are keeping our finger crossed and to see to it that we operate the plant satisfactorily to Navneet as well as to our customers.

And coming to India operations, the revenue that we were generating -- we generated in FY '25, I think there's a clear-cut plan. There was a plan which we were mentioning about growing 15-odd percent. So that plan still we continue. But depending on this resolve of tariff issue, we'll be able to really perform whether we do that number or a little lesser if tariff is -- tariff issue is cleared by the end of March, then we'll have full year to operate to achieve that number.

**Praneet:**

Got it. So I understand -- but in terms of consumer offtake, I understand that the final consumer is to source from us among many others, right? I was wondering, are they still continuing to take up our orders for the basic levels. So I'm not asking about the incremental sales, I'm talking about the general full year orders or how is customer...

**Sunil Gala:**

Immediately, in the week when the new tariffs were announced, proactively, my team sat in front of them physically and did say that we want to continue this business with you for very, very long. And for that, we did offer them 10% discount.

So overall, for them, if they import from any other country, for them, the incremental cost is around 10%, which they happily agreed to bear that because they also saw that for last 15, 17 years, they are operating with Navneet, and quite happy with the quality and timely delivery. And therefore, they have immediately accepted that they will continue to buy from us.

So on that front also, we are not much worried. And since we continue to sell them maybe at a discount today, once the tariff issue resolves, automatically, the discount will go off, and then we have to just plan for our growth.

**Praneet:**

Understood. And in terms of landed cost, I'm sorry if I'm not familiar with all it. So do we deliver it on the location with freight fare or would it just be just give it to the port and they pay the duties and everything else in terms of the...

**Sunil Gala:**

Our suppliers are always on FOB basis. We never supply on CIF basis.

**Praneet:**

Got it. Understood. So -- and so what kind of impact do you think the discount had in our EBITDA margins for stationery? So I'm trying to understand what can we forecast for the next few quarters?

**Sunil Gala:**

So at present, in exports, we would have done around 4% to 5% EBITDA margin versus 15% that we normally generate in exports. So that is the margin difference between the 2 periods.

**Praneet:** And domestic will be around the 10% mark, right?

**Sunil Gala:** Domestic also, it has come down to 5%, 6%. And reason I did mention that since we are growing our non-paper stationery business, and we have -- there are initial expenses that we are incurring, including the manpower cost for which -- against which we have not yet received the good revenue. So that will impact the margin for a short period.

**Praneet:** So can we expect by '27, we will get back the domestic margins at least or would...

**Sunil Gala:** Yes, yes, yes. We can expect that.

**Praneet:** Understood. Got it. So in terms of gross margin, so domestic -- so with the non-paper stationery coming in, what is the plan of the overall product mix the company would like to ideally have? I understand that offtake might change, but in terms of the company outlook, by '28, what type of mix would you want from non-paper stationery versus paper? And what would that be state the margin?

**Sunil Gala:** Yes. FY '28, if you're asking, then we would like to 20% of our revenue -- domestic revenue to come from non-paper stationery.

**Praneet:** Okay. Got it. And one last question regarding our exports. So I think we wanted to develop our relationship with non-paper stationery exports also. So will our UAE facility also cater to that? Or would it only cater to paper at this point of time?

**Sunil Gala:** At present, only paper. Paper and of course, plastic also, not only paper, but plastic. So these are blended products, plastic and paper mix. So these kind of products would be manufactured in UAE, but not the newer categories that we are planning or developing right now to offer to our customers. All settled categories, we will continue to manufacture in UAE for the first 1.5 years or so.

**Praneet:** And in terms of the RFQs like in terms of new products, that have slowed down? Or are they still continuing and just placed on hold for final conversion? Can you explain that part?

**Sunil Gala:** No. So we have been creating almost on weekly basis and are showcasing it to our end customers. But end customers are a bit confused today what to buy, what not to buy, how much to buy. So most of them have kept their orders on hold for newer products. So there, we have not received though we have been showcasing it to them on a regular basis. So we are just awaiting let this tariff issue gets over, then automatically, everything will start moving.

**Moderator:** Our next question comes from the line of Niraj Mansingka from White Pine Investment Management.

**Niraj Mansingka:** I wanted to know the EU FDA, will it have an impact for us?

**Sunil Gala:** No, Niraj. Basically, even as on today before the new FDA, the paper products were at nil rate only. So there will be no additional benefit that the importer will have. So we are not seeing any additional benefit or a new opportunity from EU.

**Niraj Mansingka:** And this I think paper product, non-paper products like the plastic and the metal based?

**Sunil Gala:** Yes. So stationery, I don't have full clarity on all the categories, what were the rates earlier and what are now. I know of paper and blended product of plastic and paper, those were at 0%. We have not yet planned or understood more. As such the whole division is concerned about our present existing business, so day in and day out, major discussions are on that only. So we have really not focused much on the EU opportunity for other product categories.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Sunil Gala for closing comments. Over to you, sir.

**Sunil Gala:** Thank you once again to each and every one of you to have attended this call. Thank you, Jinesh also for -- on behalf of Prabhudas Lilladher to have helped us managing this conference call. And thank you, everyone of you, once again.

**Moderator:** On behalf of Navneet Education Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

**Sunil Gala:** Thank you.