

November 12, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	REDUCE		REDUCE	
Target Price	119		124	
Sales (Rs. m)	19,080	20,770	19,457	21,173
% Chng.	(1.9)	(1.9)		
EBITDA (Rs. m)	3,095	3,501	3,220	3,637
% Chng.	(3.9)	(3.7)		
EPS (Rs.)	7.7	8.7	8.1	9.2
% Chng.	(5.2)	(5.0)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	17,860	17,530	19,080	20,770
EBITDA (Rs. m)	3,180	2,891	3,095	3,501
Margin (%)	17.8	16.5	16.2	16.9
PAT (Rs. m)	1,397	1,622	1,705	1,930
EPS (Rs.)	6.3	7.3	7.7	8.7
Gr. (%)	(22.1)	16.1	5.1	13.2
DPS (Rs.)	1.5	2.6	2.6	2.6
Yield (%)	1.0	1.8	1.8	1.8
RoE (%)	8.9	8.6	8.5	9.1
RoCE (%)	15.4	11.0	10.7	11.3
EV/Sales (x)	1.9	2.0	1.8	1.7
EV/EBITDA (x)	10.8	11.9	11.2	9.9
PE (x)	23.4	20.2	19.2	17.0
P/BV (x)	1.8	1.7	1.6	1.5

Key Data

NAVN.BO | NELI IN

52-W High / Low	Rs.169 / Rs.127
Sensex / Nifty	84,467 / 25,876
Market Cap	Rs.33bn / \$ 369m
Shares Outstanding	221m
3M Avg. Daily Value	Rs.81.2m

Shareholding Pattern (%)

Promoter's	63.35
Foreign	3.63
Domestic Institution	12.85
Public & Others	20.18
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.8)	2.0	8.9
Relative	(8.0)	(0.5)	1.4

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Exports falter but publication turns the page

Quick Pointers:

- Export stationary revenue declines 22% YoY to Rs1,550mn.

We cut our EPS estimates by ~5% for FY27E/FY28E as we fine-tune our top-line growth assumptions for the stationary segment amid ongoing challenges in both domestic & export markets. NELI IN reported a subdued performance in 2QFY26 with revenues declining 9.1% YoY to Rs2,470mn (PLe Rs2,507mn) primarily due to weak export stationery demand given challenging external environment following levy of tariffs by the US. Additionally, lower realizations in the domestic stationery business driven by correction in paper prices, further weighed on revenue. While gross margin improved to 59.1% (PLe 52.0%) aided by softer raw material costs, NELI IN reported a loss of Rs150mn (PLe loss of Rs194) led by weakness in the stationary business. On positive note, the publication segment grew 10.6% YoY, supported by the initial curriculum change in lower grades. We foresee near-term growth challenges and expect sales CAGR of 5% over FY25-28E with EBITDA margin of 16.5%/16.2%/16.9% in FY26E/FY27E/FY28E. Retain REDUCE with a SoTP-based TP of Rs119 (refer Exhibit 5 for more details).

Revenue decreased by 9.1% YoY: Consolidated revenue declined 9.1% YoY to Rs2,470mn (PLe of Rs2,507mn). Publishing sales improved 10.6% YoY to Rs910mn (PLe Rs864mn) driven by initial curriculum change in lower grades (start of a new NEP-based cycle) while stationery sales declined by 17.5% YoY to Rs1,550mn (PLe Rs1,626mn) due to challenging export environment and drop in paper prices resulting in lower realizations.

GM stood at 59.1%: Gross profit increased 3.2% YoY to Rs1,460mn (PLe Rs1,303mn) with a GM of 59.1% (PLe of 52.0%). GM was better than expected, owing to lower RM costs. Consolidated EBITDA declined 60.8% YoY to Rs10mn (PLe EBITDA loss of Rs95mn). EBITDA was better than our estimates on account of better GM and lower employee cost at Rs700mn (PLe Rs742mn).

Net loss at Rs150mn: Consolidated net loss came in at Rs150mn (PLe loss of Rs194mn) as compared to a net loss of Rs49mn in 2QFY25.

Con-call highlights: **1)** NELI IN is actively working to expand presence in Middle East and European markets, which currently account for ~13% of total exports. **2)** YOUVA reported revenue of Rs380mn/Rs1,540mn in 2QFY26/1HFY26 respectively (domestic stationery), with non-paper products contributing 8–9%/~6% of revenue in 2QFY26/1HFY26, respectively. **3)** Publication revenue is expected to grow by ~14–15% in FY27E. **4)** Paper prices stood at ~Rs65,000/ton as of Sep-end and have been stable for the past 6–7 months. Publication paper cost is expected to rise 6% due to GST changes, while stationery paper may see a 3–4% cost reduction. **5)** Publication EBIT margin is expected to be at 25–26% in FY26E and improve by ~200 bps in FY27E. **6)** ILL reported revenue/loss of Rs35mn/Rs160mn in 1HFY26 respectively. **7)** CBSE currently contributes ~5% of

NELI IN's total publication revenue and is expected to increase to 10–11% over the next 2 years. **8)** ILL's revenue stood at Rs550mn in FY25 and is expected to be at Rs650mn in FY26E. **9)** The possible merger of ILL with NELI IN is expected to provide a financial benefit of around Rs200mn, representing ~25% of ILL's loss of Rs800mn. **10)** K–12 Techno Services, in which NELI IN holds 14.3% stake, is exploring a potential IPO next year at an estimated valuation of around Rs55bn. NELI IN plans to dilute its holding gradually in multiple tranches rather than through a single transaction. **11)** NELI IN has invested Rs750mn in Sports For All (SFA), which is currently facing financial difficulties. **12)** Domestic stationery volumes declined by ~4% on YoY basis in 1HFY26. **13)** For FY26, domestic stationery volumes for paper products are expected to grow 12–15%, while non-paper stationery volumes are projected to double annually over the next 3 years.

Exhibit 1: Q2FY26 Consolidated Result Overview (Rs mn)

Y/e March	Q2FY26	Q2FY25	YoY gr (%)	Q1FY26	QoQ gr (%)	Q2FY26E	% Var	H1FY26	H1FY25	YoY gr (%)
Net Sales	2,470	2,718	(9.1)	7,940	(68.9)	2,507	(1.5)	10,410	10,700	(2.7)
Expenditure										
Raw Materials	1,010	1,304	(22.5)	3,810	(73.5)	1,203	(16.1)	4,820	5,350	(9.9)
% of Net sales	40.9	48.0		48.0		48.0		46.3	50.0	
Personnel	700	670	4.5	760	(7.9)	742	(5.7)	1,460	1,380	5.8
% of Net sales	28.3	24.7		9.6		29.6		14.0	12.9	
Selling, dist & Other Exp	750	719	4.4	1,100	(31.8)	657	14.2	1,850	1,740	6.3
% of Net sales	30.4	26.4		13.9		26.2		17.8	16.3	
Total Expenditure	2,460	2,692	(8.6)	5,670	(56.6)	2,602	(5.4)	8,130	8,470	(4.0)
EBITDA	10	26	(60.8)	2,270	(99.6)	(95)	NM	2,280	2,230	2.2
Margin (%)	0.4	0.9		28.6		NM		21.9	20.8	
Depreciation	180	154	16.6	170	5.9	180	-	350	300	16.7
EBIT	(170)	(129)	NM	2,100	NM	(275)	NM	1,930	1,930	-
Interest	40	39	3.6	60	(33.3)	35	14.3	100	110	(9.1)
Other Income	40	107	(62.8)	80	(50.0)	52	(23.1)	120	180	(33.3)
PBT	(170)	(60)	NM	2,120	NM	(258)	NM	1,950	2,000	(2.5)
Tax	(20)	(12)	NM	550	NM	(65)	NM	530	1,200	(55.8)
Tax Rate (%)	NM	NM		25.9		NM		27.2	13.6	
Share of profit/loss from associates	-	(1)	NM	-		-		-	-	NM
Adjusted PAT	(150)	(49)	NM	1,570	NM	(194)	NM	1,420	1,029	38.1
Extraordinary Income/Exp	-	-	NM	-	NM	-	NM	-	6,610	NM
Reported PAT	(150)	(49)	NM	1,570	NM	(194)	NM	1,420	7,410	(80.8)
EPS	(0.7)	(0.2)	NM	7.1	NM	(0.9)	NM	6.5	4.5	42.3

Source: Company, PL

Exhibit 2: Consolidated stationery business was at break-even in 2QFY26

Y/e March (Rs mn)	Q2FY26	Q2FY25	YoY gr (%)	Q1FY26	QoQ gr (%)
Segment Revenue					
Publishing Content	910	823	10.6	4,220	(78.4)
Stationery Products	1,550	1,879	(17.5)	3,720	(58.3)
Others	20	24	(16.3)	10	100.0
Segment EBIT					
Publishing Content	(70)	(192)	NM	1,700	NM
Stationery Products	-	163	NM	590	NM
Others	10	8	19.0	-	NM
EBIT Margin					
Publishing Content	NM	NM	NM	40.3%	NM
Stationery Products	0.0%	8.7%	(867)bps	15.9%	(1,586)bps
Others	50.0%	35.1%	1,485 bps	0.0%	5,000 bps

Source: Company, PL

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

Particulars	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Publishing revenue	1,331	860	1,036	4,306	729	883	1,012	4,167	811	1,129	1,040	4,190	910
YoY growth	49.5%	-9.0%	16.1%	20.6%	-45.2%	2.7%	-2.3%	-3.2%	11.2%	27.8%	2.7%	0.5%	12.2%
As a % of sales	40.9%	30.9%	28.7%	54.7%	27.7%	34.7%	26.3%	52.6%	30.1%	40.4%	26.7%	53.0%	37.0%
Stationery revenue	1,924	1,924	2,571	3,569	1,899	1,660	2,835	3,752	1,879	1,667	2,850	3,720	1,550
YoY growth	39.0%	37.5%	36.9%	9.9%	-1.3%	-13.7%	10.3%	5.1%	-1.0%	0.4%	0.5%	-0.8%	-17.5%
As a % of sales	59.1%	69.1%	71.3%	45.3%	72.3%	65.3%	73.7%	47.4%	69.9%	59.6%	73.3%	47.0%	63.0%
Total sales	3,255	2,784	3,607	7,874	2,629	2,543	3,847	7,918	2,691	2,796	3,890	7,910	2,460

Source: Company, PL

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

Particulars	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Publishing EBIT margin	23.9%	31.1%	-10.7%	38.6%	-22.5%	6.7%	9.3%	39.3%	-13.8%	15.1%	10.7%	41.1%	0.0%
Stationery EBIT margin	7.5%	3.2%	13.2%	15.2%	8.7%	5.7%	14.3%	17.3%	8.6%	4.6%	12.9%	15.9%	0.6%

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	19,992	90	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				26,292	119	

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	17,860	17,530	19,080	20,770
YoY gr. (%)	2.0	(1.8)	8.8	8.9
Cost of Goods Sold	8,370	8,064	8,968	9,762
Gross Profit	9,490	9,466	10,112	11,008
Margin (%)	53.1	54.0	53.0	53.0
Employee Cost	2,790	2,999	3,239	3,498
Other Expenses	2,370	2,419	2,576	2,742
EBITDA	3,180	2,891	3,095	3,501
YoY gr. (%)	7.7	(9.1)	7.1	13.1
Margin (%)	17.8	16.5	16.2	16.9
Depreciation and Amortization	660	785	869	974
EBIT	2,520	2,106	2,226	2,527
Margin (%)	14.1	12.0	11.7	12.2
Net Interest	190	160	160	160
Other Income	240	230	220	220
Profit Before Tax	2,570	2,176	2,286	2,587
Margin (%)	14.4	12.4	12.0	12.5
Total Tax	1,370	548	576	652
Effective tax rate (%)	53.3	25.2	25.2	25.2
Profit after tax	1,200	1,627	1,710	1,935
Minority interest	450	0	0	0
Share Profit from Associate	(10)	(5)	(5)	(5)
Adjusted PAT	1,397	1,622	1,705	1,930
YoY gr. (%)	(23.8)	16.1	5.1	13.2
Margin (%)	7.8	9.3	8.9	9.3
Extra Ord. Income / (Exp)	6,830	-	-	-
Reported PAT	7,570	1,622	1,705	1,930
YoY gr. (%)	200.9	(78.6)	5.1	13.2
Margin (%)	42.4	9.3	8.9	9.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7,570	1,622	1,705	1,930
Equity Shares O/s (m)	221	221	221	221
EPS (Rs)	6.3	7.3	7.7	8.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	7,629	8,959	9,989	11,019
Tangibles	5,971	7,271	8,271	9,271
Intangibles	1,658	1,688	1,718	1,748
Acc: Dep / Amortization	5,118	6,004	6,977	8,056
Tangibles	3,678	4,463	5,332	6,307
Intangibles	1,440	1,541	1,645	1,749
Net fixed assets	3,225	3,740	3,876	3,913
Tangibles	3,007	3,593	3,802	3,914
Intangibles	218	147	74	(1)
Capital Work In Progress	434	434	434	434
Goodwill	239	239	239	239
Non-Current Investments	7,832	7,851	7,873	7,896
Net Deferred tax assets	(808)	(808)	(808)	(808)
Other Non-Current Assets	612	622	633	645
Current Assets				
Investments	73	73	73	73
Inventories	6,358	6,484	7,318	8,251
Trade receivables	3,475	3,842	4,286	4,666
Cash & Bank Balance	420	1,162	1,133	1,391
Other Current Assets	731	841	967	1,112
Total Assets	23,539	25,450	27,020	28,839
Equity				
Equity Share Capital	442	442	442	442
Other Equity	17,902	18,949	20,078	21,433
Total Network	18,344	19,391	20,521	21,876
Non-Current Liabilities				
Long Term borrowings	575	575	575	575
Provisions	0	0	0	1
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,422	2,192	2,447	2,708
Trade payables	757	720	784	854
Other current liabilities	1,201	1,332	1,455	1,589
Total Equity & Liabilities	23,539	25,449	27,020	28,840

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	9,403	2,176	2,286	2,587
Add. Depreciation	660	785	869	974
Add. Interest	189	160	160	160
Less Financial Other Income	240	230	220	220
Add. Other	(6,978)	(138)	(132)	(132)
Op. profit before WC changes	3,275	2,983	3,183	3,589
Net Changes-WC	263	(519)	(1,231)	(1,267)
Direct tax	(794)	(498)	(526)	(602)
Net cash from Op. activities	2,744	1,965	1,426	1,721
Capital expenditures	(23,229)	(1,229)	(927)	(925)
Interest / Dividend Income	31	138	132	132
Others	24,348	(20)	(21)	(24)
Net Cash from Invt. activities	1,150	(1,110)	(816)	(817)
Issue of share cap. / premium	-	-	-	-
Debt changes	2,537	769	255	261
Dividend paid	(917)	(332)	(575)	(575)
Interest paid	(144)	(160)	(160)	(160)
Others	(5,196)	0	-	-
Net cash from Fin. activities	(3,720)	278	(480)	(474)
Net change in cash	175	1,133	130	430
Free Cash Flow	1,600	736	499	796

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	6.3	7.3	7.7	8.7
CEPS	9.3	10.9	11.6	13.1
BVPS	82.9	87.7	92.8	98.9
FCF	7.2	3.3	2.3	3.6
DPS	1.5	2.6	2.6	2.6
Return Ratio(%)				
RoCE	15.4	11.0	10.7	11.3
ROIC	13.5	11.4	11.5	12.1
RoE	8.9	8.6	8.5	9.1
Balance Sheet				
Net Debt : Equity (x)	0.1	0.1	0.1	0.1
Net Working Capital (Days)	185	200	207	212
Valuation(x)				
PER	23.4	20.2	19.2	17.0
P/B	1.8	1.7	1.6	1.5
P/CEPS	15.9	13.6	12.7	11.3
EV/EBITDA	10.8	11.9	11.2	9.9
EV/Sales	1.9	2.0	1.8	1.7
Dividend Yield (%)	1.0	1.8	1.8	1.8

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	2,823	4,340	7,940	2,470
YoY gr. (%)	9.1	(0.3)	(0.5)	(9.1)
Raw Material Expenses	1,171	1,840	3,810	1,010
Gross Profit	1,652	2,500	4,130	1,460
Margin (%)	58.5	57.6	52.0	59.1
EBITDA	178	790	2,270	10
YoY gr. (%)	340.9	(8.7)	2.7	(60.8)
Margin (%)	6.3	18.2	28.6	0.4
Depreciation / Depletion	170	190	170	180
EBIT	8	600	2,100	(170)
Margin (%)	0.3	13.8	26.4	NA
Net Interest	37	50	60	40
Other Income	24	30	80	40
Profit before Tax	250	550	2,120	(170)
Margin (%)	8.9	12.7	26.7	NA
Total Tax	91	70	550	(20)
Effective tax rate (%)	36.4	12.7	25.9	11.8
Profit after Tax	159	480	1,570	(150)
Minority interest	-	-	-	-
Share Profit from Associates	(1)	-	-	-
Adjusted PAT	(97)	510	1,570	(150)
YoY gr. (%)	(26.2)	6.4	82.6	NA
Margin (%)	(3.4)	11.8	19.8	NA
Extra Ord. Income / (Exp)	255	(30)	-	-
Reported PAT	158	480	1,570	(150)
YoY gr. (%)	(220.6)	0.2	(79.0)	NA
Margin (%)	5.6	11.1	19.8	NA
Other Comprehensive Income	(48)	70	(30)	20
Total Comprehensive Income	110	550	1,540	(130)
Avg. Shares O/s (m)	221	221	221	221
EPS (Rs)	(0.4)	2.3	7.1	(0.7)

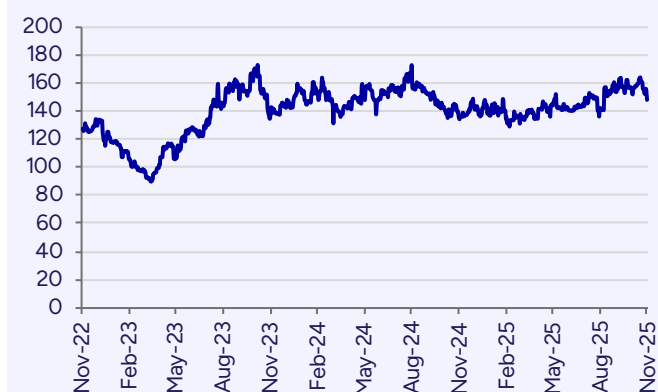
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Segment Revenues				
Publishing	7,115	7,471	8,143	8,876
Stationery	10,141	9,461	10,310	11,237
EBIT				
Publishing	1,809	1,980	2,199	2,397
Stationery	1,255	1,230	1,392	1,517

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	Reduce	124	157
2	09-Aug-25	Hold	136	140
3	07-Jul-25	Hold	145	143
4	21-May-25	Hold	149	145
5	09-Apr-25	Hold	152	136
6	10-Feb-25	Hold	150	140
7	09-Jan-25	Hold	139	140

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apeejay Surrendra Park Hotels	BUY	238	150
2	Chalet Hotels	BUY	1,183	960
3	Delhivery	Accumulate	489	443
4	DOMS Industries	BUY	3,085	2,566
5	Imagicaaworld Entertainment	BUY	73	51
6	Indian Railway Catering and Tourism Corporation	BUY	850	717
7	InterGlobe Aviation	BUY	6,332	5,630
8	Lemon Tree Hotels	Hold	177	167
9	Mahindra Logistics	Accumulate	386	344
10	Navneet Education	Reduce	124	157
11	Nazara Technologies	Hold	252	279
12	PVR Inox	Hold	1,211	1,087
13	S Chand and Company	BUY	291	185
14	Safari Industries (India)	BUY	2,570	2,099
15	Samhi Hotels	BUY	305	202
16	TCI Express	Hold	705	634
17	V.I.P. Industries	Hold	474	430
18	Zee Entertainment Enterprises	BUY	161	109

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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