

February 13, 2019

To,
BSE Limited,
P. J. Towers,
Dalal Street,
Mumbai – 400001
(Scrip Code : 532687)

To,
National Stock Exchange of India Ltd.,
Exchange Plaza,
Bandra Kurla Complex,
Bandra East, Mumbai – 400051
(Scrip Symbol – REPRO)

Dear Sir / Madam,

Sub: Transcript of the Conference Call held on February 11, 2019

Please find enclosed the transcript of the Conference Call conducted by the Company on February 11, 2019.

This is for your information and records.

Thanking you,

Yours faithfully,
For Repro India Limited,



Kajal Damania
Company Secretary & Compliance Officer

Encl: As above



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“Repro India Limited Q3 FY19 Earnings Conference
Call”

February 11, 2019



**MANAGEMENT: DR. PRAMOD KHERA – EXECUTIVE DIRECTOR
MR. MUKESH DHRUVE – FINANCE DIRECTOR**



Repro India Limited
February 11, 2019

Moderator: Ladies and gentlemen, Good day and welcome to the Repro India Limited Q3 FY19 Earnings Conference Call. I now hand the conference over to Mr. Mukesh Dhruve from Repro India Limited. Thank you and over to you, sir.

Mukesh Dhruve: Good evening everybody and welcome to this con-call, the first con-call of 2019. Wishing all of you a happy new year and it has been a great year for all of us. I hand over to my colleague Dr. Pramod Khera. He will take you through the presentation and the financials.

Pramod Khera: Thank you Mukesh. Good evening to all of you. We had a board meeting today and we announced our Quarter-3 results which we have uploaded on the stock exchanges as well as our website plus we also have put up a presentation which hopefully you would have had a chance to look at. So, I will run through the presentation and like always explain to you the progress on the business of our company and the financials of the quarter after which we can take questions from any of you if you have some.

As the presentation says the Quarter-3 and the 9 months' review, we have been moving forward from the consolidation phase to investment which would lead for quantum growth. That's the way we have been progressing. The Books-on-Demand which is our main growth driver today is being driven through the wholly owned subsidiary which earlier was called Repro Knowledge cast Limited which has been rechristened as Repro Books Limited. So Repro Books Limited is the same subsidiary Repro Knowledge cast, 100% owned subsidiary of Repro India Limited in which we do the new business of book distribution and One-Book model.

Slide number 3, the first slide with data on it, talks about the overall strategy that we defined for the company at the beginning of the year. At the beginning of the year, we had said that as far as our e-retail business is concerned, we want to take it from proof of concept to proof of delivery to creating a platform for exponential growth. And how will that happen? Obviously, by focusing on content acquisition and aggregation and also increasing the reach to technology platforms and various channels. That is the track on which we have been moving and on the publishing services front which is our print business, the strategy was to focus on the right customers and to target MNCs, both domestic and global businesses. At the same time, the thrust on reduction of expenses through financial consolidation continued because that is something that should become a way of life in any organization whether we are making profits or we are not making profits but that is something which is very, very important and which is something that we are doing on a regular basis.

With this, let us move on to the next slide which gives the key financial highlights for the 9-month period from April to December 2018 and here we have tried to compare the performance with the same period (April to December) in the year 2017. There has been a growth in all the parameters. Revenues have grown by 38% from 212 crores to 293 crores. The

EBITDA margin, if you exclude the other income, has grown over 4.5 times. It in fact is close to 4.8 times from 5.42 crores to 31.46 crores. PAT has almost doubled from 8.42 to 16.76. In fact, in the 9 months, we have crossed the annual figure of 2017-18. So, this gives us an opportunity to invest for the future; that we have been investing in people, in technology, and the 2 POD facilities that we have been talking of in the last few quarters. That investment is going on as per track.

The next slide compares Quarter-3 of 2018-19 with the same quarter in the previous year which is Quarter-3 of 2017-18. Again, we see a 34% growth in the revenues from 72 crores to 97 crores. EBITDA, without the other income again, has grown 41% from 7.51 crores to 10.58 crores. There is a 73% growth in profit after tax from 3.46 to 6.05. As a result of the financial consolidation and the overall debt levels of the company coming down, the interest costs have reduced from 2.75 crores to 2.19 crores. These are the key financial highlights for the last quarter and for the last 9 months for the financial year.

The next slide gives the progress that we have made on the Repro Books business which is an e-retail business. If you recall, we started in 2016-17. In fact, we started building the business in 2015-16 but 2016-17 was when we really started getting decent revenues and in fact April 2017 we clocked a run rate of 1.5 crores per month. This went up to 7.2 crores per month in a year with April 2018, that was the run rate that we touched, 7.2 crores. End of 6 months when we announced the results in October, we said that we have done over 11 crores per month in fact and now in January 2019 after 3 more months, we are touching almost 13 crores per month. That's the run rate that we have achieved in this business of Repro Books.

The next slide gives you some of the key highlights of this business. We are reaching 14,000 books per day sales and the facility in Bhiwandi is fully operational at the new location and the work on the other 2 facilities in Delhi and Bengaluru, they are as per track. Delhi should get operational by end of this quarter and in the beginning of next financial year, we will start work on Bengaluru and hopefully by the middle of the financial year, we should have that also up and running. We are selling on most of the e-commerce channels, specifically Amazon, Flipkart, and Paytm. We also have taken a big step in the distribution of K-12 books – books to schools – where we reach the books directly to students and along with Amazon, we are creating specific dedicated pages on Amazon for students to log on to and order books in kits for their standards which reach their homes directly. We are working with most of the large publishers in the country. The representative list of publishers is given in this slide, and as you can see, that includes all multinationals as well as some of the large domestic publishers.

If you look at the existing publishing services business, the focus on value added services continues which has led to a better predictability of business and better realization. Also our thrust on exports and our strategy to de-risk ourselves from being too dependent on 1 or 2 regions in the continent, we have opened up new markets in East Africa in the francophone countries. We are getting steady orders from the new territories. Rapples Solution is running in



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the existing schools, and as operations are breaking even month on month, we are not growing, we are not adding any new schools in this business.

A little bit of more detail on the Repro books business follows in the subsequent slides. Basically what we are talking about is that the Indian book market is growing. As per AC Nielsen's study in 2016, it has been growing at over 19 % per annum and changing consumption habits where more and more people are coming onto the internet, they are buying products online. This is causing a disruption in the whole supply chain which we are leveraging upon and this is the disruption which has happened globally and has reached the Indian shores also. So, publishers lead now to put their books on e-stores in India and outside India and we are helping them to do that, as we are helping them to put the entire catalogues so that even books which are not really in print or in stock, they can be sold by us and we print as and when we get the orders in our One-Book facility. That's the book market in India.

The next slide talks about why publishers are finding our model quite attractive, because a lot of the pain areas which a publisher faces in his working are getting addressed through this model. Publishers have faced very high cost, wastages, obsolescence, huge inventories, limited reach, returns, and problems of connections. The model that we have adopted, most of these pain areas are being addressed by us. So, Repro's tech platform is disrupting the publishing process and reaching more and more readers on demand and be able to reach directly to students and the book stores, and we are generating online demand for publishers. So, Repro is driving change by innovating with new-age solutions.

The next slide talks about the benefits that a publisher sees once they start working with us. They don't have any upfront cost, they don't have to maintain inventories, there is no returns that they get, there is no obsolescence, there are no warehousing costs, there are no freights, and zero loss in sales. The idea is to have the infrastructure in place for optimum pricing and the ability to really reach a book to any reader in the country in the fastest possible time. For that, we need to have print-on-demand facilities distributed across the country. In that direction, we are now opening up facilities in Delhi and Bengaluru. We also have other services which are publishing services businesses offering to the publishers so that the publisher gets a comprehensive solution from Repro.

We have invested in relationships with publishers, with online channels, and with Ingram which is driving the growth for our business. Our business in the 9 months of the current financial year has grown almost 3 times compared to the same period (9 months last year). We also have now started aggregating titles from publishers and giving them to Ingram for global distribution. The model that we had envisaged 3 years back when we started on this business is now firmly in place, and going forward, we see the growth rate that we have been showing, similar sort of growth rates we expect to achieve.

The next slide talks about the school market. I mentioned about this. We aggregate the books from publishers, the recommended selected books are listed on Amazon school specific pages. order is placed by a student, and student receives the kit at home, which brings in a lot of convenience to the parents and to the students and no hassles of logistics and infrastructure for the schools. This is bringing a lot of convenience to the students and to the parents.

That completes my presentation on the business front. One more slide I have on some of the financial highlights. We closed the quarter with a very healthy order book for the coming month which is around 83 crores which will get executed in the next 3 to 6 months. Our debt to equity ratio is very healthy, it is just 0.42. In fact, the long-term debt to equity ratio is only 0.17. Debtors are under control. The debtor days is 92 and which is well within the industry standards. We had typically 90 to 120 days of credit is given to the publishers by any printer. The small chart at the bottom of the slide shows how our business is moving. If you compare the 9 months of this financial year with 9 months of the last financial year, you can see the composition of the business is changing. The Repro Books which was 20% last year had become 34%, i.e., one-third of the business of our company now comes from Repro Books and this is going to increase as we go along as our Repro Books business grows.

That brings me to the last slide which is the one page result which we have published where for the quarter, we are talking about a total income of 96.89 crores and EBITDA of 10.78 crores. PBT of 4.93, and PAT of 6.05. This is the performance that we have posted, and that brings me to the end of the presentation, and now I will handover for all of you to come up with any questions if you have on the results that we have announced. Thank you so much.

Moderator: We will now begin the question and answer session. We have the first question from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: I just wanted to check on the Books-on-Demand side. If you see the trajectory of growth on a QoQ basis, I think the growth has declined a bit. In this quarter, I think we have done close to 36.65 crores of business in the Books-on-Demand side and last quarter it was 34.91 crores. Compared to the earlier quarter, the growth on a QoQ basis seems to have declined a bit. If you can walk us through what were the reasons for this?

Pramod Khara: If you see the way the whole e-commerce business is moving in India, our growth is coming purely entirely from the online and last quarter there was some shift in the model that Amazon has adopted and because of which the growth has been there and we although the issues are now getting addressed with the new policy documents also which have been released on e-commerce, and with our new plants coming up in Delhi and Bengaluru, we should see a much, much higher growth going forward.

Ankit Gupta: Was this primarily related to the policy issues which were for the online channels? Any other reasoning is there for this slow growth in this quarter?

- Pramod Khera:** Like I said, these are more external related based upon some of the decisions taken by Flipkart and Amazon in fine-tuning their models and which have now stabilized.
- Ankit Gupta:** Okay, so do we expect the growth that we are seeing in earlier quarters will come back?
- Pramod Khera:** Yes, we are very, very confident of that.
- Ankit Gupta:** Secondly, on the margins front, I think we have broken even at the EBITDA level on Books-on-Demand side. If we consider finance and depreciation, we are still making a small loss in that. When do we expect that we will break even on PAT front?
- Pramod Khera:** Right now, our focus is on growing the business and not so much on the bottom line. In fact, we are investing for growth and when we are investing in the facility in Delhi and Bengaluru, obviously our expenses are going to increase and so we are not expecting too much of a growth. As far as the profitability is concerned, our focus is to grow the business and with these 2 new facilities, we will see a quantum jump in our business.
- Ankit Gupta:** What will be the capacity utilization of our existing plants in Q3. Were they also facing some capacity constraints?
- Pramod Khera:** We are not facing capacity constraints in Mumbai. We have enhanced the capacity because of which we are currently operating at around 40% to 45% of the capacity utilization. We can easily go up to 60% because the remaining we have to keep for sudden spikes, etc. By that time, our Delhi facility will come up which will add to the capacity.
- Moderator:** The next question is from the line of Ram Prakash Srinivasan, individual investor. Please go ahead.
- Ram Prakash Srinivasan:** Congratulations on a good set of results. What I would like to know is that what is the kind of competition you are facing. On the Books-on-Demand, anything from India which you anticipate and anything abroad which you think is of something that is to be tackled in that?
- Pramod Khera:** Competition today is from sellers who are selling the books and they acquire printed stock from the publishers. They are competing with us. There is nobody who is doing the one book printing the way we are doing it. That is the differentiator as far as we are concerned vis-a-vis the other players in the market. Because of our One-Book model, we are able to sell a large number of titles which otherwise are out of print and other sellers cannot sell because they don't have the stocks, and whatever books we are selling they are always in stock because we never go out of stock whereas the other competitors face a lot of stock out situations with the loose sales. That is the traditional model which everybody is adopting and there is nobody who has come up with the type of model that we have implemented.
- Ram Prakash Srinivasan:** The case for Books-on-Demand even outside of India globally or is only the case in India?

Pramod Khera: Outside also if you see, this is the same model which has been adopted by Ingram and by Amazon where the titles which are listed and being sold. When the orders come, they are printed and they will supply to the customer within 24 hours. The same model is being implemented by us in India also.

Ram Prakash Srinivasan: In that way, is that Ingram and Amazon also a kind of competitors as such because they have their own publishing BOD departments? Am I understanding it correctly?

Pramod Khera: For Ingram, we are working with them. We are their global connect partners. For India, we are their partners. In fact it is not a competition at all. We are working together and we are getting international titles from them to sell in India and we are giving them Indian titles to sell outside India. As far as Amazon is concerned, it is a marketplace model in India. We are using the platform of Amazon again to sell in the country.

Ram Prakash Srinivasan: There is a government directive which prohibits online marketplaces to sell affiliate products. This is the kind of information I am getting on news. What is it? Is it going to affect our partnership with Amazon in any way?

Pramod Khera: No, it does not, because we are an independent seller. We don't have any relationship with Amazon, so we are free to sell on any platform.

Ram Prakash Srinivasan: So, right now, I am assuming that only 1 BOD center and two are being developed.

Pramod Khera: That's right. Correct.

Moderator: The next question is from the line of Anil Mishra, individual investor. Please go ahead.

Anil Mishra: Congratulations for good set of numbers. Repro is not paying dividends for the last few years. Should we expect that in near future Repro will start paying dividends because results are improving?

Pramod Khera: The dividend decision is obviously taken by the board and so I am not somebody who can comment on that, and looking at the requirements of the company in terms of investment that needs to be made for growth for the business and the free cash available, the board will decide at the end of the year whether to give a dividend or not.

Moderator: The next question is from the line of Ashwin H from A&S Investments. Please go ahead.

Ashwin H: Congrats once again Mr. Khera. I had a few questions. Let me start with your revenues. If I just break up the revenues based on the percentages that you have given, the exports plus domestic which I guess is your non Books-on-Demand revenue. That has only marginally increased in the last 9 months over the previous 9 months. Can you talk a little bit about the

scenario here and how you think that non Books-on-Demand business will pan out over the next year and how, if any, you are shifting your focus?

Pramod Khera: Our stated strategy is that in our existing business, we are not going to invest and we are not going to grow that. There whatever capacities that we have, we are using those and our strategy there is to work more and more with strategic publishers, more of MNCs and global publishers so that we get steady monies collection and a better realization. That is the strategy as far as the existing business is concerned. So, that is not going to grow in the coming years. The thrust is ongoing the Books-on-Demand business.

Ashwin H: The reason I was asking this is if I look at your closing order book, quarter on quarter it has been only improving. I think it was 47 at end of June and then at end of last quarter it was a 73 and now it is 83. And against those order books, if I look at the revenues which you have booked possibly for this quarter, it was in the 60-65 crore mark.

- 1) Is the order book only in terms of the traditional business?
- 2) If yes, what is the typical duration of execution of this order book?
- 3) Linked to the same in the context of increasing order book size, why is it not materializing in a proportionate increase in sales?

Pramod Khera: Like I said, our strategy has been to work more and more with a limited number of customers and to partner them at a strategic level. Earlier while we used to get one-off orders from publishers and we used to print for hundreds of publishers, now we have reduced the number of publishers that we work with and we entered into long-term contracts with them where you get a better visibility of the business that we can get over a period of a year. So, 83 crores of opening order book when you say, that will not be executed in the next 3 months. That will continue in the next quarter or the part of it will get executed in the next quarter also because the whole idea here is like I said better visibility and better realization. That is what our focus is and which we are achieving. As you can see in the results, we are showing a better EBITDA and our revenues are up and steady quarter on quarter.

Ashwin H: So, essentially you are substituting volatile revenues with more steady and predictable revenues?

Pramod Khera: Exactly.

Ashwin H: On the Books-on-Demand business, I guess the current run rate is 14,000. What is the maximum run rate possible on a per day basis? In a way, I am guessing it is some proxy for capacity utilization that I am looking at and the related question is once all your capacity addition is in place including what will happen in the middle of next year, what would that maximum possible run rate be?

- Pramod Khera:** I would like to answer this question in a different manner. Currently, almost 1.25 lakh books are being sold per day online. And we are selling around 13,000-14,000 which is around more than 10% of share we have.
- Ashwin H:** When you say 1.25, is it only Amazon or any online avenues?
- Pramod Khera:** All online channels put together. And year on year, it is growing because with more and more internet users coming on board and more people buying online, that is growing. As far as we are concerned, today when we are just selling online, we are not utilizing any offline channels for distribution, that is the market we are trying to address. As we go along, obviously we will open up many more channels for distribution which could include offline channels also but currently this is what we are doing and looking at the capacities that we have in place, we should be able to really grow and capture a very large share of the online sales market.
- Ashwin H:** I was looking more from a production perspective. You are selling 14,000. What is the limit to production today and what will it be once all your capacity is in place?
- Pramod Khera:** The entire 14,000 is not being printed on One Book because based on the visibility of sales and with the help of Amazon and Flipkart, we get demand estimates for the next 1 week, next 15 days, next 1 month. We are able to predict the sales, so we are able to print in advance either in offset or in digital and keep the books with us so that our capacities for One Book don't get exhausted.
- Ashwin H:** So, basically you are building a short-term inventory in some cases and some of them you are kind of doing it on a One Book basis. Now in terms of One Book, what is the current capacity and what would it be somewhere down the line?
- Pramod Khera:** Right now, in Bhiwandi, we have capacity of doing 12,000 books per day on One Book.
- Ashwin H:** And after complete expansion?
- Pramod Khera:** With Delhi and Bengaluru, it will go up to 20,000.
- Moderator:** The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.
- Dhwanil Desai:** I have a question regarding the ramp up of our title listed from Ingram if you can give that number and also in our overall Books-on-Demand business, what contribution is coming from Ingram titles if you can talk about it?
- Pramod Khera:** Ingram we are getting titles from them and currently we have listed more than 5 million titles from Ingram. Many of these titles are not yet known in the Indian market. So, we have to do some promotions to increase the visibility and making people aware that these books are now

- available in India. Currently, in terms of value, we are doing around 15% to 20% of sales from the Ingram books.
- Dhwanil Desai:** The 20% of overall number vis-a-vis 5 million titles, the ratio is quite skewed. What is it that can be done to leverage this more to increase that percentage or the rate of growth in overall revenue terms?
- Pramod Khera:** Like I said, one is to improve the discoverability of the titles that we have and that can happen through promotions and marketing efforts and also getting more relevant titles from Ingram which are more relevant for the Indian market, and we are working on that.
- Dhwanil Desai:** Second question is on the recent changes in the norms for the online marketplace. Has it in any way impacted us in terms of our business model per se? I think you said in your commentary that maybe there was a slight slowdown because of the change in business model, but if it is like any structural change in the way we used to do business with these online marketplaces which have changed and which may have a permanent impact on our economics going forward? Anything related to that?
- Pramod Khera:** Like I said, as far as we are concerned and our operations are concerned, we are not impacted because we don't have any relationship with any of these Amazon or Flipkart channels. However, in terms of competition, some of the competitors who had investment from Amazon and Flipkart, they will not be able to compete with us because they will not be able to sell which should be in the long run a positive for us.
- Dhwanil Desai:** Lastly, I think you mentioned in the initial remarks that this quarter started kind of giving titles from Indian authors to the Ingram to sell in the outside market which was again one of the objectives was having a 2-way relationship with Ingram. How large this can be? Can this be equivalent to maybe 25% to 30% of what they are by selling Ingram titles in India? Any idea about the scale of that opportunity?
- Pramod Khera:** Actually, to be honest, we don't know. We have just started and the large Indian diaspora which is there in the United States, in Europe, and in Australia; with our little experiment whatever we have done, we have found that they are buying books from Indian authors and Indian publishers. Currently they are not available in those markets. So, it is very difficult to really peg what could be the demand, but we are very, very hopeful that this would become pretty substantial in the coming months.
- Dhwanil Desai:** But in this model too, the printing part is taken care of by yourself or it's like again One Book on the Ingram side is taking care of the printing part?
- Pramod Khera:** Correct, the latter one, that means we give the files and the Ingram's One Book facilities, they print as and when they get the orders.

- Dhwanil Desai:** This is exactly the reverse of what we are doing in India?
- Pramod Khera:** Right.
- Moderator:** The next question is from the line of Abhas Gupta, individual investor. Please go ahead.
- Abhas Gupta:** My question is actually related to an earlier comment you made, again, on the slowdown in revenue in the December quarter because of the policy impact. If I remember correctly, the policy announcement actually came in the last week of December, right? So just wanted to get more clarity on what exactly you meant?
- Pramod Khera:** I did not say that the impact was of the policy. The policy in fact came in January, not in the last quarter, but there were certain structural changes which Amazon was implementing in their operations, like for example their own fulfillment centers, they were moving towards fulfillment centers which are operated by third-party logistics partners, and they had some initial teething problems in streamlining the operations which resulted in a slowdown in sales for most of the sellers on Amazon. It was something which was a result of some of the changes which Amazon was implementing in their process.
- Abhas Gupta:** In essence, is it fair to assume that the March quarter will have an impact because of the January numbers?
- Pramod Khera:** This quarter obviously we are seeing a much better quarter than the previous quarter. Once of course Delhi becomes operational which should happen by end of this quarter in the month of April, we should see a good jump in the revenues.
- Abhas Gupta:** On a similar note, there are no issues with respective fulfillment, right? Because as part of the policy, I think that there is some restriction on fulfillment done by marketplaces, and I understand that most of your fulfillment happens through Amazon or Flipkart. It is more of a question?
- Pramod Khera:** What you have read is in terms of the reaching of products to customers is taking more time but that is for the products which were being sold by the entities in which Amazon had a stake because those entities went off the site and so the other sellers had to sell and then Amazon had to again gear up to pick up the stocks and to sell it. That's why it is taking more time. That is just, I think, a passing phenomenon. Amazon and Flipkart will be able to address that very soon.
- Abhas Gupta:** So, no issues from a fulfillment point?
- Pramod Khera:** Yeah.
- Moderator:** The next question is from the line of Jaiheel Jhaveri from JNJ Holdings. Please go ahead.

- Jaineel Jhaveri:** I just wanted to know that as a company, we are not paying any tax right now and when will we start paying tax?
- Mukesh Dhruve:** Currently, as per the Income-tax Act, we have depreciation in the past net credits available to us, but we will start paying taxes from 2020.
- Jaineel Jhaveri:** So, next year also you won't be paying taxes?
- Mukesh Dhruve:** Yes.
- Jaineel Jhaveri:** Is there some kind of granularity in terms of demand as to what locations... you said 1.25 lakh books are sold every day. Do we have any kind of breakup as to how much is it in the North like Delhi region; how much is in the West, Mumbai region, and South, Bengaluru. That kind of a breakup do we have approximately also?
- Pramod Khera:** Yeah, we have that, and we get the figures from Amazon and Flipkart. These 3 markets which is the North, South, and West, they constitute more than 80% of the market in the country and the balance around 15% to 20% is from the East, and out of these 3 regions also. I think North and South are more or less equal followed by the West.
- Jaineel Jhaveri:** So, North would be approximately how much? Are they all 20-20% each or...?
- Pramod Khera:** No, North and South would be close to 30, slightly less than 30. So, both put together would be 55, Mumbai would be around 25, and 20 would be Kolkata, East. But again, the figures vary for Flipkart and for Amazon. Flipkart is stronger in the East.
- Jaineel Jhaveri:** So, that's why you are anticipating higher growth once we have a center in the North?
- Pramod Khera:** Correct, the North is a big market.
- Jaineel Jhaveri:** North and South, that means for Bengaluru and for Delhi, we are targeting 55% of the market now?
- Pramod Khera:** And West we are already there. So, we would cover 75% to 80% of the market once we have all the three operational.
- Jaineel Jhaveri:** And there also, you would have the same kind of low-hanging fruit that you have been seeing in Mumbai and stuff, you would start getting those also which we are missing up until this point of time?
- Pramod Khera:** That is right because today when I am selling a book from Mumbai and somebody is selling the book from Delhi and the price is same and all other parameters are same, the person who is selling from Delhi for a customer in Delhi, he gets the order, not we.

- Moderator:** The next question is from the line of Ram Prakash Srinivasan, individual investor. Please go ahead.
- Ram Prakash Srinivasan:** Regarding the demand, we have around 22 official Indian languages. Is that for tapping even those languages like your Hindi, Marathi, Telugu, Tamil, and so on?
- Pramod Khera:** Yeah. In fact, we are selling a lot of books which are Marathi books, we are selling Malayalam books, Telugu books, and Bengali books also. As far as our One-Book facility is concerned, machine is agnostic on the language because we just take a copy and print it. So, we can print any language book.
- Moderator:** The next question is from the line of Anirubh Shetty from Solidarity. Please go ahead.
- Anirubh Shetty:** My question is regarding the expansion that you are planning to do. What would be the total Capex amount that we have put in or now putting in and what is the peak approximate revenue potential in rupees crores terms?
- Pramod Khera:** In terms of Capex, it is around 25 to 30 crores. Revenue is difficult to say right now because it is a mix of a lot of things, not just the capacity that we are putting into place because we are also doing a lot of pre-printing and stocking of books. So, it all depends. While our capacity would go up for printing One Book, it's a question of how we are able to address the demand for the books, how we are able to predict and maybe print in advance and capture a larger market share. So it is a combination of a lot of other variables.
- Anirubh Shetty:** Okay. But just say if someone had to work on a first principal basis with the average price per book and multiply that by 20,000, based on your historical experience, what has been the average realization per book?
- Pramod Khera:** What I am saying is when our capacity goes up to 20,000 books, like for example today I am doing around 3500 to 4000 books on One Book whereas I am selling 14,000 books. So, when my capacity goes up to 20,000, I will be selling much more books than 20,000. I won't be selling just 20,000 books. So, that's why I am saying it is difficult to predict revenues. There will be a lot of other factors like how we are able to address the overall demand in the market and how we are able to replicate into different locations. So, there are a lot of factors involved in that.
- Anirubh Shetty:** And just to get a sense of what the unit economics of the business are in the Books-on-Demand space? Vis-a-vis traditional, how would you say the margins and the working capital days are? Are they less intensive and higher margins?
- Pramod Khera:** As far as working capital is concerned, when we sell online, we get paid by the channels within a day or within 3 days depending on which channel it is, and then we have to pay the

publishers which we consolidate the monthly sales and pay at the end of the month. So, working capital is only the paper that we buy, that's all, for printing.

Anirubh Shetty: Negative working capital?

Pramod Khera: Yeah.

Anirubh Shetty: And on the margin side?

Pramod Khera: Margins, again, I would not like to really get into specifics over here because the whole business currently, like I said, we are in a stage where we are growing the business. And for growing the business, to capture larger market share, we have to compete with the existing players, we have to match prices, we have to give discounts to customers, to readers, to the people who are buying the books. And so, again, there are a lot of factors which determine the margins. It is not just the printing. It is the entire distribution game. So, once the business stabilizes, I think 12 or 18 months down the line, then we will be able to get a better fix on and we will be able to put an Excel-based model around it. Today it is a bit difficult.

Moderator: The next question is from the line of Gulshan Patni, individual investor. Please go ahead.

Gulshan Patni: What is your consolidated debt right now?

Pramod Khera: Total debt is 126-127.

Gulshan Patni: Has there been an increase in that or has there been a reduction compared to the previous quarter, Quarter-2?

Pramod Khera: There has been an increase in short-term debt because of the business that we have executed.

Gulshan Patni: And in Quarter-3 of previous year, what was the debt level?

Mukesh Dhruve: It was almost similar. I don't have the exact numbers. It was much higher. I will just try to give you that. But the long-term from almost 45 crores has come down to 40 crores, and the working capital has gone up from 54 crores to about 87 crores for the current quarter.

Gulshan Patni: Compared to Quarter-3?

Mukesh Dhruve: I will just get those numbers; I don't have it off the cuff with me.

Gulshan Patni: You have said that you will be profitable in the next 12 to 18 months or you will guide the profitable growth in the next year or so. So, what kind of margins you can clock?

- Pramod Khera:** Like I said, at this stage, I would not like to venture into that question because in the next 12 to 18 months, my focus is to grow the business and once we reach a particular scale where we are able to really capture a large market share, that's the time when we will be able to really come up with some sort of a guidance on the margins.
- Gulshan Patni:** What kind of market share you are targeting?
- Pramod Khera:** Again, like I said, on the online space, we are currently around 10% of the market share. We want to be the largest online seller and we also want to start selling in the offline space. We are quite ambitious but let us see.
- Gulshan Patni:** Going forward, will there be a reduction in that?
- Pramod Khera:** As of now, yes, I mean, depending upon the positive cash flow that we have, but it also depends on how soon we go in for more expansion. In the current year, I don't see too much of expansion with it.
- Gulshan Patni:** It will be at the same levels?
- Pramod Khera:** Similar levels or even lower.
- Gulshan Patni:** And the previous year's debt numbers?
- Mukesh Dhruve:** I think it was around 140 crores.
- Gulshan Patni:** There has been a 10% reduction in debt levels compared to previous year?
- Mukesh Dhruve:** Yes, that's correct.
- Gulshan Patni:** And interest cost has gone down 20%?
- Mukesh Dhruve:** Interest cost has gone down by 20%, that's correct.
- Moderator:** The next question is from the line of Ashwin H from A&S Investments. Please go ahead.
- Ashwin H:** You had, in your opening remarks, if I heard you right, talked about some new business of supplying school textbooks. Is this something over and above the Books-on-Demand business? Can you talk a bit about this? What is the model here?
- Pramod Khera:** This is part of the books business only, the Repro Books-on-Demand. The only thing is here we are specifically targeting the school children. We approach schools and we get from the schools what are the books that they have finalized for their students for each standard and then we procure those books from publishers or we get them printed or whatever and we

- prepare kits for the students so that the students are able to just go online, go to their standard, which school standard and order the full kit for 1 lump sum amount and the kit gets delivered to the home. It is the same online selling business but tailored to the requirements of school students.
- Ashwin H:** You expect to launch it in the next 3 months because I think 3 or 4 months is when school holidays start, etc., right? So, when do you expect to launch this?
- Pramod Khera:** We had dabbled in it in the last financial year also but in a small way to understand the market and so this academic year, the sales should start by end of this quarter and will go on till June-July.
- Ashwin H:** This is more out of curiosity; you were talking to another participant and also me about how One Book printing capacity is different from your total ability to supply books. If you were to assume 100% predictability, then let us say your One Book capacity is 20,000, then what is the theoretical maximum number of books that you can print assuming you can keep on piling inventories?
- Pramod Khera:** We have much more capacity on the offset side and digital printing side which we used for doing pre-printing. So, we can print up to a million books per day, there is no limit.
- Ashwin H:** Okay, it's at another facility altogether, it's not the same facility where you build up the inventories?
- Pramod Khera:** Right.
- Moderator:** As there are no questions, I now hand the conference over to Mr. Mukesh Dhanve for closing comments.
- Pramod Khera:** Thanks all of you for participating and making this exchange so interesting and I hope to see you all in the next quarter again.
- Moderator:** On behalf of Repro India Limited, we conclude this conference. Thank you for joining us and you may now disconnect your lines.