

August 1, 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 July 30, 2019

Please find enclosed the transcript of the Conference Call conducted by the Company on July 30, 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 Q1 FY’20 Earnings Conference Call”

July 30, 2019



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



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Moderator: Ladies and gentlemen, good day and welcome to the Repro India Limited Q1 FY'20 Earnings Conference Call. As a reminder, all participant' lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing "*" and then "0" on your touchtone telephone. I now hand the conference over to Mr. Mukesh Dhruve and Dr. Pramod Khera. Thank you and over to you, sir.

Dr. Pramod Khera: Good evening, everyone. This is Pramod Khera here and welcome to the conference call at the end of Q1 results for the year 2019-20. We have uploaded the 'Results' and the 'Presentation' on to our website which I hope all of you would have been able to access. I will run through the presentation and then after that if there are any questions, we will take the questions.

So, starting off, since this is the beginning of the new financial year'19-20 the first quarter, we have outlined our strategy for the full year. The first slide talks about the key strategies that we have in place for the financial year. As far as E-Retail is concerned, we are looking at aggressive growth during this year and this aggressive growth will be driven primarily one by relevant Content Acquisition we are going quite aggressive in acquiring more and more content on the domestic as well as international publishers. And Replication of the POD facilities in the North and South of India. This should result in higher sales conversion as we go along and you will see the impact of this in the coming quarters. We are also working with some of the key publishers to enter into strategic relationships so that we work very closely with them to enhance our market share of the sales of books from these publishers. So, there is a three-pronged strategy that we have for achieving good growth on the E-Retail business.

Apart from that, of course, we are also looking at improving the overall operational efficiencies for E-Retail business with the higher scale that we are achieving and also multi-localational POD set up that we are going to have, we have to strengthen our IT Systems so we are investing quite a bit in strengthening the IT backbone plus since now we are investing in the POD facilities in Delhi and in the South, we are looking at the finishing equipment which would have a broader capability to service newer segments like STM, International and Children books.

So, this is as far the E-Retail business is concerned. On the Publishing Services side, our strategy has remained the same. We are focusing on MNC both in domestic and global business and offering full service to the clients. Apart from the countries that we operate in that is primarily African and Asian we are also looking at expanding ourselves in the UK, US and Europe to offering them publishing services. So, these are the strategies for '19-20.

Now, coming to the current quarter, the next slide, gives the key financial highlights for this quarter: As compared to the same quarter the previous year, we have seen a growth of around 10-11% in the revenues; revenue is Rs.107 crores now compared to Rs.96.88 crores last year same quarter. But more important is that there has been a growth in EBITDA and the profit



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before tax; EBITDA is Rs.13.26 crores vis-à-vis Rs.10.58 crores which is actually 25% growth and the PBT has grown by 44% from Rs.4 crores to Rs.5.77 crores. The debt has come down from Rs.124 crores to Rs.89.65 crores over the last one year; Q1 2018-19 it was Rs.124 crores and Q1 2019-20 down to Rs.89.65 crores and the long-term debt has come down quite substantially because long-term debt-equity ratio is down to 0.1 compared to 0.22 last year. These are the key financial highlights of the results that we have announced today for Q1 2019-20.

Next slide is where we are showing the progress of the E-Retail business. As we have been saying over the last few quarters, our focus now is to ensure that we grow the (POD) Print on Demand business, more and more book we would like to sell from POD and that is being seen in the results for the last four quarters. If you look at the two graphs that I have shown the blue line at the bottom, that shows in the last Q1 2019-20 our overall revenues have gone up to Rs.9.85 crores compared to Rs.8.23 crores in the previous quarter and Rs.6.41 crores in the quarter before that and Rs.5.67 crores in Q2 of last year, Q1 over last quarter of the previous year we have grown by 20%. So, a steady growth. You can also see that the overall revenues from E-Retail directly that we are getting sale on Amazon, Flipkart, have remained more or less constant in the range of 25, 26 crores. That is because we are not really going the E-Retail business unique stock that we pick up from the publishers. Since this business is not very lucrative in terms of the contribution to the bottom line, our focus is to grow more and more the POD business. Though overall the total E-Retail sales if you combine everything, all the components of the retail, it has grown from Rs.29.22 crores in the previous quarter to Rs.32.73 crores in the current quarter. So, the run rate now is around Rs.33 crores per quarter and as we go along this should see an increase in the coming quarters in the current financial year. So, this is very broadly the summary as far as E-Retail business is concerned.

Then moving on to the next slide, we have shown in the next few slides some of the pictures from the current and the proposed facilities. So, the current facility at Bhiwandi, this gives a bird's eye view of the operations.

The next slide is again another view of the same facility; this is the packing and dispatch section at Bhiwandi where we pack the books and we ship them out to Amazon, Flipkart, etc.,

The next slide shows the Delhi facility. This is just outside view. This facility has come up now and we will start contributing to the revenues from the month of August, from this quarter onwards. This North India facility is actually outside Delhi near Manesar on the Gurgaon Jaipur Highway. And by end of this quarter this should be fully up and running though it will start contributing the effect from the month of August to the POD revenue. And South India by end of this current financial year, that also should be up and running. So, these are the two facilities in which we are investing currently.



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The next slide basically we have the tie up with Ingram, we are the Global Connect Partner for India. And that is giving us good traction on the ground and simultaneously we also have reverse arrangement with Ingram whereby we give titles from India to Ingram for global distribution. Even that is gaining traction as more and more titles are being given for different publishers to Ingram for selling outside India.

Currently, we are catering to broadly four segments – one is the Trade Books, then Test Prep segments, Academic and International Books. Like I said, as we go along, we are going to add one or two more segments; children segment and medical books, etc., so that it will cover a larger variety of books and we expand our reach to the different segments and different publishers.

Content Acquisition like I mentioned is something that is a focus this year and we are acquiring more and more titles and more and more publishers and they are coming from the POD side of a business.

Our relationships with Amazon, Flipkart, Paytm, Snapdeal, these are helping us to reach more and more customers right from tier-1 to tier-2 to tier-3 cities. Some of these e-commerce channels are stronger in tiers, some are stronger in towns and cities and some are stronger in the metros. So, we are covering through these channels most of the relevant part of the markets of the country.

The next slide is just a reiteration of our strategy for the Publishing Services business. There we are looking at doing business with strategic customers so that it leads to better predictability of the business and better realization. Focus is on MNC, that continues. In India there are 60 key clients which are contributing to majority of the business. And exports business also is continuing and there we are doing business with multinationals or with publishers where we are getting secured business so that we do not end up into any payment related issues as far as our collections.

Just to reiterate our strategy and our positioning as far as E-Retail is concerned, the next few slides talk about that. So, at Repro, we are basically an aggregator. We are aggregating books and we have created a Tech Platform for book aggregation. This is similar to different models which exist in different industries like hotels and like transport, etc., So, in the books category, ours is a model which is asset light model because we are not actually owning the content, we are just aggregating the content and will be disseminating it without keeping any inventories as and when we get the order, we print and we supply to the customers. So, that is the business model that we have in our E-Retail business.

The next slide is again reiterating the same thing where we are talking about the Tech Platform that we have created, that is disrupting the publishing process and reaching more readers on-demand, books on demand, anytime, anywhere is our proposition.



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The next slide again is talking about the changing retail consumption habits. So, more and more buyers are moving online and this is a trend which has been seen globally and this is also being witnessed in our own country as internet penetration is increasing and more and more people are getting comfortable shopping online, we are seeing a lot of books, retail also moving online and we are well-positioned to take full advantage of this transition which is happening in the whole sales process in the book publishing industry.

The next slide talks about the Indian Books Market which is around \$6 billion growing at around 19% YoY. This is as per the AC Nielsen Study. However, the industry is highly unorganized and publishers face challenges in terms of obsolescence, inventory pile up. So, the traditional method of distribution give a limited reach, issue of returns and collections and our model which is highlighted in the next slide where an online customer goes to a retail website, he or she buys a book, the order gets processed, we have the files in our content repository, we are getting the file from the publisher, so this content repository from there we pick up the file, we do a print-on-demand and the book gets printed, comes to warehouse somewhere it gets picked up by the eCommerce companies. Based upon the sale that we do, the royalty goes back to the publishers. As far as publisher is concerned, this is a model whereby the publisher has zero inventory, zero returns, zero obsolescence and zero wastage. This is what our model is contributing to disrupting the existing supply chain the way it is structured today and this model is appealing to the publishers and more and more publishers are coming onboard and joining our POD platform.

The last slide here summarizes our strength. Ingram and of course the Ingram Global Connect Program, the channel partnerships with Amazon, Flipkart, Paytm, Rediff, Snapdeal, Infibeam. This is where we are able to reach wide range of audience who are looking for books and now with our facility is coming up in the North and South we should be able to cover almost entire country where the book will reach within 24 to 48-hours.

Then we have the financial results, a one pager, where we have given the quarterly results in comparison with last quarter and also the same quarter previous year. The highlights I have already talked about in the beginning. So, I am sure all of you have gone through this and have understood the financials.

The next two slides, each talk about a proposal that we have put to the board which the board has approved and where we are talking about the merger of the print business, that means if you see the E-Retail business, digital printing business is being done from 100% subsidiary which is Repro Books Limited (RBL) and our main holding company is (RIL) Repro India Limited where the traditional print business is being done. Now, in order to bring in synergies between the printing businesses which are there in both these companies, we are moving out the print part of the business from RBL and merging it with RIL. So, Repro Books Limited will continue to do the distribution business, continue to sell the E-Retail part of the thing; however, the production of the books will happen in the main company, RIL. So, the idea here



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is of course the merger, both the companies will focus on individual business; one company will be focusing on the print business and other company will be focusing on distribution business, that the company also is 100% subsidiary. So, at a consolidated level, it does not really make a difference; however, the benefits if you see, benefits to Repro India Limited is one business, the print business under one roof and so we will be able to have the pool of talent, the people who are experts in printing under one roof and all assets, liabilities pertaining to printing business will be part of RIL. This would also help RIL to claim the entire ITC of printing activities, that means any input taxes which are being paid, the credit for that will be able to utilize it in RIL and which will help RIL to really get some tax benefits. So, overall financial impact is profitable growth for both the companies and it should directly also impact the RBL's bottom line EBITDA margin. So, the merger will enable better and more efficient management control and running of both businesses and it will benefit all the stakeholders. This Scheme of Arrangement is subject to approval from shareholders. Once it is approved, the effective date would be 1st of April of the current year after the regulatory and the shareholder approvals. This note has been also sent to the stock exchanges which you would be seeing it and hence we thought that better to explain it over here. If you have any more questions on this, Mukesh would be more than happy to answer those.

With this, I come to end of this presentation and hand over for any questions or any part of the presentation that we just gone through. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Kulshan Patni, an individual investor. Please go ahead.

Kulshan Patni: I have two questions: One is when will we start paying taxes? Second question is what will be our finance cost for this full year?

Mukesh Dhruve: Because of the carryforward losses that we have got and the MAT credit we have got, in this current financial year we will definitely not be paying taxes but from next financial year we should be start paying taxes. And the finance cost total will be much lesser than the last year but as we progress, we will be able to tell you that what will the total finance cost be. But for the current year as you can see it has come down substantially as compared to the previous comparable quarters.

Kulshan Patni: What was your previous year's finance cost for the full year?

Mukesh Dhruve: Entire finance cost for the full previous year was Rs.10.35 crores.

Kulshan Patni: So, it will come down from Rs.10 crores?

Mukesh Dhruve: Yes, it will come down from that and if you take the comparable quarter against Rs.2.86 crores is down to Rs.2.77 crores.



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- Kulshan Patni:** What will be your cost of borrowing?
- Mukesh Dhruve:** The cost of borrowing for the packing credit finance is LIBOR plus whatever the margins but average cost will be in the range of 10%.
- Moderator:** Thank you. The next question is from the line of Ramprakash, an individual investor. Please go ahead.
- Ramprakash:** One question I have is that who could be your potential competitors in the POD business? Secondly, when I see that you have come to Delhi, I am just browsing on the website and I find one large distributor called Atlantic Publishers also in the POD business. So, I just want to know who are your competitors and how far in terms of the scale are you from the competitors?
- Dr. Pramod Khara:** If you look at competition from the point of view who all are selling books online, there are a lot of people selling books online; however, they are not doing POD, they are picking up stock from the publishers and they are selling. Atlantic Publishers import books, they sell mostly international books and these are imported. Now, imported books, the issue is in terms of the lead time for report and the freight cost, etc., plus also you cannot really anticipate the demand and stock inventory. So, our model which is the POD model whereby we print after we get the order. So, we aggregate the cycle, we aggregate content, the soft copies of the book. This model not being followed by anybody in the country currently, whoever is selling through eCommerce channel or anybody else. What I was saying was that when you look at the people who all are selling books on the eCommerce channel, their model is different from ours. So, they are stocking the book, they pick up book from the publishers and they sell the book. So, Atlantic Publishers which you mentioned, they are also a similar distributor, they sell international book, these books are imported into India by Atlantic and they are sold on Amazon, Flipkart, etc., Now the only problem with importing books is a lead time for delivery and secondly also is the freight cost. So, our model is different where we have the file for these books and we are able to print in India after we get the order and deliver within 24, 48-hours. Now, this POD model, there is nobody else that we are aware of in the country who are selling either through Amazon or Flipkart. All the sellers that we know are they have a traditional model where they pick up the stock. As far as our competitive advantage is concerned, we have been now in this business for almost three years and we made a headstart, we have facility in Mumbai, now we are setting up in Delhi and in Mangalore plus we have been in the printing business for last 30-years. So, we enjoy very good relationship with the publishers. The key to this business is to get the title from the publishers. Now, for the publishers to part with the title, that is a very big decision because they are scared of piracy. So, unless and until they are comfortable with somebody they will not give their content. We have the comfort with the publishers because of our relationship that we have for the last three decades and that is why we have been able to get the title from the publishers and put them on POD. Similarly, the Ingram arrangement that we have, Ingram is one of the largest aggregators globally. They got



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some 14 million titles from 45,000 publishers. There is nobody as large as Ingram outside India. Next largest after Ingram would be somebody who have 7 million titles. So, this gives us access to a huge number of international titles which nobody else would be able to get for selling in India. So, this gives us a competitive advantage of international book were concerned. I hope I have been able to answer some of the questions that you had in your mind.

Ramprakash:

Yes, you have answered my question but just because I read on the Atlantic website that they do a POD business, that is why I ask the question and I am not privy to the business model, but they do claim to do POD business. I also have one more question which I wanted to ask is that with your model you are primarily dependent on the largest E-Retailing business Amazon and Flipkart. Now, does that anyway put a risk on your business model because if there are lot of pricing power what they have, what contract you have, you have some other recruiter who do the business. So, how do you manage that risk if you have?

Dr. Pramod Khara:

Sorry, I was not able to clearly hear you, but from whatever I understood of the question, I believe what you are asking is that in Amazon, Flipkart, do we have control over the pricing, is that what you are asking? The current model that exist in India for eCommerce is that these platforms, Amazon, Flipkart, these companies which are the eCommerce companies, they cannot sell on their own. So, they have to have seller to create a marketplace and there are sellers like Repro who sell on the channel. Now, the platforms have increased by Amazon, Flipkart and now Snapdeal, Paytm also are becoming quite aggressive, this is going to continue whether it is Amazon or Flipkart or somebody else and tomorrow Reliance would be coming in, the platform would be available to Repro to sell the books. As far as we are concerned, we are not wedded to any one channel; we are not wedded to Amazon or Flipkart or any other channel, we can sell on any of the platforms and as internet penetration is increasing, eCommerce is growing there would be more channels coming up and I do not see any risk as far as our marketplace strategy is concerned.

Moderator:

Thank you. The next question is from the line of Chirag Vekaria from Budhrani Finance. Please go ahead.

Chirag Vekaria:

Sir, just wanted to know, in your E-Retail Slide #5, you have mentioned POD stock quantity, POD revenue, stock revenue, so what is the difference between the two?

Dr. Pramod Khara:

The POD quantity if you see 2,62,000 are the number of books that we sold in Q1 which were on POD, that means we printed one book after we got the order whereas 5,64,000 were the stock that means we picked up the stock from a publisher directly and we sold it, we did not print it, that is the difference. Like I was saying, our strategy is to grow the POD business because that is our differentiator because stock everybody is selling, right, plus since everybody is selling, there is a lot of competition there and the margins are very-very thin. So, we do not want to really grow that business. We entered into that business so that we become strategic and a large player in the book selling business so that it will be relevant to the



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channels like Amazon, Flipkart plus also relevant to publishers. So, wherever we have strategic clients, publishers and we are getting decent contribution, we are continuing to sell these books to pick up the stock; however, our focus would be to also collect the files and grow the POD business.

Chirag Vekaria: Is this understanding right that the places where you have stocked the books, there you do not have any publishing right, you need to buy it from the publisher?

Dr. Pramod Khara: It is not a question of having the right. The point is that wherever we pick up the stock these are titles which everybody else is selling. Now, in order to be competitive, we pick up the stock. To digitally print would be more expensive. But we also have the files with us. So, in case the books go out of stock then we can print and sell.

Chirag Vekaria: Second thing if I total this, the revenue is Rs.25.07 crores whereas what you have written is total E-Retail sales is Rs.32.73 crores, what is the gap?

Dr. Pramod Khara: This Rs.25 crores that I was talking about, these are the sales that we achieved from one book sales on Amazon, Flipkart, Paytm, etc., Apart from that there are other sales that we have done like the Global Program where we give titles to Ingram for global selling, that is not part of Rs.25 crores and also some sales that we directly to schools, which was not through the channels directly. So, there also book sale which have happened and also e-Book some sales have happened. So, total sale of books is around Rs.32 to 33 crores whereas the individual book sales on Amazon, Flipkart, Snapdeal is Rs.25 crores.

Chirag Vekaria: If I take this turnover of yours Rs.103 crores, Rs.33 crores is roughly from the E-Retail and balance is from Printing, right?

Dr. Pramod Khara: That is right.

Chirag Vekaria: What does other operating revenue constitute to in Rs.3.22 crores in Q1?

Mukesh Dhruve: That is constituting basically the sale of the stock and the export incentives that we get on export of the books that we do.

Chirag Vekaria: The other expense has gone up YoY to Rs.25.8 crores versus Rs.22.5 crores. So, what is the rationale for the same?

Mukesh Dhruve: That is directly proportionate to the growth of the turnover as you see. If you look at it in percentage terms, it is almost the same because Rs.97 crores have gone to Rs.106 crores, but the key increase is basically because of the increase of the E-Retail channel fees that we have paid and increase on the turnover which is resulting in higher freight charges basically. So, this is purely because of increase of the business.



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- Moderator:** Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.
- Ankit Gupta:** Just wanted to check with you how is the margin trending in our POD business, are we looking into improve the margin in the segment and how has been the movement in the margin in the segment over the past three or four quarters?
- Dr. Pramod Khera:** If you look at the E-Retail business which we are doing from the 100% subsidiary RBL, last two or three quarters we have broken even and we have started contributing to the borrowing. This is because we achieved the scale and going forward this should improve or increase, and our strategy is to grow the POD business more and reduce the stock selling business. The stock selling business has a more margin, in the POD business margins are better than the normal print business also that we have in printing. So, as we go along, we will see this business contributing more and more to the bottom line of the company.
- Ankit Gupta:** Where do you think that the margins for this business can be, let us say one to two years down the line when we scale up significant gain in POD business?
- Dr. Pramod Khera:** If you see our print business, we get EBITDA margins of anywhere between 12% to 15%. So, POD business also should reach that level and may be better than that going forward.
- Ankit Gupta:** Any target of reaching those margins in the future?
- Dr. Pramod Khera:** We have our internal plan targets, but we do not normally give any guidance or any forward-looking numbers.
- Ankit Gupta:** Just one clarification; on the slide where we have given the quarterly data of E-Retail sales which has remained around Rs.25 or 26 crores and on the bottom of the slide you have mentioned that the E-Retail sales have increased from Rs.29 crores last quarter to Rs.32 crores this quarter. So, what exactly is the difference between Rs.32 crores and Rs.25 crores which is mentioned in the slide?
- Dr. Pramod Khera:** I think I explained this in the previous question to somebody.
- Ankit Gupta:** That is the exports by E-Retail sales of Rs.32 crores includes the global sales that we do for Ingram.
- Dr. Pramod Khera:** Plus, sales to schools directly plus e-books and other things.
- Ankit Gupta:** Overall from the E-Retail perspective, the sales directly to Amazon and Flipkart, where the sales have remained largely in the range of around Rs.25 to 26 crores over the past four quarters, any views on that earlier we used to see month-on-month significant growth in them, but it has stagnated around Rs.25 or 26 crores for the past few quarters now?



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Dr. Pramod Khera: If you see the same graph, you see the line at the bottom in POD from 567 have gone up to 985. So, that is our strategy to grow the POD business because that will contribute to the bottom line also. The red line which is the stock that is coming down if you see. So, it is part of our strategy not to focus on stock because it is not giving us any bottom line. What is the point in doing a business when you are not earning any money? Just for sake of top line, we do not want to do any business.

Ankit Gupta: On the traditional business, what kind of growth are we looking at over the medium-term in this year?

Dr. Pramod Khera: The traditional print business, we are not growing that business because we have a plant in Surat and we are not investing in growing the capacities there. So, we will not be seeing any substantial growth in the traditional print business, may be a little bit here and there because of some additional capability that we might have; however, our focus is to grow the POD business.

Ankit Gupta: The new plants which are coming up in Delhi and South India. How are they expected to enhance our capabilities on E-Retailers, if you can just briefly talk about that?

Dr. Pramod Khera: The thing is that today my POD facility is in Bhiwandi in Mumbai. So, when I sell on any of these channels and a buyer is in Delhi and somebody else is selling the same book from Delhi at the same price, I will not get the sale because the seller from Delhi will be able to supply the book in a shorter time than I can from Mumbai. From Mumbai I am able to cover around 35-40% of the Indian market where I can get the sale. Once I set up in North and South I will be able to cover almost 80% of the country where I will be able to get the sale. So, with the content that I have already with the repository, I will be able to increase my sales drastically. So, that is one of the key reasons why we are setting up the facilities in North and South.

Ankit Gupta: How much will be the capacity enhancements here in both the plants; Delhi and South India?

Dr. Pramod Khera: I think in the last quarter I had mentioned that as far as the one book capacities are concerned in Bhiwandi we have capacity of around 4,000 books and similar capacities will come up in Delhi and Bangalore also.

Ankit Gupta: So, it will almost triple our capacity for one book?

Dr. Pramod Khera: For one book, yes. So, the digital printing is shorter, is different altogether, but one book capacities will go up by 2-3x.

Moderator: Thank you. The next question is from the line of Amit Jain, an individual investor. Please go ahead.



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Amit Jain: My question is regarding the school business. In response to earlier participant you mentioned that you are doing the school business directly, not through Amazon. But from the earlier call I remember that you had a tie up with Amazon for school business also. So, how is that shaping up?

Dr. Pramod Khera: Maybe I am not very clear in my earlier. When you supply to schools, it is a combination of directly sending to school or through Amazon also. So, only thing is we are selling one book at a time, we are selling a kit. From Amazon full kit goes to the student and that is why I have not added it to our E-Retail business, Rs.25 crores is from selling single book. That is the difference. Since it is going away as whole kit, it is not a one book sale, but it happens to Amazon and there few of the transitions also happen directly.

Amit Jain: Going forward will you be selling it through Amazon and other channels or will it be direct sales?

Dr. Pramod Khera: Again, the school business is where we have to pick up stock from the publisher and send it to the school. Now our focus remains on POD. So, we are evaluating whether with our enhanced capabilities and capacities that we have, we will be able to contribute through POD to the school business, then we will be scaling it up. We will take a call as we go along because this business is a different business and our focus right now remains POD.

Amit Jain: My other question is again following up on the question that someone else asked before regarding our distribution through these E-Retailers. So, with Amazon being a significant distribution channel for us they do have some leverage I believe. So, what is the commission that they charge from us, so how do you see that happening -- Is it a possibility that they start charging more from us?

Dr. Pramod Khera: The point is that whatever commission that is being charged by Amazon, Flipkart, etc., that also determines how much of discount we are giving to the customer because the final price is determined by us. If currently we are selling a book let us say 25% discount, we are able to make a margin of 15, 20% after paying the Amazon fees. If Amazon increases the fees, the discount that goes to the customer will come down, and all the channels will follow the same thing. If Flipkart is selling a book at 25% discount, Amazon also matches the price. So, it is an economic float for all quite well.

Moderator: Thank you. The next question is from the line of Bharat Patel, an individual investor. Please go ahead.

Bharat Patel: What is our market share in online book selling totally in India?

Dr. Pramod Khera: Total online book sales would be in the range of around Rs.1,200 to Rs.1,500 crores.



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- Bharat Patel:** In 'Investor Presentation' you have said there is a \$6 billion market total in India, so that is roughly Rs.40,000 crores.
- Dr. Pramod Khera:** Around 3% is online.
- Bharat Patel:** What is our long-term target for market sale for online selling say after three to five years?
- Dr. Pramod Khera:** We want to be a substantial player, we want to have the largest market share and the market itself is growing. If you look at the US market it is 50%; 50% of the books have been sold online, in India also same trend is being observed, from 3% it is growing, it will become 5%, 10% we do not know what the timeline could be, it could be one year, three years or five years, whatever but it is growing. Last year we did Rs.110 crores worth of sales which is around 8% to 9% and this share will also grow for us plus the overall market will also grow.
- Bharat Patel:** So, we can assume that over the long-term we can touch even 20%?
- Dr. Pramod Khera:** If you want to be the largest player and you want to be a substantial online player, I guess that is the minimum that we should target, right.
- Moderator:** Thank you. As there are no further questions from the participants I would now like to hand this back to the management for closing comments. Over to you, sir.
- Dr. Pramod Khera:** Thanks, everyone for interesting participation and interaction and we look forward to seeing you again next quarter where next quarter would be more exciting as our Delhi plant would be fully operational and we will see the impact of that on our POD sales QoQ going forward. Thank you so much for being there and for your all the support. Good evening to all of you.
- Mukesh Dhruve:** Thank you very much everybody. See you then.
- Moderator:** Thank you members of the management. Ladies and gentlemen, on behalf of Repro India Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.