

February 9, 2018

To,  
BSE Ltd.,  
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 8, 2018**

Please find enclosed the transcript of the Conference Call conducted by the Company on February 8, 2017.

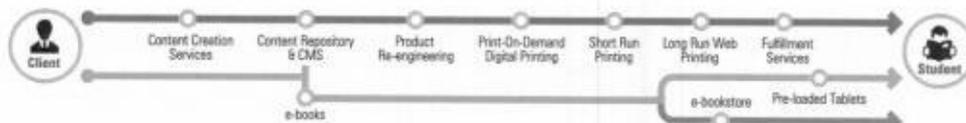
This is for your information and records.

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 FY '18 Earnings Conference Call”

**February 08, 2018**



**MANAGEMENT: MR. PRAMOD KHERA - EXECUTIVE DIRECTOR, REPRO  
INDIA LIMITED  
MR. MUKESH DHRUVE - FINANCE DIRECTOR, REPRO  
INDIA LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to Repro India Limited Q3 FY18 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 call, please signal an operator by pressing \* followed by 0 on your touchtone phone. Please note that this conference is being recorded.

I am now glad to hand the conference over to Dr. Pramod Khera. Thank you and over to you, sir.

**Pramod Khera:** Yes, thank you. Good evening to all of you. Like every quarter we have assembled over here for a presentation on the quarterly results. The quarterly results have been sent out to all of you along with a presentation, which I am sure you would have got. So the quarter has been as per expectation, continuing the trend that we have seen over the last two quarters. The performance is in line with what we have planned and what our strategy direction is. So, going to the presentation, the first slide talks about the key highlights of quarter 3. Like we had discussed in the last conference call, there had been an infusion of funds through preferential allotment and while the total amount is 80 crores, 50 crores has already come in and the balance 30 crores will be coming in when the warrants are due before 18 months from the date of issue. Repro books on demand, we are on the growth path as you will see in the detailed presentation and we are adding more and more solutions for publishers so that we increase our depth and reach of the offering. The existing businesses of publishing services continues as per our strategy. We are focusing on strategic customers and taking up selected projects from the export market. Rapples, we are not aggressively growing that awareness, but we are sustaining it and achieving breakeven. The focus on financial prudence continues and with the production being consolidated at one facility at Surat now, we are seeing an improvement in the EBITDA margins. The drive of collections in yielding results and the focus on reduction of expense is also stays. So, these are the key highlights for the quarter.

Now I will get into the details. Starting off with Repro books on demand. The first slide is talking about the key growth trajectory which is eRetail. We are talking about an online sales market which currently is around 1,400 crores and is estimated to grow up to 8,000 crores by the year 2021. The visual which is there on the slide actually is a picture of our stall that we had taken at the World Book Fair in Delhi and where we had a lot of fruitful meetings with our clients and publishers and partners, and which has strengthened the relationships that we have with all of them. So, the objective here of course is to capture a large market share of the online book sales and to be the largest seller of books online in India. So, that pretty much describes the books on demand business.

Moving on to the next slide, again, when we are talking about a 8,000 crores market in 2021, it is our constant endeavor to keep adding more and more offerings to the solution that we are giving to the publishers. For example, we are now doing preorders for new book launches. You



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might be aware there was a new book launched called Why I am a Hindu by Shashi Tharoor and we were doing the preorders for that book. And the preorder basically means that prior to the business launch of the book we collect orders over Amazon and we accumulate the orders and on the day of the launch of the book, the customer gets the book. So, these are type of value additions that we are offering to publishers. Also, the World Book Fair in Delhi and also the Kolkata Book Fair, we are manning the retail sales for Penguin. And so, this is a few baby steps that we have taken towards offline retail where we are actually selling books in the stalls for one client and going forward, based upon our learning and experiences, we would like to expand this offering too.

Moving to the next slide, this talks about the publishing market in India, which is expected to touch around 74,000 crores by 2020. As per K. C. Nielsen's survey which estimated a CAGR of 19.3% year-on-year. And we have been talking about the key challenges which are faced by the publishers. The publishing industry itself which is highly unorganized and the print industry too which is fragmented, high cost, wastages, obsolescence, inventories and the limited reach of the traditional distribution and the problems of return in collection. So, the solution that Repro is providing, we are trying to see how we can eliminate these pain points for the publishers so that they are able to do the business better and we tie them in for the long term.

The next slide is the repetition of a slide which I use every quarter, which talks about the retail cycle for the publisher, how a book gets ordered and how we have a content depository and we print it on demand. So, the content is aggregated from the publisher. The title value is still on the eRetail store front. The online order is produced, fulfilled and delivered just in time, and we pay to the publishers their compensation and from the balance then we manage our cost through the channel cost and our production cost. So, the benefits of solution includes zero inventory, zero returns, zero obsolescence, zero warehousing cost, zero freight cost, zero loss in sales. They all benefit for the publisher. Moving forward, Repro as a whole now today, because the clients that we have for our print business and the clients for whom we are distributing the books, there are lot of overlaps between these two clients. So many of these clients for whom we are doing both the services, we are able to offer them a solution for one book to a million books. And having the relationship with most of the large publishers in India, we are able to move towards offering a complete solution to many of them.

Next slide talks about the progress as far as the Repro books on demand business is concerned. From the graph, you can see that in January 2018 we hit a run rate of 5.34 crores, which was 4.22 crores in November. So as you can see from the trend line, the growth month-on-month continues and we are expecting this to continue over some period of time in the future too. So while starting of the year in April, we had 1.2 million books listed and we sold around 1.46 crores worth of books. Today we reached a run rate of 5.34 crores, selling over 5,500 books per day. So, this includes both the international title as well as the domestic title. And domestic title, we are looking at, like I explained in the last conference call, we are looking at the front



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title, if we are looking at the mid-list and we looking at the tail. And for the front titles we are reprinting and stocking the front titles so that we are able to compete in the market and capture larger market share. So that is as far as the Repro books on demand is concerned. Moving on to the publishing services, the strategy remains the same. Strategic customers, we are focusing on them and offering the depth of services to meet their needs and results so that it results in increase of business for the publishers.

Exports are steady. In Q3, we did 19.39 crores worth of exports. And the good news is that opening order book of Q4 is Rs. 56.43 crores. Now, while the entire 56 crores will not get executed in Q4, some of it might move to Q1 of next year, I mean we are booking more and more orders during this current quarter also. The focus on collection remains because of which while we had provided for certain debtors, out of those provisions we have recovered 1.79 crores worth of debtors, which have gone to other income.

Now, coming to the financials. The first slide shows a comparison between the 9-months period of the current year with the 9-month period of the previous year after restating the accounts in the new Ind-AS, the new accounting standard. So while the revenues have come down from 24 crores to 21 crores, the PBDIT is showing an improvement from 10% to 14% of 30 crores. And the PBT also is close to 4%, like that it was 2% in the previous period of 9-months. And PAT is also 842 as compared to 624 which is over 4% compared to 3% in the previous 9 months. So there has been a consistent performance, like I said in the beginning of the call, over the last three quarters and we are expecting this to continue in the coming quarters too. The next slide talks about the debtors. As you can see, the recovery of 1.79 crores of which the provisions for now the current debtors stand at 70 crores and all these debtors, the current new debtors that we have, they are all secured and there is no requirement as of now that we feel that we will not be able to recover any of these because all of these are good debtors. Coming to the borrowings, because of the infusion of funds etc., the borrowings have come down to 124 crores; 56 crores are long-term borrowings and short-term is 68 crores. This naturally has also led to a reduction in the overall interest costs that your company is paying to the banks.

The next slide is a one pager, the consolidated financials, where given the current quarter, the previous quarter and the comparable quarter of the last year and the 9-month period of current year and last year. So, as you can see, the overall performance is a growth positive and the profit also is on the upswing.

With that I come to the end of my presentation. And now we can open up the call for questions from the participants.

**Moderator:**

Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. We will take the first question from the line of Tushar Sarda from Athena Investments. Please go ahead.



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**Tushar Sarda:** This is the first time I am attending the call. So I am not very familiar with your business model. My question was on this eBooks. You said the market size is 1,400 crores. So what is your market share in the eBooks?

**Pramod Khera:** Yes, Tushar, since you are on the call for the first time, when I said 1,400 crores, it is not eBooks. These are books which are being sold online. These are physical printed books.

**Tushar Sarda:** Okay. And what percentage of that is eBooks then?

**Pramod Khera:** eBooks in India is very small. It's less than 1% of the overall market.

**Tushar Sarda:** Okay. So, who is your competitor in this field, in the eBooks field?

**Pramod Khera:** No, so we are not talking about eBooks, we're talking about printed books. See, that's what we do. We print on demand. So we have listed the books on various channels and as and when anybody places an order, we print the book.

**Tushar Sarda:** Yes, I understood that. So, who is your competitor? In addition to you, who else does this business?

**Pramod Khera:** Okay, so, see like I said, we currently in the month of January, we sold 5,000, today we were selling 5,500 books per day, right? The overall market size is around 1.2 lakh books per day. So that means we have around 4% to 5% market share, right? Now the other people who are selling, they don't have a business model which is similar to ours. It's not a print-on-demand model. They are the traditional sellers who stock the books and sell them.

**Tushar Sarda:** So, I just did a quick check since you mentioned Shashi Tharoor's book. On Amazon, you are listed as the seller for books on demand, but on Flipkart, it is somebody else. So why is it that the same book is not with you on both the platforms?

**Pramod Khera:** No, we are selling most of the books on both the platforms. However, since we are doing preorder, the preorders we are doing only on Amazon, so we are listed only on Amazon.

**Tushar Sarda:** But this book has already published now, right?

**Pramod Khera:** Yes, now it's published and...

**Tushar Sarda:** So, you are not on Flipkart, you have not listed as a seller on Flipkart?

**Pramod Khera:** We are not listed on Flipkart, yes. But we'll be doing that.

**Tushar Sarda:** So, your competitor, he would have already got the book printed with him and he would be selling it, is it?



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- Pramod Khera:** Yes, not the competitors, the publishers, they print the books. So the publisher prints books, estimating some forecasting from demand and the distributors pick up the book from the publishers and there are various distributors who sell on various channels.
- Tushar Sarda:** So just to get it clear, my last question, there is nobody else doing books on demand the way you do?
- Pramod Khera:** There is nobody else currently in the Indian market doing books on demand.
- Tushar Sarda:** Okay. And you are restricted to India; you are not doing it in other markets right now?
- Pramod Khera:** No, we are restricted only to India.
- Tushar Sarda:** And would you know what happens in other markets, how big is this books on demand printed as percentage of total books sold online?
- Pramod Khera:** Yes, Tushar, we have had this discussion in the past too, but I wouldn't like to...
- Tushar Sarda:** I am sorry; I am first time on the call.
- Pramod Khera:** I know. But I will just update you very quickly. The largest books on demand, the printer and seller in the US is a company called Ingram. Ingram Content Group, they have close to 15 million-16 million titles from 45,000 publishers and they have got three print on demand facilities in the US, one in UK, one in Australia. And in other markets, they operate with partners; they work with partners. So, we are their partners as far as India is concerned and that is how we're getting the international fees of titles from Ingram which we're selling.
- Tushar Sarda:** Okay. So you have some licensing arrangement with Ingram?
- Pramod Khera:** Yes, it's a strategic tie up and it's an agreement where they provide us the content and we are able to sell the list of books and sell them, and as and when we get an order, we print the book and we distribute.
- Moderator:** Thank you. We will take the next question from the line of Kunal Parikh, Individual Investor. Please go ahead.
- Kunal Parikh:** I would like to know what is the current capacity utilization and in case of our CAPEX plan, what is the progress?
- Pramod Khera:** Yes. So, like I have been talking that our current capacity is 6,000 books per day which we are increasing to 8,000 books per day in Mumbai and then we are setting up capacities in the south and in the north of additional 4,000 books per day, and that is where the CAPEX is being used and will be used. Also the current facility at Mumbai, which we have at Bhiwandi, we are



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expanding that, we are moving to a larger facility so that we streamline the whole production process and make it better and also enhance the capacity. So after the full CAPEX of around 30 crores is expended for these expansions in the three locations, our capacity will go up to around 20,000 books per day under one book production.

**Kunal Parikh:** Okay. And currently we have 6,000 and we are utilizing like 5,500 per day. So, we are almost...

**Pramod Khera:** No. Like I said, there are different categories of books, there are front titles, mid-list and there are back titles. So the front titles, we are preprinting. So we don't utilize the one book capacity for those front titles. So, we preprint those on other machines which is digital printing machines and also if the print run for large, we also use our offset facility in Surat to print. And sometimes we are printing anyway for the publisher, so pickup some stock from the publisher because he has already printed those books. So, out of that 5,500 books per day, the currently what will be doing on a one book would be close to around 800 to 1,000 books per day. So, on both international and domestic put together, we have been printing around 2,000 books per day.

**Kunal Parikh:** Okay. And the one, which are like no one book capacity, which front titles are being printed right now, how much would that be, like how much can that...?

**Pramod Khera:** When we're selling 5,500 books per day and 2,000 we are doing on a one book, the balance is being done for pre-printing or from the stocks.

**Kunal Parikh:** Correct. But is that utilized to the fullest extent, the machines which are there?

**Pramod Khera:** Yes. So we have the diesel printing machines which we are utilizing for the same, plus we are also providing a service of digital printing to publishers which we have been doing for the last 4 to 5 years. So that machine is fully utilized for that purpose also, right? Some publishers who want a shorter run to be printed, they give us the production order and we print those books.

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

**Chirag Vekaria:** Sir, I want to understand, could you explain this thing again? The printing facility, I mean, what is the capacity in Mumbai, in the south and Surat? I got a bit confused, sir, if you can explain it again, what is your capacity?

**Tushar Sarda:** Okay. So, there is a one book facility in Mumbai where our current capacity is 6,000 going up, which we have expanded to 8,000 and we are moving to a newer facility where we will be expanding it further to 12,000 books per day.

**Chirag Vekaria:** In Mumbai itself?



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- Pramod Khera:** Mumbai itself.
- Tushar Sarda:** Then in the south and in the north, we're setting up one month facility of 4,000 books per day each. So, total will come to around 20,000 books per day once the entire expansion plan is finished.
- Chirag Vekaria:** Okay. And this expansion will require 30 crores?
- Pramod Khera:** That's right. Yes.
- Chirag Vekaria:** Okay. And then on Surat, sir, what is the capacity?
- Pramod Khera:** Surat, it is not digital printing, that is offset printing. And there we are printing on traditional print for export for domestic and we have a capacity there to print anywhere between 200 to 300 crores worth of books in a year.
- Chirag Vekaria:** So, here the math does not work on per book basis, on the value basis, right?
- Pramod Khera:** Yes, that's right.
- Chirag Vekaria:** Okay. So these are the facilities, that is it, right?
- Pramod Khera:** Yes and so one is the Surat which is that offset facility which I talked about, the one book which we have around 20,000, which we're building it up to 20,000. In addition to that, there is one more, which in a digital printing for short runs, which I would say 30 copies to say 1,000 copies of books. So this is a digital facility that we have in Bhiwandi where we have a capacity of 25,000 books per day, which we are using for preprinting.
- Chirag Vekaria:** Sir, I did not get that. So the difference, first you mentioned 6,000 would be taken to 12,000 and the short-run where you say 30 to 1,000 copies per day, I did not get that, sir.
- Pramod Khera:** Okay. So if you look at the whole digital printing process, so there are machines which are sheet-fed machines. So those are used for one book printing. With a lot of automation. So, that capacity is 6,000, which we are taking up to 20,000. That's one. Second is, there are reel-based digital printing machines where you can do 30 copies, 40 copies, 50 copies, 100 copies going up to 1,000 copies, even more. But then after 1,000 copies, offset becomes more economical. So, this digital short-run printing we call that, and their capacity we already have of 25,000 books per day.
- Chirag Vekaria:** This is over and above the 6,000 we are mentioning?
- Pramod Khera:** Correct.



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- Chirag Vekaria:** Okay. And sir, this 25,000 would be used for preprinting and stuff like that, right?
- Pramod Khera:** Preprinting and also for many of that, like I said publishers.
- Chirag Vekaria:** Yes, publisher and export orders.
- Pramod Khera:** Right. They ask us for short-run printing, so we do use that machine.
- Chirag Vekaria:** Okay. So, Mumbai, south and north and the facility in the Bhiwandi and the Surat facility?
- Pramod Khera:** Yes.
- Moderator:** Thank you. We will move to the next question in the meanwhile, it's from Parth Dalal, Individual Investor. Please go ahead.
- Parth Dalal:** Just a follow-up question on the last person who asked. The net book per day after this preprinting and storage is 2,000 books per day.
- Pramod Khera:** That is our utilization today.
- Parth Dalal:** Okay. And we are scaling up to 8,000 in Mumbai and in total 20,000 overall?
- Pramod Khera:** Yes.
- Parth Dalal:** Okay. And sir, one more question. All the machines that you described, whatever digital and all, so we have that, right? All machines are in place?
- Pramod Khera:** Yes. So, the offset facility we have in Surat, the short-run machines we have for doing 25,000 books per day. And in the one book, we have those machines which are doing currently 6,000 books per day which were adding capacities in north, south and in Mumbai to take it to 20,000 books per day.
- Moderator:** Thank you. We will take the next question from the line of Avinash Tanovde from Bonanza. Please go ahead.
- Avinash Tanovde:** We have a capital expansion of 30 crores, right? So how we are funding that capital expansion, debt to equity?
- Pramod Khera:** Yes. So, we already had a infusion of some capital which has come in. And we already started spending on this CAPEX for expansion in Mumbai. And we have limits with our banks. So, currently the money that has come in, we have reduced our borrowings, but then our internal accruals plus the limits are available for the expansion that we are doing.



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**Avinash Tanovde:** Okay. In your current quarter, your employee expenses have come down to 8 crores from 1,000 crores last quarter. Can you tell me something about that?

**Pramod Khera:** Yes. 10 crores to 8 crores, right?

**Avinash Tanovde:** 8.35, yes.

**Pramod Khera:** So, the 10 crores was in the same quarter in the previous year, in fact 10.5 crores, which has come down to 8.35 crores in the current year. So like I said in the beginning, our last 18 months or so we have been focusing on reducing our expenses and cutting down on the overheads. So as part of that exercise, the whole employee cost also have come down.

**Avinash Tanovde:** Okay. And how much worth export orders we have currently? So, like I said in the previous quarter, we did 19 crores worth of exports. And in the opening order book of 56.43 crores, I think the exports is around 10 crores.

**Avinash Tanovde:** Okay. So, currently we have 10 crores of export order?

**Pramod Khera:** The beginning of the current quarter, the 1st of January, the opening order book of 56 crores contained a 10 crores worth of export orders. And in the current quarter, we already got some more orders which we'll talk about in the end of the quarter.

**Moderator:** Thank you very much. We will take the next question from the line of Gulshan Pathe, Individual Investor. Please go ahead.

**Gulshan Pathe:** Sir, what kind of margins you can clock in books on demand segment, sir?

**Pramod Khera:** Yes, so see, books on demand, I spoke about the margins in the previous call. So it's more of a contribution that we talk about that we can get by selling of books. So, it's like any distribution business. And when we are selling the front titles, there is a lot of competition, everybody is trying to sell those books, so there the contribution is lower, like for any FMCG or any books business, it may vary from anywhere from 5% to 10% contribution. And when we are doing the mid-titles and the back-titles, that's where the contributions go up, and the contribution there varies from 10% to 30%-35% for international books. So those are type of margins that we will get from that and with scale I think this contribution will all add up to cover our overheads and give us a bottom-line.

**Gulshan Pathe:** Okay. And sir your CAPEX will be completed by when, sir?

**Pramod Khera:** By quarter two of next year, quarter two, quarter three of next year.

**Gulshan Pathe:** Quarter two of FY 2020?



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- Pramod Khera:** No, FY18-FY19.
- Gulshan Pathe:** Quarter two of FY19. And sir, how much debt will you reduce going forward?
- Pramod Khera:** If you look at the debt, it has come down to 124. And it was 232 9-months back. And we are expecting some more infusion of fund, like I said 30 crores is expected that will further help us to reduce our debt and also the business that we are doing, which just have got positive EBITDA. So going forward, this debt should keep on reducing. And as our books on demand business grows, the requirement for working capital reduces because that is a negative working capital business where we get paid up front. So, I think over a period of time we'll see some more reduction of debt.
- Gulshan Pathe:** Okay, And sir, you cannot quantify it?
- Management:** I would not like to talk about any numbers for the future because we don't give any future guidance, but definitely the trend of reducing debt will continue.
- Moderator:** Thank you. Well, sir, there are no further questions from the participants.
- Pramod Khera:** Okay. So, you can close the call. Thanks a lot for the participation. Thank you from my side and from Mukesh Dhruve who was present in the call from Repro.
- Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Repro India Limited, that concludes this conference call for today. Thank you for joining us and you may now disconnect your lines.