



Navneet Publications forays into School management Services.....

Navneet Publications has forayed into school management services by investing Rs 45 crore in Sequoia Capital-backed K-12 Techno Services Pvt Ltd.

K-12 is a Hyderabad-based school management company serving around 67 state board schools in Andhra Pradesh. K-12 also manages 8 junior colleges and an international school.

K-12 had earlier raised capital from Sequoia Capital last year for expansion and consolidation of its activities in Andhra Pradesh. In current financial year K-12 has signed management contracts with more than 15 schools at different locations in Andhra Pradesh. With this latest round of funding, K-12 plans to launch its services across five different states and is targeting to manage over 200 schools in the next 3-4 years.

Source: BSE

Encl: Attaching the Press Note of Navneet on Pg No 5

Navneet Publications Financial Position.....

- **Navneet Publications is expected to have Reserves of Rs 332 Cr in FY12 as compared to Rs 275 Cr in FY11.**

- **Co has investments of Rs 33 Cr in Q1FY12 as compared to Rs 23 Cr in Q1FY11**

- **Net Profits**
 - **FY10 Rs 66.76 Cr**
 - **FY11 Rs 77.55 Cr**
 - **FY12E Rs 103 Cr**

- **Typically in Q2& Q3 every year management has surplus cash in the books**



Navneet Publications Acquisition History.....

Navneet Publications is a 52 year old company. However it is listed since 1996 on the Indian Stock markets. However during the last 15 years company has undertaken only two acquisitions

- **eSense Learning Pvt Ltd where Navneet has 91 % holding**
- **Grafalco with an Investment of Rs 6 Cr**
 - **eSense (eLearning)**

As of Q1FY12 the company's product have been installed in 650 institutions and Navneet is in various stages of negotiations with more than 350 schools which should get closed Q2FY12 onwards. Apart from these schools Navneet is also expecting further enquiries in the next 2 quarters. The company has developed full range of primary & secondary state curriculum in Maharashtra & Gujarat, and with its aggressive market campaign, this company is expected to achieve good performance in FY12.

- **Grafalco**

Spanish acquisition has been made to promote children book product in the European markets. The company has decided to utilize the services of Grafalco as marketing office for the European markets. The company has a strong belief in IPR's (Intellectual Property Rights) of Grafalco.

As per the shareholders Navneet is a cash rich company with cash of Rs 20 per share. Thus for Navneet Inorganic growth strategy was the best way forward. Since shareholders/investors prefer the usage of free cash flow/reserves into futuristic businesses rather than conservation of cash in the books.

“The acquisition/strategic investment of K-12 Techno Services Pvt Ltd marks the beginning of series of acquisition for the company going forward. Navneet has set aside up to 100 Cr of Investments in FY12 for acquisitions & inorganic growth purpose. We expect two more acquisitions in FY12”

Navneet Publications has formed a Subsidiary in form of LLP (limited liability partnership)

Mr M P Bansal will be the CEO of this company. He will be responsible for the acquisitions for this company going forward. This team has evaluated till now more than 60 target companies so far...

This will create wealth for Navneet shareholders in long term.....



K-12 Techno Services Pvt. Ltd.....

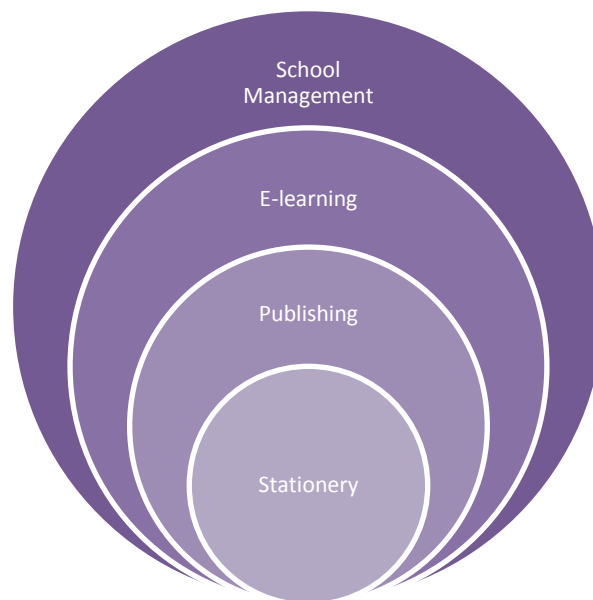
K-12 is a Hyderabad based school management company servicing around 67 state board schools run by several trusts across Andhra Pradesh with over 50,000 students in the affordable education segment and run under the Gowtham Model Schools (GMS) and Orchids brands. In addition to state board schools, K-12 also manages 8 junior colleges and an international school. K-12 had earlier raised capital from marquee investor - Sequoia Capital last year for expansion and consolidation of its activities in Andhra Pradesh .In current financial year K-12 has signed management contracts with more than 15 schools at different locations in AP. With this latest round of funding, K-12 plans to launch its services across five different states and is targeting to manage over 200 schools in the next 3-4 years.

Value Addition for Navneet.....

- **Access to 50,000 students in Affordable school segment in state of Andhra Pradesh (AP).**
- **Opportunity Opened to Service AP State Board Schools:** K-12 services around 67 schools. K-12 also manages 8 junior colleges and an international school. **This will lead to direct entry for Navneet and the expected sharing would be 25 % while for K-12 will 75 % in state of AP.**
- **School Management Co model to be implemented in states of Maharashtra & Gujarat:** Navneet has a strong presence in the states of Maharashtra & Gujarat with good rapport with 30000 - 40000 schools. Navneet and K-12 will also work closely with schools in Maharashtra and Gujarat to extend school management services to schools in these states using Navneet's market strength and K-12's expertise in school management area. **The revenue sharing ratio in these two states is expected to be 50:50.**
- **Foray into Other States:** K-12 plans to launch its service across five different states and is targeting to manage over 200 schools in the next 3-4 years. From currently 67 state board schools of AP.



- Navneet has emerged as a “significant education player” offering entire gamut of products like stationery, publishing, (E-learning) and with strategic investments in K-12 it has also forayed into lucrative school management business.
- “We believe this that this is huge stride undertaken by the company which will enable them to take a leaping step from the stationery, publishing, e-learning business into the fast growing direct education segment of school management”
- The margins picture is expected to improve since company is moving up the value chain since stationery business has lowest margins while is better in Publishing. E-learning enjoys better margins as compared to both. However school management is expected to generate best margins



- The new dawn of Navneet’s history has just begun and the investors/shareholders are expected to reap the benefits in coming years.
- Further Navneet Publications Pvt Ltd is also reviewing the suggestion of Renaming itself since Navneet Publications Pvt. Ltd signifies only Publishing business while the company has presence in the entire education segment and this will give a holistic view to the company which is expected to be announced in days to come.”



Knowledge is wealth

Press Release**Navneet to invest Rs 45 crores in School management service company in Andhra Pradesh**

Mumbai, September 15, 2011: The board of Navneet Publications (India) Ltd. has approved a strategic investment of over Rs. 45 crores in Sequoia capital backed K-12 Techno Services Pvt. Ltd. K-12 is a Hyderabad based school management company servicing around 67 state board schools run by several trusts across Andhra Pradesh with over 50,000 students in the affordable education segment and run under the Gowtham Model Schools (GMS) and Orchids brands. In addition to state board schools, K-12 also manages 8 junior colleges and an international school. K-12 had earlier raised capital from marquee investor - Sequoia Capital last year for expansion and consolidation of its activities in Andhra Pradesh. In current financial year K-12 has signed management contracts with more than 15 schools at different locations in AP. With this latest round of funding, K-12 plans to launch its services across five different states and is targeting to manage over 200 schools in the next 3-4 years.

K-12 has been offering school management services such as school administration, curriculum development, infrastructure development, teacher recruitment & training, transport solutions, branding & marketing of respective school, technology services, to help improve the quality of education delivery by educational trusts in Andhra Pradesh. Navneet and K-12 will also work closely with schools in Maharashtra and Gujarat to extend school management services to schools in these states using Navneet's market strength and K-12's expertise in this area.

Navneet has been the dominant market leader in the content and stationery segment for over five decades clocking revenue of over INR 550 crores and PAT of over INR 78 crores in FY2011. Its publishing business is predominantly in Maharashtra and Gujarat and this investment in K-12 provides it with an excellent opportunity to develop and launch its products and services for the Andhra Pradesh State Board over the next couple of years. This investment also enables Navneet to diversify from its publishing and stationery business and enter the fast growing direct education segment.

Mr. Sunil Gala, President - Finance, Navneet Publications (India) Ltd. said "The affordable school segment is a large market opportunity which remains largely untapped across the country and with the partnership with K12, we see an excellent opportunity to service this market and improve the quality of education delivery across the country at affordable prices which is in line with Navneet's philosophy of making quality education affordable".

Chairman of K12, Mr. Venkatanarayana said "Navneet's experience, brand, relationship with the education fraternity for over 5 decades will further enable K-12 to tap newer geographies relatively faster as we look to expand outside AP. We look forward to our next phase of expansion with the continued support of Sequoia as financial partner and Navneet as a strategic partner to the Company"

BlackSoil Advisory LLP acted as sole advisor to this transaction

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