



Q4FY18 Investor Presentation

May 24, 2018

Safe harbor



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FY 17-18, FY 18 means the year ended March 31, 2018

Glossary

Bank	Banking PO
BP	Business Partner (Franchisee)
BPL	Below Poverty Line
CA	Chartered Accountancy
CDC	Career Development Center
CFE	Center for Future Employability
Civils	Civil Services
CRT	Campus Recruitment Training
GATE	Graduate Aptitude Test in Engineering
IE	International Education
IIT JEE	Indian Institute of Technology Joint Entrance Examination
Marcomm	Marketing Communication
MBA	Masters in Business Administration
PDP	Personality Development Programme
SSC	Staff Selection Commission
TP	Test Preparation & Training
WAIN	Worldwide Academia Industry Network

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Q4 & FY18 Financial Performance

Q4 & FY18 Operational Performance

Corporate Summary

Key Financial Highlights

Rs. In Crore

Consolidated Total Income	Q1 FY	Q2 FY	Q3 FY	Q4 FY	FY
FY 2017	73.7	78.1	50.7	71.4	273.9
FY 2018	75.4	77.2	69.5	79.6	301.8
Growth (%)	2.3%	-1.0%	37.0%	11.5%	10.2%

Quarterly Income Distribution	Q1	Q2	Q3	Q4
FY 2017	27%	28%	19%	26%
FY 2018	25%	26%	23%	26%

- Realized Rs 6.4 crs from Government receivables in FY18

Financial Summary



Rs. In Crore

Particulars		31-Mar-17	31-Mar-18	YoY			YoY
		Q4 FY17	Q4 FY18	Growth	FY17	FY18	Growth
Revenue	Total Income	71.4	79.6	11.5%	273.9	301.8	10.2%
	Net Revenue	68.3	79.5	16.4%	263.3	288.9	9.7%
Profit	EBITDA	11.43	2.26	-80.2%	34.2	22.8	-33.5%
	PBT	7.37	-1.46	-119.8%	19.7	7.9	-59.9%
	PAT (Before OCI)	5.33	-2.2	-141.3%	13.6	3.2	-76.5%
Margin (%)	EBITDA	16.0%	2.8%		12.5%	7.5%	
	PBT	10.3%	-1.8%		7.2%	2.6%	
	PAT (Before OCI)	7.5%	-2.8%		5.0%	1.1%	

ADJUSTED EBITDA

Rs. In Crore

	FY 17	FY 18
EBITDA	34.2	22.7
Less: Other Income	10.6	12.9
Add back: Operating Income Component of Other Income	2.1	2.1
Operating EBITDA	25.7	11.9
Decline Contributed by:		
- ETEN	-	(3.5)
- Vista Mind	-	(1.0)
- Vocational (Additional Provision & ECL)	-	(4.0)
- Sr. Management Personnel Added	-	(2.5)
Adjusted Operating EBITDA	25.7	22.9

Segmental Metrics

Rs. In Crore

Particulars		Q4FY17	Q4FY18	YoY (%)	FY17	FY18	YoY (%)
Revenue	Total Revenue*	68.3	79.5	16.4%	263.3	288.9	9.7%
	Consumer	53.3	61.9	16.1%	185.9	202.1	8.7%
	- Test Prep	36.2	45.1	24.6%	140.5	158.3	12.7%
	- Publishing	17.1	16.8	-1.8%	45.4	43.8	-3.5%
	Enterprise	28.0	32.3	15.5%	104.8	119.6	14.1%
	- Corporate	22.9	26.5	15.7%	94.0	101.9	8.4%
	- Institution	5.08	5.83	14.8%	10.7	17.7	64.8%

* Adjusted for Inter-Segment

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Q4FY18 Operational Performance



Consumer Business

Enterprise Business

Consumer Operating Metrics

Rs. In Crore

Particulars		Q4FY17	Q4FY18	YoY (%)	FY17	FY18	YoY (%)
Revenue	Consumer	53.3	61.9	16.1%	185.9	202.1	8.7%
	- Test Prep	36.2	45.1	24.6%	140.5	158.3	12.7%
	- Publishing	17.1	16.8	-1.8%	45.4	43.8	-3.5%
Results	Consumer	10.8	13.0	20.5%	32.6	25.5	-21.9%
	- Test Prep	8.0	9.4	18.1%	24.5	18.6	-24.1%
	- Publishing	2.8	3.5	27.3%	8.1	6.9	-15.1%

Consumer KPIs	FY 2017	FY 2018
No. of Test - Prep Centers	162	212
No. of enrolled TP students	81,665	82,997*
%age of online TP students	31.0%	28.6%
No. of active GK Publications titles	2,066	2,665
No. of books sold (in mn)	1.10	1.25
%age of books sold digitally	22.0%	31.2%

* Enrollments from ICEGATE (acquired in Oct 17) not included & Adjusted for TCS Mock CLAT





Key Highlights – Business as Usual

TEST PREP

- For year ended FY 2018,
 - Billing grew by 13% from Rs 154 crs to Rs 174.5 crs
 - TP centres as on Mar 31, 2018 were 212 vs 162 as on Mar 31, 2017
- TP enrollments grew by 2% from 81,665 to 82,997 ^
 - MBA & IE volumes up 7% from 37,143 to 39,000+
 - Law Billing up by 16%, with steady volumes at 13,500+^
- Average TP fees realized per student up by 15% (Incl. TCS Mock CLAT Nos.)

^Adjusted for TCS Mock CLAT for FY 17 – 4,971 & FY 18 – 2,222

New Products

THEME	Civils/ CA	GATE	Campus Training	IX-XII (Maha)
<ul style="list-style-type: none"> Continue to focus on our Core strengths - outcome driven services Asset-Light, Tech-Innovation-driven, Business Partner Model Improved ROCE, Net profits : Goals - in a 4 - 8 quarter period Going through the transition 	<ul style="list-style-type: none"> Acquired in April 17 Consolidated with common Network business; alternate cheaper tech being evaluated Annual Cost rationalization expected at ~2.5 crs EBITDA Loss FY 18 ~ -3.5Cr 	<ul style="list-style-type: none"> Partially acquired (50.7%) in Oct 17 Business & cultural integrations on the ground FY18 Net Billing – 10 crs FY18 Rev. – 6.5+ crs 13 centers 	<ul style="list-style-type: none"> Business Collaboration in Aug 2017 Cost optimization including that of manpower, technology and GTM – taken longer than planned EBITDA Loss FY 18 ~ -1.0Cr 	<ul style="list-style-type: none"> Collaboration in Jan 2018 Entry into Maharashtra Board Science Tutorials Base of 800+ students and 5 centers in Mumbai Increases reach for other products also, in Mumbai 

Cumulative Topline expected to be about 15% of Consumer Revenues in FY19 with positive EBITDA

Q4FY18 Operational Performance



Consumer Business

Enterprise Business

Enterprise Operating Metrics

Rs. In Crore

Particulars		Q4FY17	Q4FY18	YoY (%)	FY17	FY18	YoY (%)
Revenue	Enterprise	28.0	32.3	15.5%	104.8	119.6	14.1%
	- Corporate	22.9	26.5	15.7%	94.0	101.9	8.4%
	- Institutional	5.1	5.8	14.8%	10.7	17.7	64.8%
Results	Enterprise	1.2	0.2	-78.8%	5.5	5.6	1.4%
	- Corporate	-0.6	-0.1	-90.1%	3.2	3.3	2.2%
	- Institutional	1.7	0.3	-82.6%	2.3	2.3	0.4%

Enterprise Operating Metrics

Enterprise KPIs	FY 2017	FY 2018
# of Students touched	600,000	1,000,000
Clients billed	146	214
# of Corporates billed	64	82
# of Universities billed	82	132

- Services for Institutions comprise:**
- Integrated Marketing
 - Student Recruitment Services
 - Research & Incubation
 - Career Development Center
 - Publication

- Services for Corporates comprise:**
- Integrated Sales & Marketing Services
 - Digital & MarComm Services
 - Customer Engagement Programs
 - Manpower Management & Training
 - Strategic Business Solutions

ENTERPRISE CORPORATE - HIGHLIGHTS

Integrated Sales & Marketing Business

- Consulting: Business team transition to Marketing/ Cloud based consultant
- Digital & Customer Engagement Program as big focus area

International Business

- Resources hired in Mumbai to scale up international business.
- Singapore & Dubai Operations started. US Operations to start in Q1 FY 2019
- Geographies to be explored
 - Indonesia
 - Malaysia
 - Middle East

Intellectual Property

- Inquizitive Minds
- Melting Pot 2020
- App driven IP:
 - Event in a Box
 - Event Buddy
 - One view

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Corporate Summary

Two Big Rocks - Corporate

Consolidation

Realignment

Consolidation (Capital Reallocation)








K12 ASSETS SALE

- BTA deal did not fructify; fund raising & related challenges
- Alternate asset sale conversations underway

GREATER NOIDA ASSET SALE

- Lack of demand – Outright Sale
- Potential Option – to lease out the infrastructure

Realignment (Effort and Capital)

GUIDING PRINCIPLES	BUSINESS SEGMENT PRODUCTS BRANDS		
<ul style="list-style-type: none"> Strengthen Market Share, growth and profitability Strategic Entry into large addressable, scalable segments 	CONSUMER	Civil Services/ CA	
YARDSTICKS		GATE	
		IX-XII (Maha)	
<ul style="list-style-type: none"> Return of Investment in 3 – 4 years Post return, RoCE @ 20% 	Campus Training		
	ENTERPRISE	Research	

Capital Deployed since April 2017 – 22 crs

(FY 2018) 7,500 students, 26 crs Revenue, (4) crs EBITDA

(FY 2019) 10,000 students, 37 crs Revenue, 4 crs EBITDA

CONTACT US



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Annexures

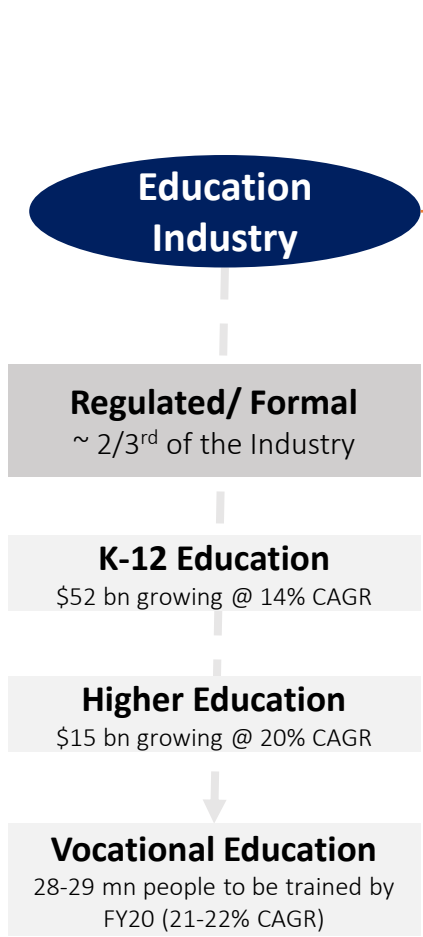


Operating in sizable @\$100 bn+, fast-growing industry

A \$100 bn+ market growing @16% CAGR

7.2% GDP Growth expected in the \$2.2 trillion Indian economy in FY18 (IMF)

Budget'19 allocation to education is Rs 8,187 bn, Up 10% YoY



CL's focus areas

Unregulated/ Informal/ Entrepreneurial

Test-prep/ Coaching

Publishing

Assessments

Research Services

Skill Training

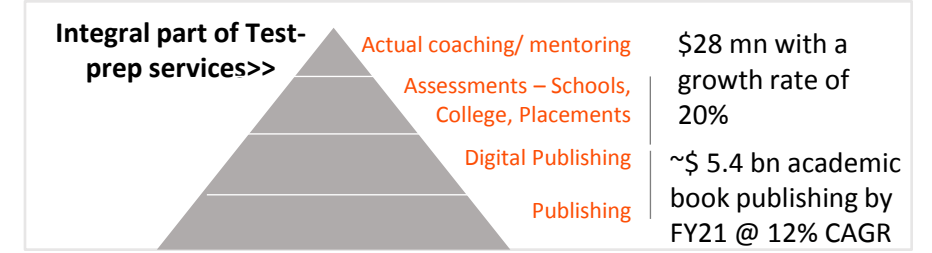
EdTech

Figures in Rs Cr

JEE 14,600	GATE 1,680	Medical 6,400	MBA 390	Law 83	CA 2,520	UPSC, SSC, Bank PO 11,500
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CL's market-leading offerings

Rs 37,800 Cr in FY16 growing @ 14% CAGR**



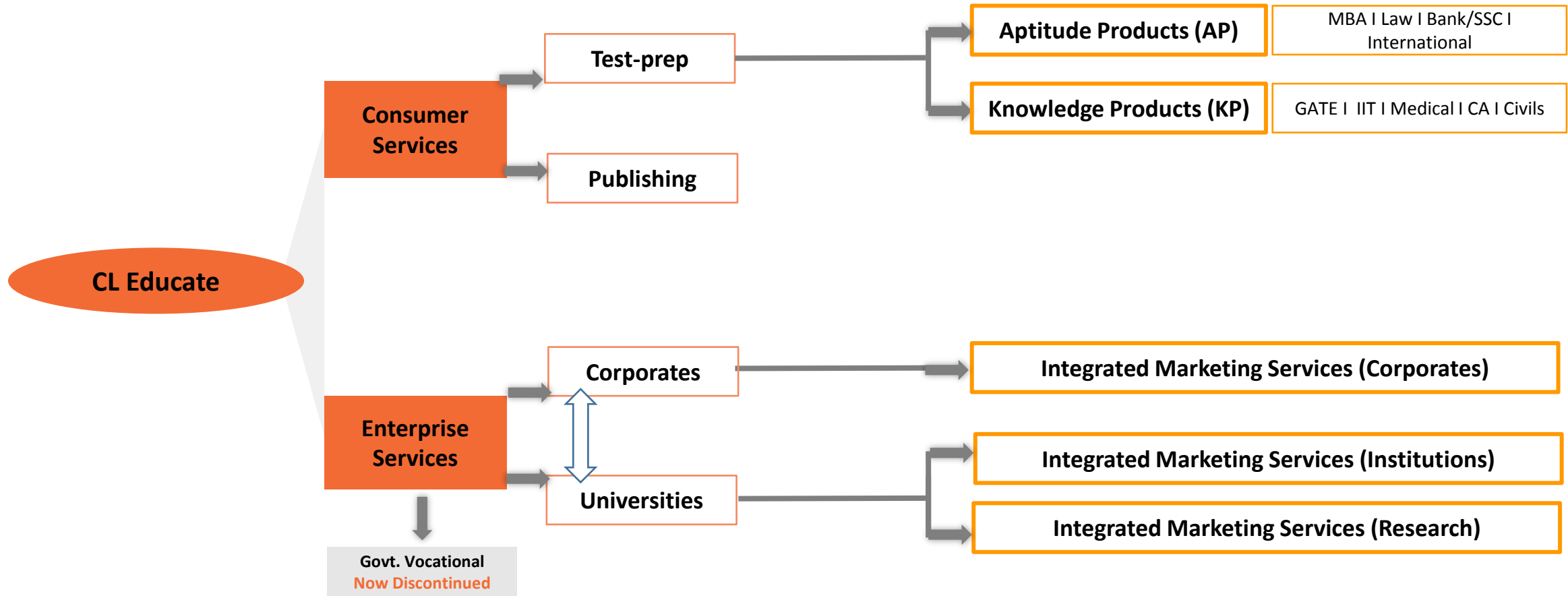
Sunrise segment - Boosted by recently introduced universities ranking (NIRF) by MHRD, increased corporate demand for innovation & research solutions

Huge Employability Skills demand – ~1mn youth enter the job market every month, Government encouraging Public Private Partnerships for Skill Training

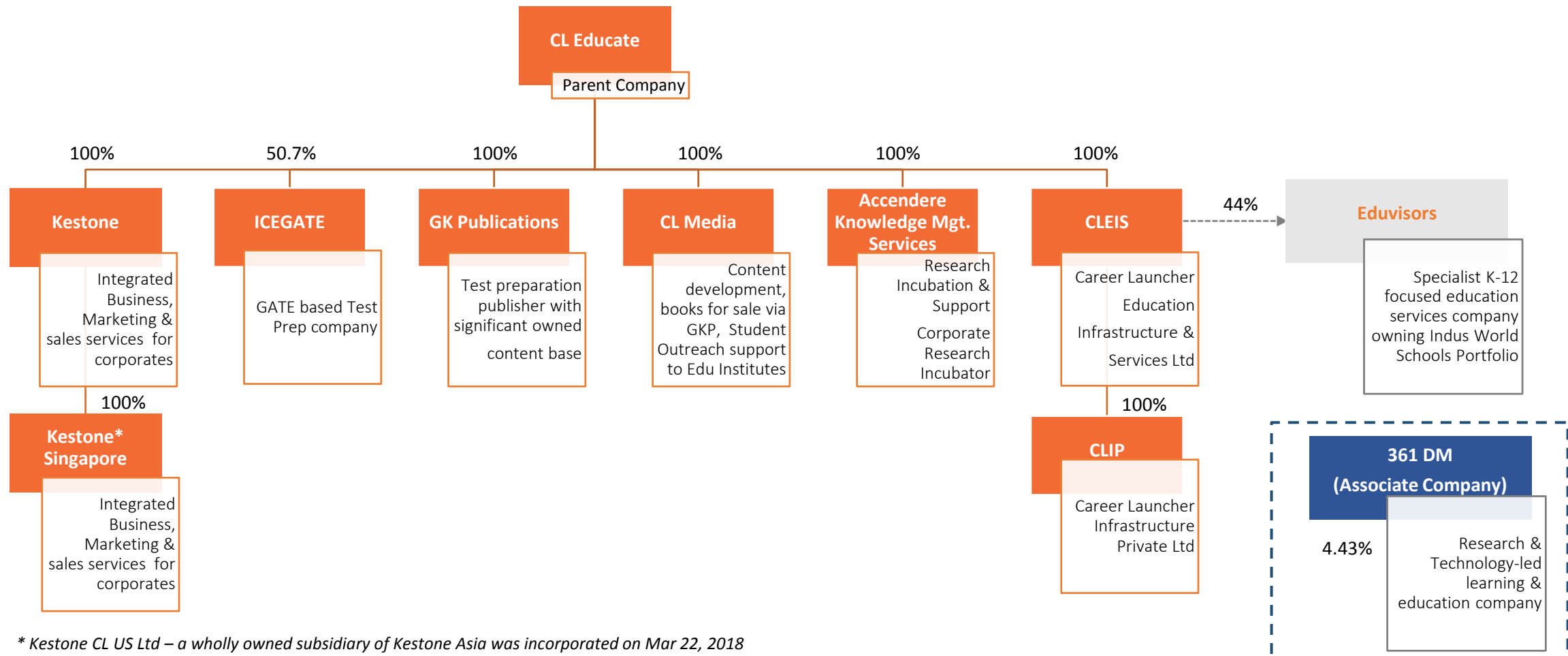
India's digital learning market is ~\$2bn in 2016, and is expected to reach \$ 5.7bn by 2020, , online market to 8-fold by 2021 to reach \$2bn

Source: Technopak, CAGR – 2016 to 2020
** Source: CRISIL, Google & KPMG

Comprehensive product portfolio in Knowledge & Career Services



Corporate Structure



* Kestone CL US Ltd – a wholly owned subsidiary of Kestone Asia was incorporated on Mar 22, 2018

Leader in Test-Prep Segment

Consumer



Bouquet of Products (MBA, Law, Civils, GATE, Engg, etc.)

National **Test-Prep** leader

Well known **Publications** for test-prep

Delivering Successful Outcomes

75

CL Students in top 100 in the CLAT (Law) exam in May 2017

11

out of 20 who scored 100% in CAT 2016 from Career Launcher "CL"

2,939

Students received calls from at least one IIM in CAT 2016 out of 19,020 calls

233

CL Students cleared Civil services (Preliminary) Examination 2016

18

selected in final merit list of the Civil Services Examination 2016 from CL

125

CL students cleared JEE Mains 2017, eligible for JEE Advanced 2017

Growing Brand Equity from Sustainable Strengths

1

Most comprehensive product-reach portfolio: 12 product groups + Network of 212* centers pan India & ~25K online users in FY18



2

Household Test-Prep Brand - Market leader in Aptitude Products (AP) MBA & Law offerings



3

Scalable & asset-light business - 212* test prep centres with 63* owned & 149 under partnership in FY18



4

Strong Content – Comprehensive, fully owned content, complemented by experienced faculty & trainers. *2,665 active titles (FY18) in Publishing*



5

Technology driven – Multiple modes to reach students via digital strategies. 28% digital enrolments in FY18



6

New brand acquisitions - Addition of Knowledge Products (KP) via ETEN CA & IAS business acquisition; planned majority in ICE GATE Academy



Knowledge services for Corporates, Educational Institutions

Differentiated offerings + One of the best execution capabilities

Enterprise



Corporates
35% Share



Universities
3% Share

Unique Learning cum productivity DNA in **Corporate services**

Pioneer & Leader in **Research & Ranking** improvement services

Key Customers



Knowledge Services for Corporates

1 Kestone

2,500+

Creative, approachable, multidiscipline Kestonians

100+

Strong reach and infrastructure to Indian cities & 10+ global destinations

Sales

- Managed Manpower Services
- Training & Development

Marketing

- Marketing Communication
- Customized Engagement Programs
- Digital Marketing
- Experiential Marketing

Research Services & Innovation

2 CL Media



3 Accendere

For Corporate & Universities – facilitates wrt reaching out to the right student set and improving their quality of intake. Provides marketing services to corporates

For Universities – facilitates universities wrt improving their rankings through research and start-up incubation

Cross-leveraging between consumer & enterprise platforms

Brand recognition across learning life cycle

Multi-monetising of same customer at various stages of life

Using same infrastructure at different times of day and year for high ROI



Strong team, complete focus on governance & processes

Professionally qualified, experienced and active board



Satya Narayanan R.,
Chairman & Executive Director

- 19+ years of experience in the education sector
- Bachelor's degree in Computer Sciences from St Stephen's
- Post Graduate Diploma from IIM Bangalore

Gautam Puri,
Vice Chairman & Managing Director

- 19+ years of experience in the education sector
- Bachelor's degree in Chemical Engineering from Punjab Engineering College
- Post Graduate diploma from IIM Bangalore

Nikhil Mahajan,
Executive Director & CEO Enterprise business

- 18+ years of experience in finance and education
- Bachelor's degree in Electrical Engineering from Benaras Hindu University
- Post Graduate diploma from IIM Bangalore

Sridar A. Iyengar,
Independent Director, Chairman Audit Committee

- Over 35 years of experience in financial services sector
- Ex-Chairman & CEO of KPMG-India, serves on the Board of American India Foundation

S K Roongta,
Additional Independent Director

- Over 30+ years of Experience
- Ex. Chairman - SAIL

Viraj Tyagi,
Independent Director

- Over 21 years of experience in the financial services sector
- Post Graduate diploma from IIM Bangalore

Madhumita Ganguli,
Independent Director

- Over 25 years of experience and heads a large part of HDFC

Paresh Thakker,
Independent Director

- Cofounder of Value quest Capital with 21 years of investing experience

Gopal Jain,
Non-Independent Director

- 25+ years of experience in the private equity & financial services sector
- Bachelor's degree in Electrical Engineering from the IIT, Delhi; Co-founder of Gaja Capital

High Corporate Governance

- ✓ Independent/ Nominee Directors are a majority on Board
- ✓ Internal Audit by a reputed external firm
- ✓ Audit Committee, Nomination & Remuneration Committees have only independent/ nominee directors
- ✓ Whistle-blower mechanism
- ✓ Statutory Auditors – Haribhakti & Co LLP

Key Senior Management



Sudhir Bhargava,
Chief Financial Officer (CFO)

- Has worked with Info Edge (India) Ltd, HSBC Asset management and ICICI bank.
- Post Graduate diploma from FMS Delhi

R Shiva Kumar,
Chief Academic Officer

- 18+ years of experience in the private education sector,
- Bachelor's degree in Technology from IIT Madras,
- Post Graduate diploma from IIM Kolkata

Sreenivasan .R,
Chief Customer Officer

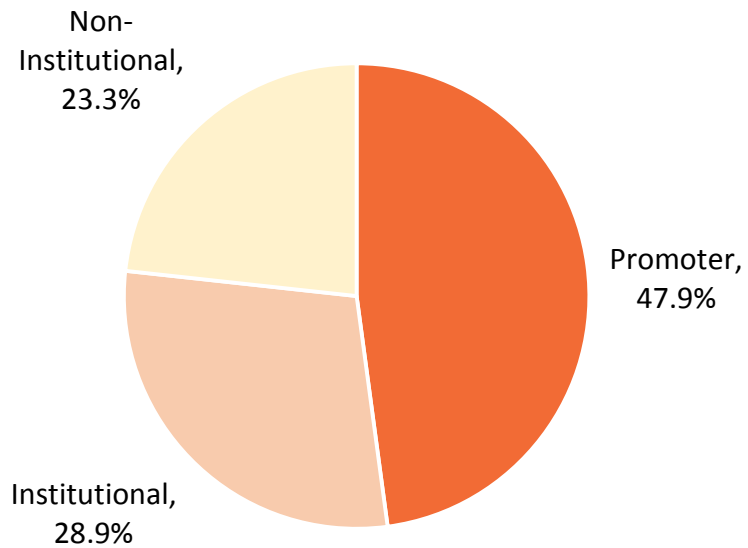
- Over 15 years of experience in the education sector,
- Master's degree in Technology from Jawahar Lal Nehru University;
- Master's degree in Business Administration from IIM Bangalore

Sujit Bhattacharyya,
Chief Digital Officer

- Over 15 years of experience in the education sector,
- Bachelor of Technology degree in Electrical Engineering from IIT Kharagpur;
- Post Graduate diploma from IIM Bangalore

Shareholding Pattern

Outstanding Shares (Mar 31, 2018)
14,165,678



Key investors > 1%

Investors	Shareholding %
GPE (INDIA) LTD / GAJA TRUSTEE COMPANY PRIVATE LIMITED	8.45
SUNDARAM MUTUAL FUND A/C	5.56
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED	4.19
ASHOKA PTE LTD	3.77
DSP BLACKROCK MICRO CAP FUND	3.68
OCEAN DIAL GATEWAY TO INDIA MAURITIUS LIMITED	1.84
HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND	1.92
ICICI LOMBARD GENERAL INSURANCE COMPANY LTD	1.72
CANARA HSBC ORIENTAL BANK OF COMMERCE LIFE INSURANCE COMPANY LTD	1.66
HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	1.41
MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	1.19
PRINCIPAL MUTUAL FUND	1.09