



# Q1 FY18-19 Investor Presentation

August 08, 2018

# Safe harbor



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FY 18-19 or FY 19 means the year ending March 31, 2019

# 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

# Contents

**Key Initiatives**

Q1 FY19 Financial Performance

Q1 FY19 Operational Performance

# Key Initiatives

## Parivartan– 2018

### Roles

1. Test Prep CEO - Satya
2. New Additions – GATE, IAS, CA, CS - GP
3. Corporate Restructuring

## 3D

1. Distribution
2. Delivery
3. Digital

## Automation & Tech

1. [Aspiration.Ai](#)
2. Biz Tech
3. Cost efficiency

## In Step with New Opportunities:

1. TEQIP
2. CRT/CFE
3. Integrated Solutions
4. FRM, NSE Derivatives, CFA

# Contents



Key Initiatives

**Q1 FY19 Financial Performance**

Q1 FY19 Operational Performance

# Financial Summary

Rs. In Crore

Particulars		30-Jun-19	30-Jun-18	YoY
		Q1 FY19	Q1 FY18	Growth
Revenue	Revenue from Ops	87.1	73.0	19.4%
	Total Income	90.8	75.4	20.5%
Profit	EBITDA	10.3	7.5	38.2%
	PBT - Continued Ops	7.0	3.7	87.4%
	Net Profit (Before OCI)	4.8	3.2	51.9%
Margin (%)	EBITDA	11.4%	9.9%	
	PBT - Continued Ops	7.7%	4.9%	
	Net Profit (Before OCI)	5.3%	4.2%	

Interim Dividend of Re. 1 per share approved at Board meeting of Aug. 07, 2018

# Segmental Metrics

Rs. In Crore

Particulars		Q1FY19	Q1FY18	YoY (%)
Revenue	Total Revenue from Operations	87.1	73.0	19.4%
	Consumer ^	<b>63.9</b>	<b>49.5</b>	<b>29.1%</b>
	- Test Prep	53.6	43.9	22.0%
	- Publishing	10.3	5.6	84.8%
	Enterprise ^	<b>31.9</b>	<b>25.6</b>	<b>24.7%</b>
	- Corporate	29.0	24.2	19.9%
	- Institution	3.0	1.5	103.5%



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Key Initiatives

Q1 FY19 Financial Performance

**Q1 FY19 Operational Performance**

# Q1FY19 Operational Performance



**Consumer Business**

**Enterprise Business**

# Consumer Operating Metrics

₹. In Crore

Particulars		Q1FY19	Q1FY18	YoY (%)
Revenue ^	Consumer	63.9	49.5	29.1%
	- Test Prep	53.6	43.9	22.0%
	- Publishing	10.3	5.6	84.8%
Results^	Consumer	11.2	8.1	37.1%
	- Test Prep	8.9	8.1	9.9%
	- Publishing	2.3	0.04	5007.0%

Consumer KPIs	Q1 FY19	Q1 FY18
No. of Test - Prep Centers	199	196
No. of enrolled TP students	24,617#	23,190*
%age of online TP students	26.6%	19.7%
No. of active GK Publications titles	3,040	2,289
No. of books sold (in mn)	0.26	0.23
%age of books sold digitally	19.8%	31.2%

# Consumer Operating Metrics

		Enrolments			Avg. Pricing (In ₹)			Billing (₹ in Crore)			
		Q1 FY19	Q1 FY18	Change (%)	Q1 FY19	Q1 FY18	Change (%)	Q1 FY19	Q1 FY18	Change (%)	
TEST PREP	BAU	MBA	10,648	9,724	9.5%	22,018	23,490	-6.3%	23.4	22.8	2.6%
		Law*	5,557	4,953	12.2%	52,712	46,286	13.9%	29.3	22.9	27.8%
		IIT-Med –Tuitions	1,040	508	104.7%	136,668	152,509	-10.4%	14.2	7.7	83.5%
		Others	5,623	7,451	-24.5%	15,099	10,987	37.4%	8.5	8.2	3.7%
	New Biz	Civils/ ETEN	361	554	-34.8%	34,428	36,627	-6.0%	1.2	2.0	-38.7%
		GATE#	1,388	N.A.	-	31,333	-	-	4.3	-	-
	<b>Total</b>		<b>24,617</b>	<b>23,190</b>	<b>6.2%</b>	<b>32,917</b>	<b>27,482</b>	<b>19.8%</b>	<b>81.0</b>	<b>63.7</b>	<b>27.2%</b>

		# Units		Billing (₹ in Crore)		
		Q1 FY19	Q1 FY18	Q1 FY19	Q1 FY18	
PUBLISHING	BAU	GK Pub.	118,397	150,560	2.8	3.5
	New Biz	Access Pub.	68,689	24,947	1.4	0.5
		School Biz	67,986	55,923	0.9	0.7
	<b>TOTAL</b>		<b>255,072</b>	<b>231,430</b>	<b>5.1</b>	<b>4.8</b>

## Key Highlights – Business as Usual

### TEST PREP

- For Quarter ended June 2018,
  - Billing grew by 27.2% from Rs 63.7 crs to Rs 81.0 crs
  - TP centers as on Jun 30, 2017 were 196 vs 199 as on Jun 30, 2018
- TP enrollments grew by 6.2% from 23,190<sup>^</sup> to 24,617
  - IIT-Med-Tuitions Enrolments doubled. Billing up 83.5% aided by acquisition of SP Classes
  - Law Billing up 27.8%
  - New business contributing 6.9% of the total billing
- Average TP fees realized per student up by 19.8%<sup>^</sup>

### PUBLISHING

- Access Publishing business sales increased from 0.5 Cr to 1.4 Cr
- School business sales increased from 0.7 Cr to 0.9 Cr on the back of addition of new school titles
- Drop in Vacancies (~ 14,000) & GATE (~15,000) title sales resulted in sluggish sales for rest of the business.

# Q1FY19 Operational Performance



Consumer Business

Enterprise Business

# Enterprise Operating Metrics

₹. In Crore

Particulars		Q1FY19	Q1FY18	YoY (%)
Revenue <sup>^</sup>	Enterprise	31.9	25.6	24.7%
	- Corporate	29.0	24.2	19.9%
	- Institutional	3.0	1.5	103.5%

# Enterprise Operating Metrics

INSTITUTIONAL	Q1 FY19		Q1 FY18	
	# Clients	Revenue* (₹ in Crore)	# Clients	Revenue* (₹ in Crore)
Media	12	1.7	20	0.6
Research Incubation	8	0.5 <sup>^</sup>	4	0.6
<b>Total</b>	<b>17</b>	<b>2.2</b>	<b>24</b>	<b>1.2</b>

\* Excl. Opening Unearned Revenue

<sup>^</sup> Billing of 1 Client shifted to July-18 from June-18

CORPORATE	Q1 FY19		Q1 FY18	
	# Clients	Revenue (₹ in Crore)	# Clients	Revenue (₹ in Crore)
Domestic	45	27.4	42	22.8
International	3	0.5	3	0.5
<b>Total</b>	<b>48</b>	<b>27.9</b>	<b>45</b>	<b>23.3</b>



THANK YOU

# CONTACT US



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# Annexures

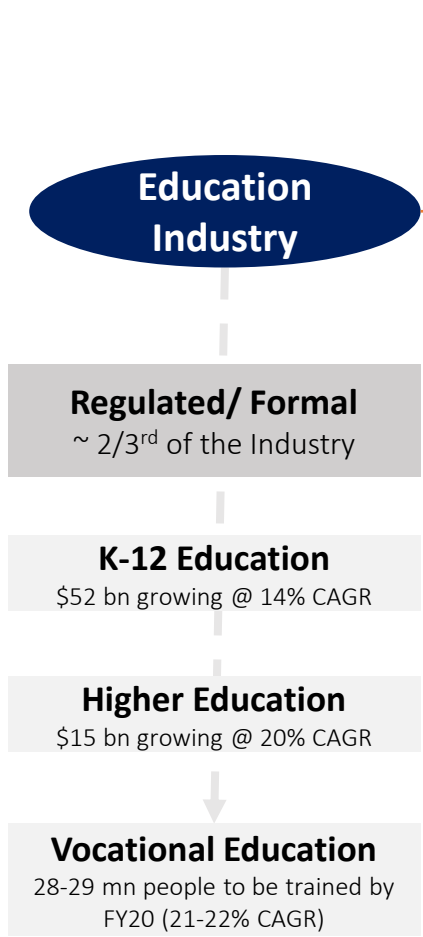


## Operating in sizable @\$100 bn+, fast-growing industry

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

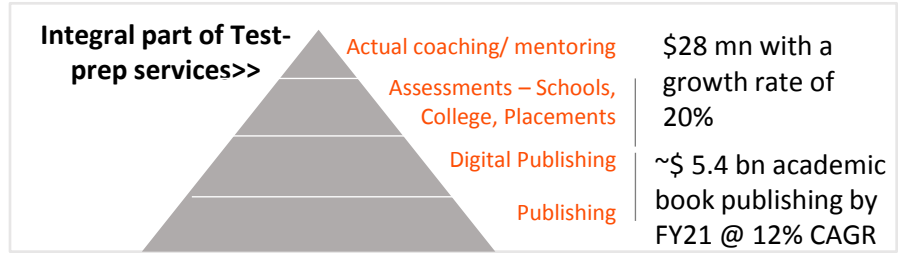


Figures in Rs Cr

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\*\*



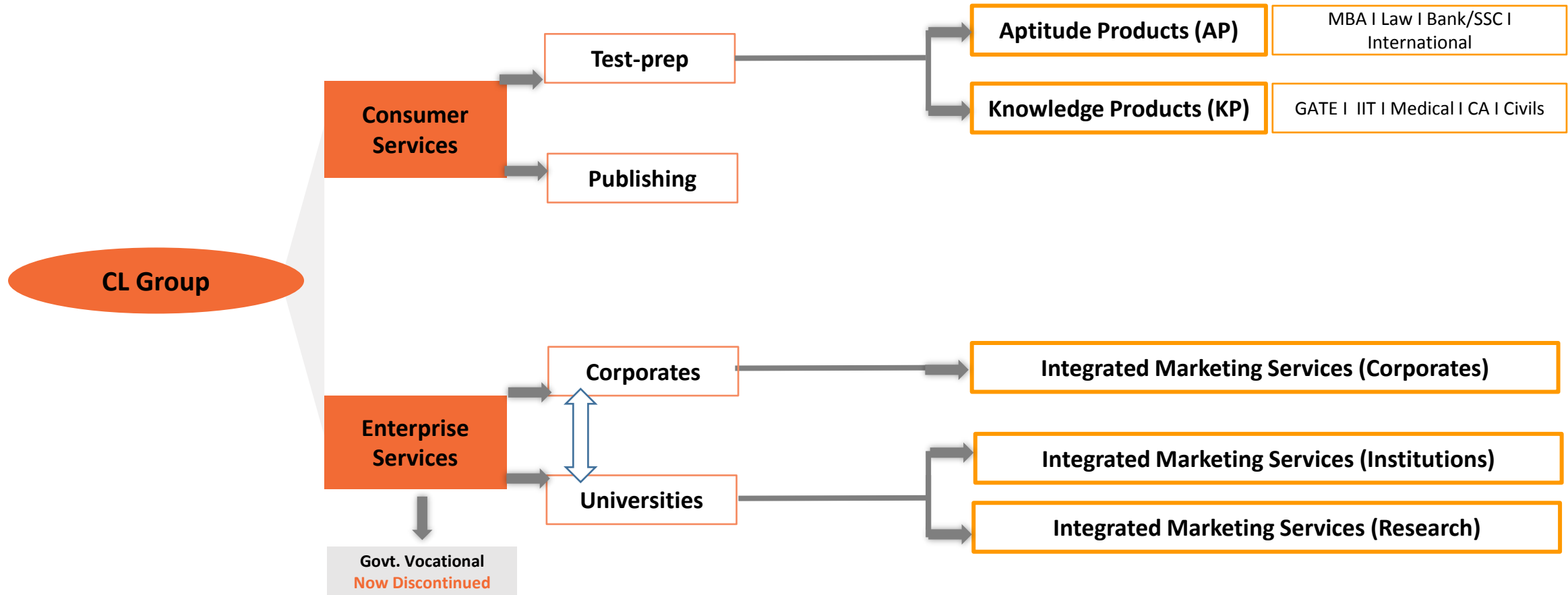
**Sunrise segment** - Boosted by recently introduced universities ranking (NIRF) by MHRD, increased corporate demand for innovation & research solutions

**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



CL Educate Ltd



GK Publications Pvt. Ltd



Kestone Integrated Marketing Services Pvt. Ltd

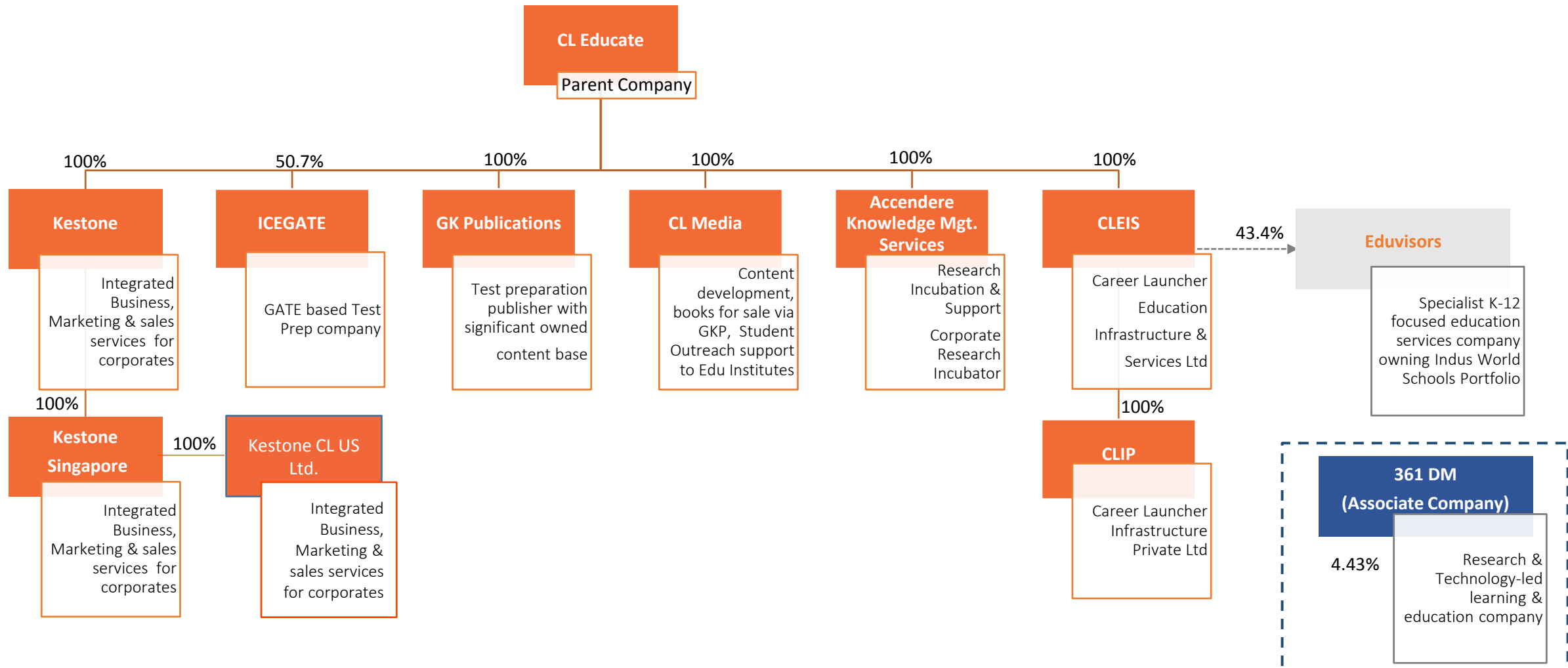


CL Media Pvt. Ltd



Accendere Knowledge Management Services Pvt. Ltd

# Corporate Structure



# 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

**70**

CL Students in top 100 in the CLAT (Law) exam in May 2018

**6**

out of Top 10 in CLAT 18 & AILET 18

**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 Shortlisted in SBI PO Mains Exam in 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

## 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

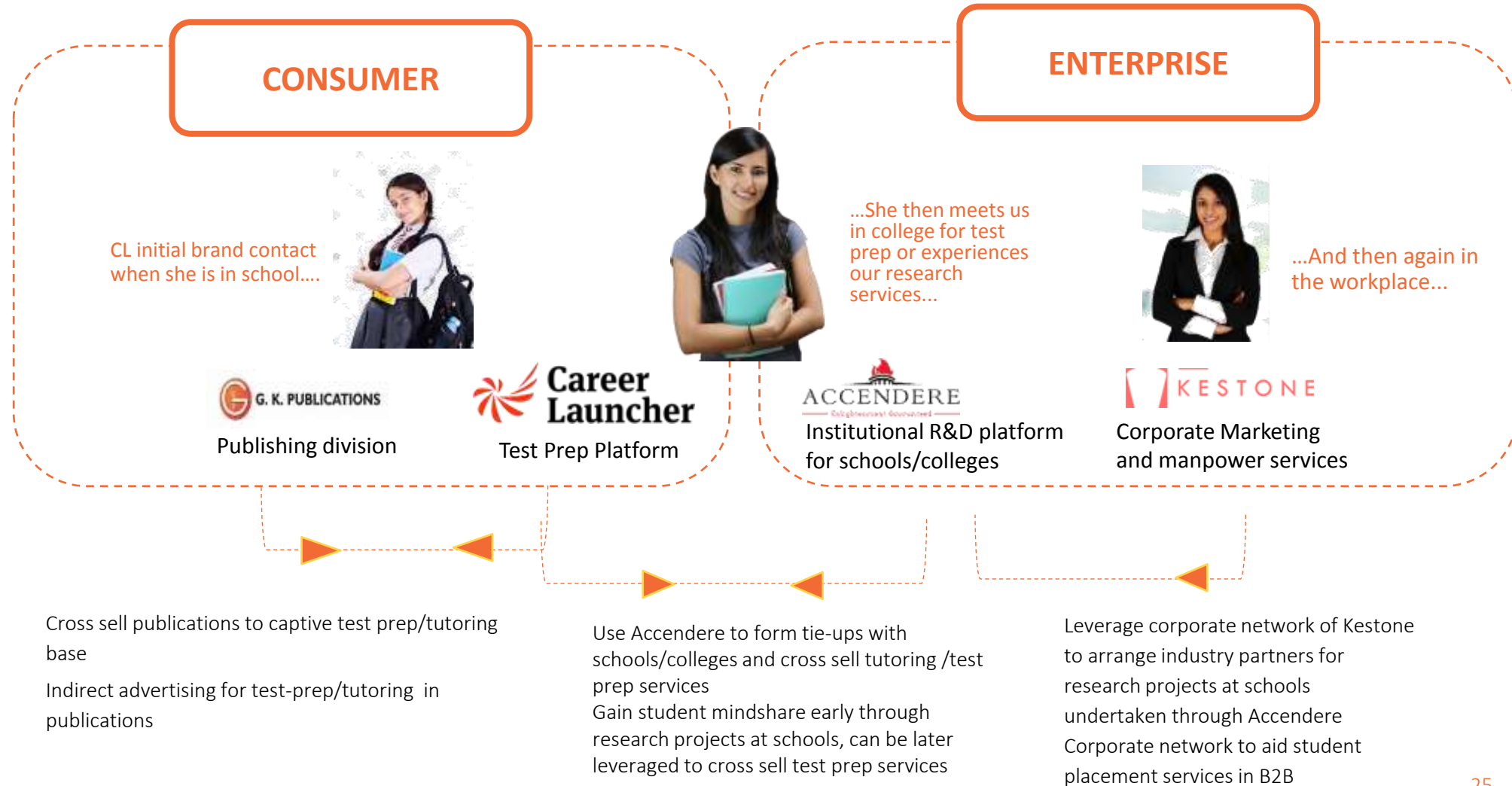


# Cross-leveraging between consumer & enterprise platforms

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

**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

## 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

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

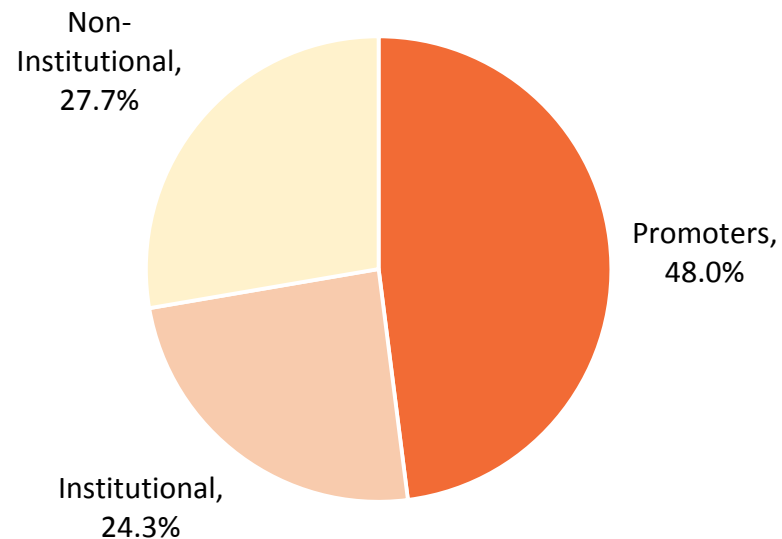
**Capital Deployed since April 2017 – 22 crs**

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

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

# Shareholding Pattern

Outstanding Shares (Jun 30, 2018)  
14,165,678



Key investors > 1%

Investors	Shareholding %
GPE (INDIA) LTD / GAJA TRUSTEE COMPANY PRIVATE LIMITED	8.45
SUNDARAM MUTUAL FUND A/C	6.53
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED	4.19
BNP PARIBAS ARBITRAGE	3.18
ASHOKA PTE LTD	2.97
DSP BLACKROCK MICRO CAP FUND	3.68
PRINCIPAL MUTUAL FUND	3.02
OCEAN DIAL GATEWAY TO INDIA MAURITIUS LIMITED	1.83
ICICI LOMBARD GENERAL INSURANCE COMPANY LTD	1.72
CANARA HSBC ORIENTAL BANK OF COMMERCE LIFE INSURANCE COMPANY LTD	1.61
ARJUNA PTE LTD.	1.33
MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	1.19