



CL Educate Limited

May 2017

BSE: 540403 | NSE: CLEDUCATE

Safe harbor

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements.

CL Educate Ltd. will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

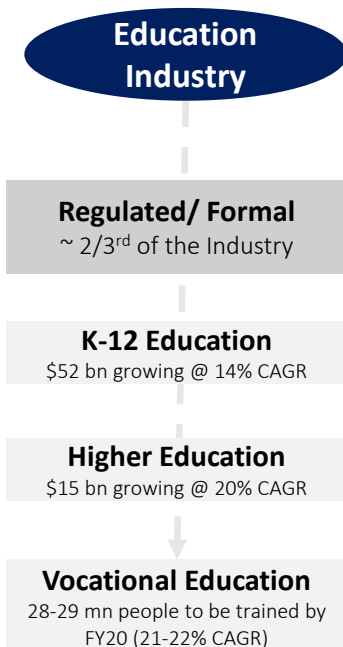
Indian Education Landscape

Sizable @\$100 bn+, fast-growing with newer opportunities

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

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

Budget'18
allocation to
education is Rs
7,969 bn, Up 10%
YoY



CL's focus areas

**Unregulated/
Informal/
Entrepreneurial**

**Test-prep/
Coaching**

Publishing

Assessments

Research Services

Skill Training

EdTech

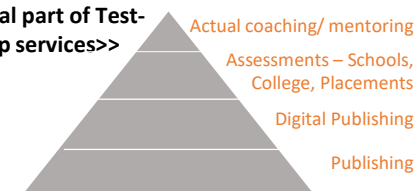
Figures in Rs Cr

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 (added CA & Civils via ETEN acquisition)

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

**Integral part of Test-
prep services>>**



\$28 mn with a
growth rate of
20%

~\$ 5.4 bn academic
book publishing by
FY21 @ 12% CAGR

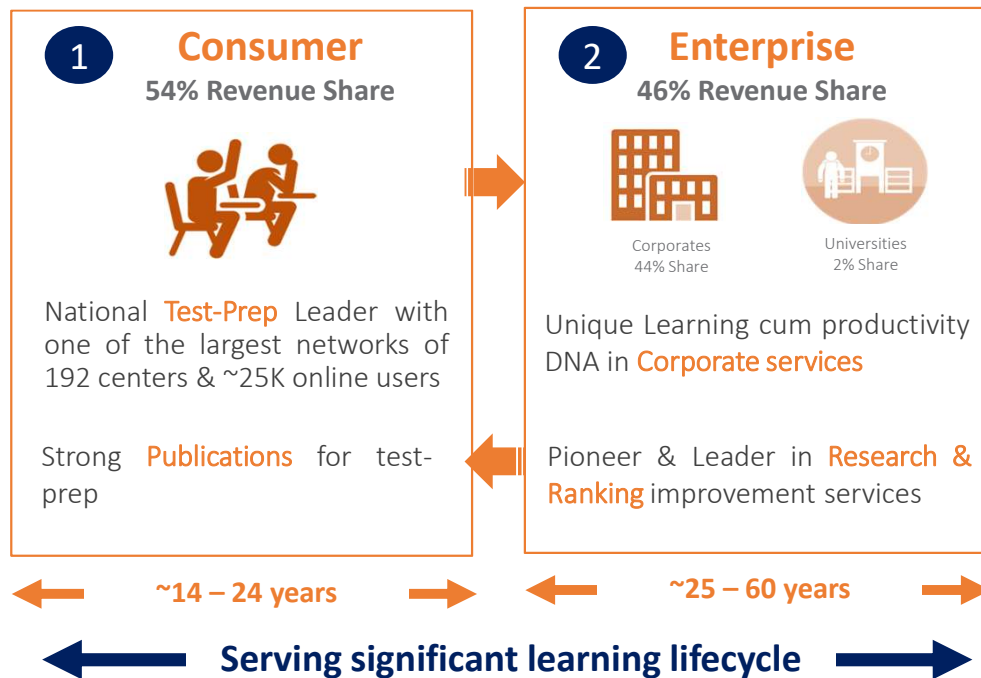
Sunrise segment - Boosted by recently introduced Universities Ranking (NIRF) by MHRD, increased Corporate demand for innovation & research solutions

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

Well-diversified leader in education products & services

Balanced Consumer, Enterprise mix in Revenues



Accelerated growth ahead post recent IPO and strategic transactions

Increased growth capital - Rs 151 Cr

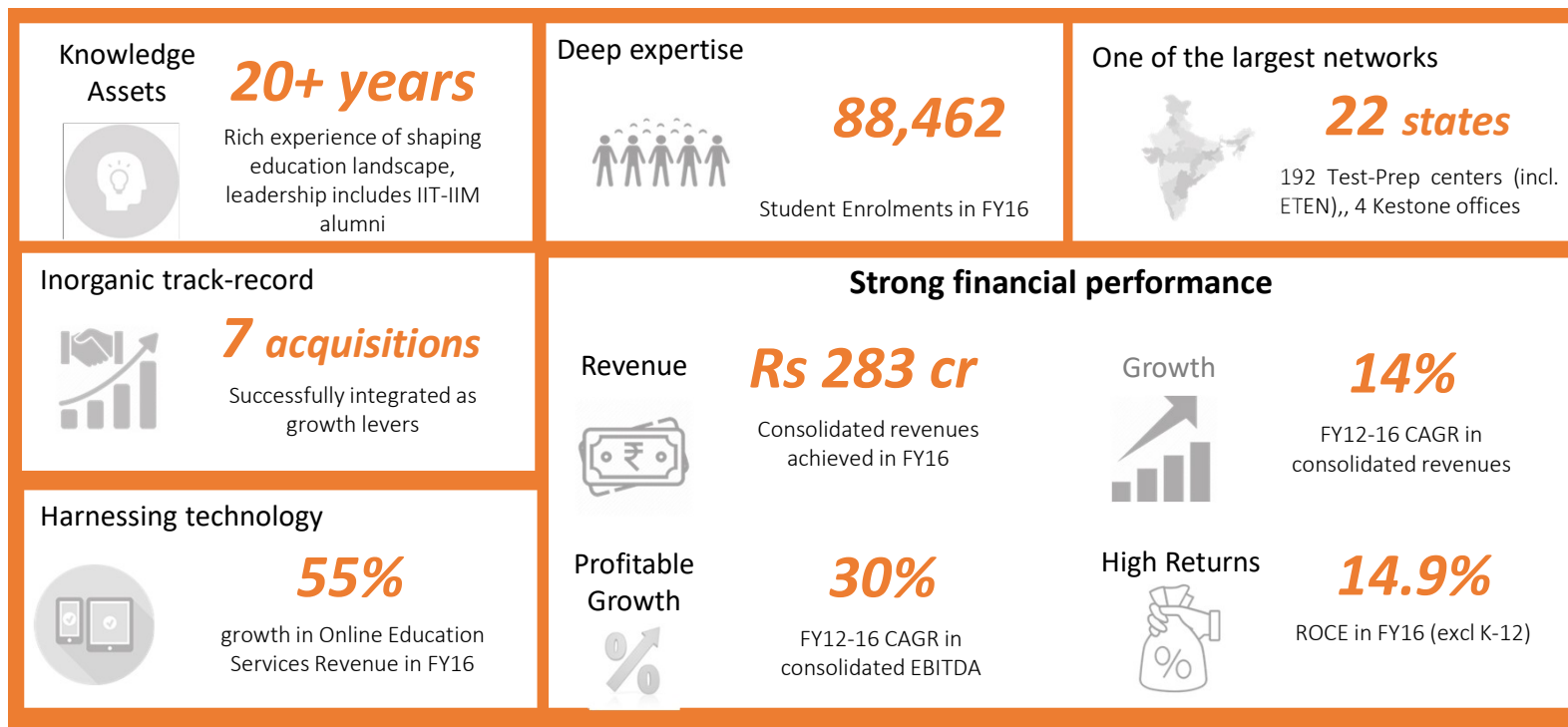
- Rs 100 cr. of fresh issue in IPO
- Rs 51 cr. From K-12 divestment

Strategic acquisitions

- ETEN CA & IAS business
- 100% stake in Accendere

CL in numbers – strong foundations

Scaling up steadily, profitable growth



High in Governance

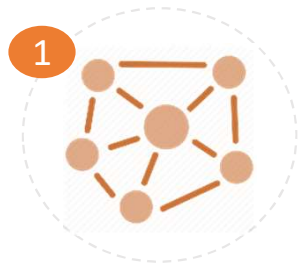
- Led by highly qualified professionals including IIT-IIM alumni, experienced & entrepreneurial management.
- Strong Board of Directors
- Marquee Investors

Consolidated financials, figures in Rs Cr

Our strengths

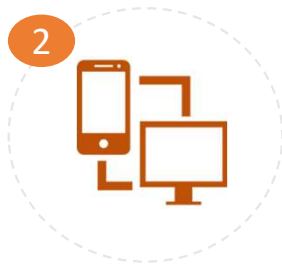
Key differentiators

Strong brand equity across businesses



Wide coverage Pan-India Network

- 192 centers
- 12 product groups
- Only listed player in the space with national presence
- Most expansive geography & product portfolio



Technology led delivery

- 24,590 online students – 28% of total (FY16)
- 817 titles sold digitally
- Half a million mobile app downloads with 27K active users
- In-house testing, & assessment tool – Futuremap, ERP system, student MIS.
- Cloud-based governance & content ecosystem



Research led Knowledge Repository

- 2 decades of test-prep insights & content
- Reputed courses – esp. in aptitude based test-prep
- Strong team – 60 full-time test prep faculty, in-house content development team of 45 (Sep 2016)
- Royalty free content



Integrated, wide spectrum of services

- Corporate Services encompass a comprehensive suite of productivity enabling services
- One stop shop for Educational Institutions for academic as well business consulting & execution services



Extensive Relationships

- Strong relationships across the education value chain : students , alumni, parents, faculty , trainers, corporates , institutional customers and Governments across India

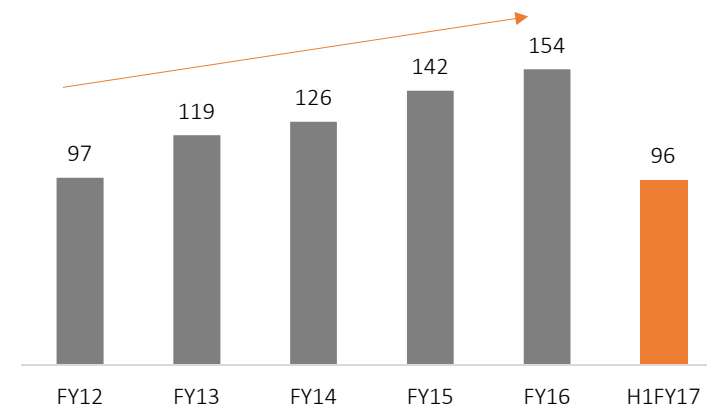
Consumer businesses

Strong brand with pan-India presence in Test-Preparation

- ❑ Scalable & asset-light business
- ❑ Market leader in **Aptitude Products (AP)** MBA and Law Test prep offering
- ❑ 151 test prep centers with 45 owned centers and 106 centers under Partnership model as on Sep 30, 2016
- ❑ Strong owned content, complemented by experienced faculty and trainers
- ❑ ETEN CA & IAS business acquisition to add **Knowledge Products (KP)** based test-prep offerings
- ❑ Publisher of test prep books for Indian competitive & job exams/ complementary to CL Test Prep offerings
- ❑ ~10.6 Lakh / 5.8 Lakh copies sold of 1,679 / 1,851 titles through extensive network of 906 / 635 distributors and dealers in FY16 / 1H FY2017

Consumer Revenues (Test-prep +Pub+K-12)

12% FY12-FY16 CAGR In Revenues



Consolidated financials, figures in Rs Cr

Knowledge services for Universities & Corporates

- CL Media facilitate Universities in reaching out to the right student set and improve their quality of intake

Business Solutions

- Project Consultancy
- Student Outreach Services
- Digital Marketing and Social Media Campaigns
- Print Media Campaigns
- Events

Benefits extended to the universities

- Attract Smart Students
- Better Placement Records
- Improved Brand equity
- International presence and thought leadership
- Student Diversity

- Accendere facilitate Universities in improving their Ranking through research and start-up incubation

Research and Innovation

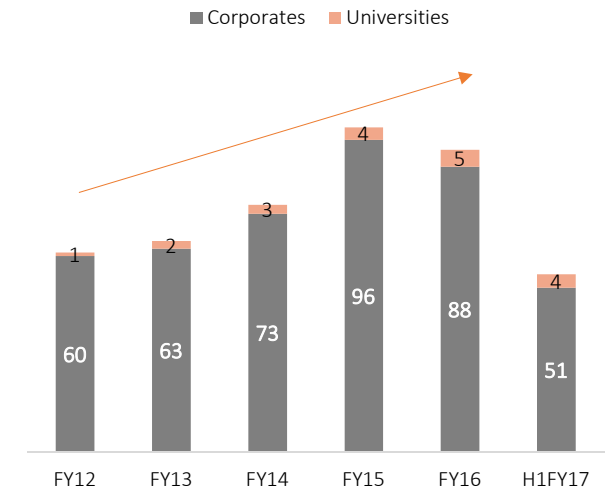
- Research Incubation Services
- Start-up Incubation Services
- Worldwide Academia-Industry Network
- Corporate Research Incubation and IP Management

Benefits extended to the universities

- Attract Smart Students
- Improved Research Output & Publishing
- Seed Funding and CSR projects
- Attract Research Funds from Govt. & Industry
- NIRF, NAAC, QS and THE consultancy

Enterprise Revenue

17% FY12-FY16 CAGR In Revenues



Consolidated financials, figures in Rs Cr

Note: The above figures exclude revenue from Vocational business which we exited on 31st March 2016

Knowledge services for Corporates

❑ Kestone provides Integrated Business, Marketing & Sales Services for Corporates

Knowledge services

- Corporate research services and IP management
- Product and Marketing consulting services
- Sales consulting services

Integrated marketing services and solutions

- Product Launches
- Dealer Meet/ Sales conferences / Seminars
- Activation Customer Promotion / Tele-marketing Services
- Lead Generation / Channel Loyalty Programs
- Online marketing communication
- Social media marketing/ Corporate training

Manpower management and Training Services

- Retail/ Secondary/ Enterprise Sales Management
- Product Training Sales Training
- Corporate Training Workshops

1997

19 years of building trust & putting smiles on clients faces

60+

Number of prestigious corporate clients

2,500+

Creative, approachable, multidiscipline Kestonians


100+

Strong reach and infrastructure to Indian cities and, 10+ International destinations

Cross-leveraging between consumer & enterprise platforms



Strong brand equity in both verticals



Consumer

CL Students secured ranks in the top 100 successful candidates in the CLAT (Law) exam in May 2016

66

11 (out of 20) 100 percentilers in CAT 2016 are from Career Launcher

11

Students received calls from at least one IIM in CAT 2015

2129

CL Students cleared the CSAT (Civil Services) in 2014 and 2015, hence eligible for mains

1,341

students selected in the final merit list of the Civil Services Examination 2015.


33

students cleared JEE Mains 2016, eligible for JEE Advanced 2016

138

Enterprise

Key Customers

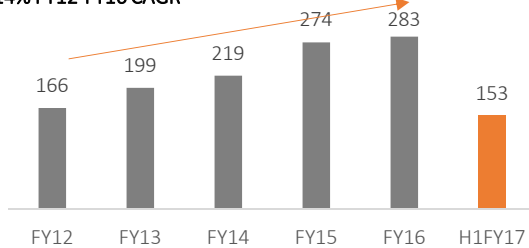


Delivering strong financial performance

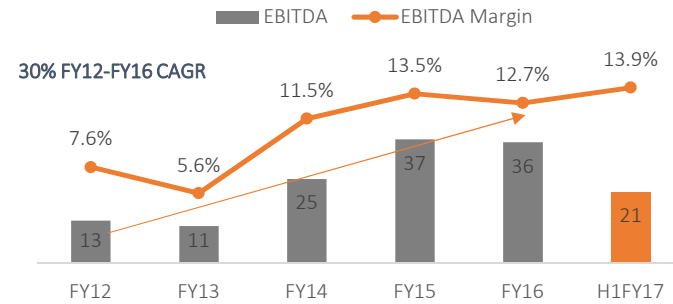
Consolidated financials, figures in Rs Cr

Revenue

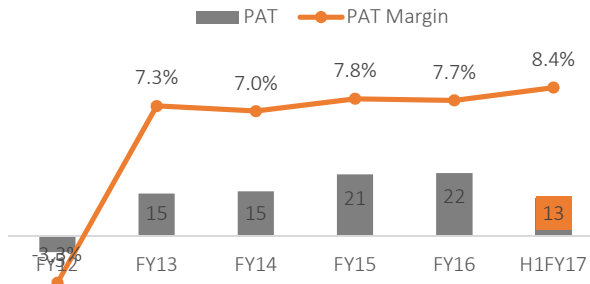
14% FY12-FY16 CAGR



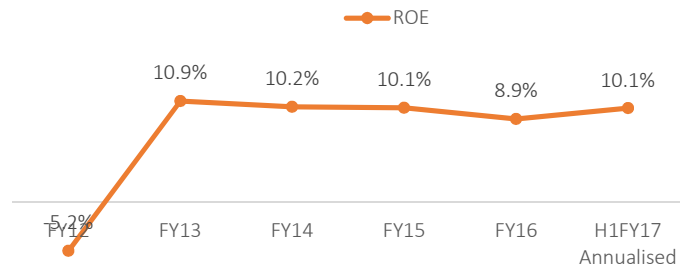
EBITDA/ Margin



PAT/ Margin



ROE



Acquisition of ETEN business

Adds high Growth, High ROE CA + Civils products to CL Portfolio

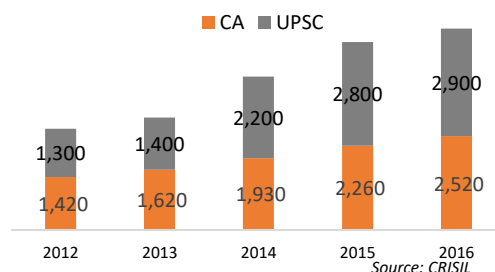
ETEN's Strong Assets

- Well-established & reputed test-prep brand in CA & IAS
- Pan India Network – 25 centres, 5 studios
- Asset-light highly scalable VSAT model

At peak in FY14-15, ETEN had 71,000+ students

Large Market Opportunity

CA & UPSC market (Rs Cr)



CL emerges as one of the largest pan-India network offering full bouquet of Aptitude-based & Knowledge-based test-prep services



- Larger combined network:** 192 centers from an earlier network of 162 centres
- Huge Cross-selling opportunities**
- Strengthen knowledge-based test prep programs:** Vantage entry into CA coaching, strengthens Civils portfolio - replicable into other CL segments utilizing ETEN's network
- Opportunity to add other knowledge products :** IITJEE/ Medical/ GATE, etc.

Payback in 2 years

- Attractive terms - Staggered payment of Rs 6 cr over 30 months & 4% Revenue Share in FY18, FY19 & FY20
- 3x Revenue Growth in 3 years
- ROE at end of 3rd year > 100% of Capital deployed

Acquires remaining 49% stake in AKMS

Increased focus on fast-growing research incubation services

Highlights since initial investment of Rs 13.2 cr for 51% in Sep 2015

- Revenue increase **2.5x**
- # of customers increase from 2 universities to 6 and added 1 marquee corporate. IIT BHU on board.
- # of researchers (students + faculty) increase **4x** to 2,500+
- Successful launch of Collaborative research platform (www.wainconnect.com) in 2016

Deal Details

- Total consideration payable Rs 13.2 cr
- Acquisition being funded entirely through internal Accruals

Attractive business returns

- Targeting **5x** revenue increase in 2 years from universities and corporates with 33-35% EBITDA margins
- High-Growth, High-ROE business with ROE of about 30-35% on the incremental investment
- Expected payback in 3 years

~Rs 85 cr deal for IWS with Eduvisors/ Cerestra Edu-Infra Fund

Transaction Details

- ❑ CL receives Rs 51 cr before March 2018 of which Rs 42 cr will come before May 31st 2017.
- ❑ CL/CLIES to continue hold 44% stake in Eduvisors.
 - ❑ Exit for balance 44% in next stage

Attractive deal for CL

- ❑ Releases Rs 51 cr over next 12 months for core business
- ❑ Improves return ratios for CL like ROCE, EBIT/Assets etc, EBIT/ Assets improve to 19% compared to 15%
- ❑ Reemphasises CL's focus to stay in asset light technology enabled scalable business

Our Strategy

Asset-light multi-faceted strategy for increased returns & shareholder value



Strengthen core consumer businesses

Expand offerings

- Introduce new courses
- Grow geographical test prep network
- Increase per centre utilisation



Tech-enabled

- Expand digital content & tools
- Expand digital distribution
- Tech-enabled optimization



Build upon B2B businesses

- Cross-Leverage knowledge assets & insights to expand B2B service offerings
- Cross-sell to corporate & educational institute relationships build via consumer businesses



Inorganic

- Fill in portfolio gaps
- Enhance customer base
- Multiplier effect from cross-sell
- Build on successful past track record

Outlook 2020

- **Revenue Goal** – Rs 500 to 520 cr @19-21% CAGR
 - Consumer Business Rs 290-305 cr , CAGR of 21-22% Including Eten
 - Enterprise Business Rs 200-210 cr , CAGR of 20-21%
- **EBIDTA:** Rs 102-110 Cr , CAGR of 28-30%
- **PAT:** Rs 66-69 cr , CAGR of 38-42%
- **ROCE:** 17.5 - 18%
- **Cash in bank:** Rs 280-300 cr
(Rs 125 cr Post IPO)

Goals of Key New Businesses

- **ETEN:** Revenue of ~Rs 36-40 cr , CAGR of 35%, Operating Margin at 15%
- **Accendere Research Business:** Revenue of ~Rs 20 cr with Operating margin at 35%

Annexures

Our A-Team

Professional Team, World Class Governance

Professionally qualified, experienced & entrepreneurial Management

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 & CFO

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

R Shiva Kumar,
Chief Academic Officer

- Over 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

Key Board Members

Sridar A. Iyengar, *Independent Director, Chairman (Audit Committee)*

- Ex Chairman & CEO of KPMG-India, serves on the Board of American India Foundation, DoJ October 17, 2007

Safir Anand, *Independent Director, Chairman (CSR Committee)*

- Senior Partner (Anand & Anand), recognized as a leading intellectual property lawyer by Chambers Asia-Pacific and by ICFM 250 in 2014, DoJ March 6, 2008

Kamil Hasan, *Independent Director*

- General Partner at Granite Hill India Opportunities Fund & at Hitek Venture Partners; Trustee of American India Foundation, of University of California and of India Community Center. DoJ January 28, 2011

Viraj Tyagi, *Independent Director*

- Co-Founder & MD of NettPositive Business Intelligence Solutions Private Limited; over 21 years of experience in the financial services industry, DoJ April 28, 2008

Sangeeta Modi, *Independent Director*

- Co-Founder of Access Asset Managers Private Limited; over 22 years of experience in the financial services sector
- DoJ - August 11, 2014

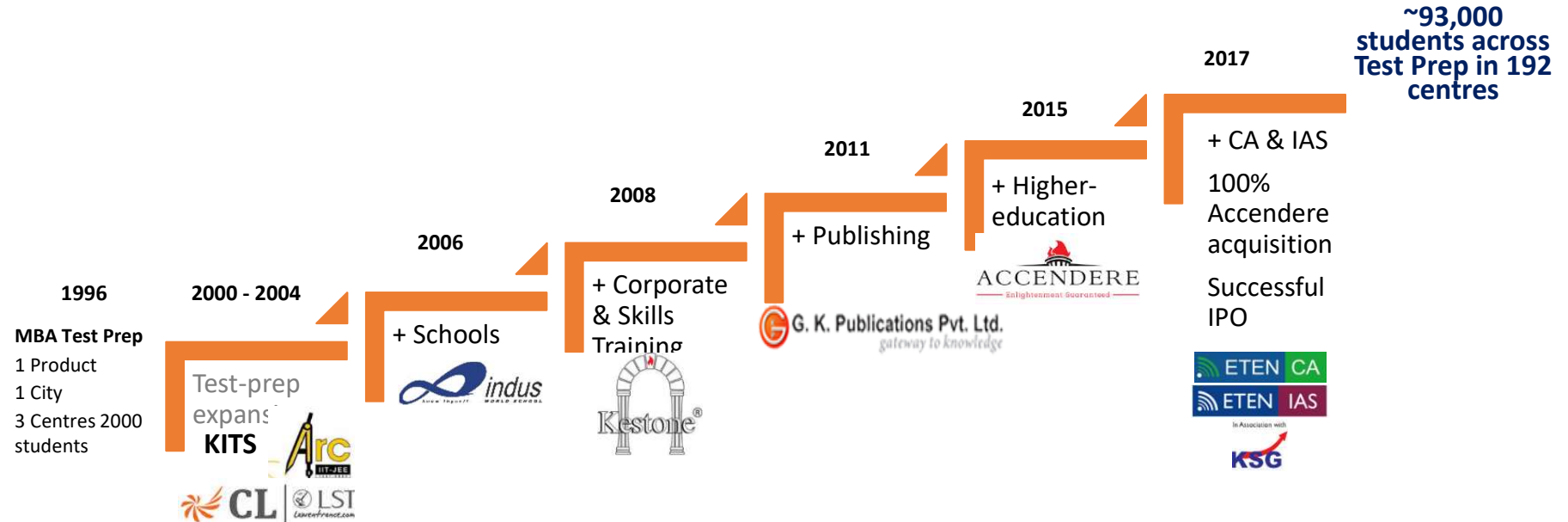
Gopal Jain, *Nominee Director*

- Co-Founder of Gaja Capital; over 25 years of experience in the private equity and financial services industry, DoJ - March 6, 2008

Our Story

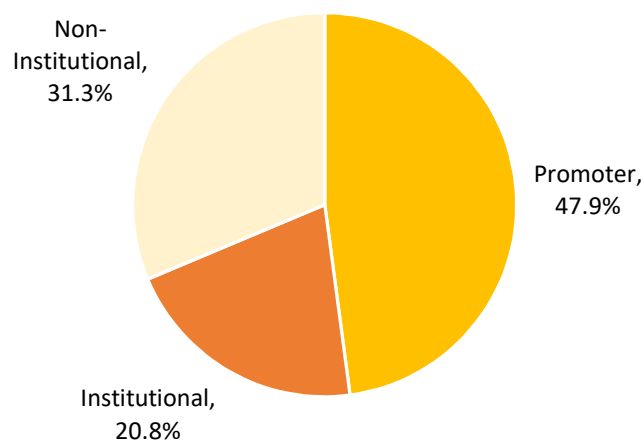
From a single-city MBA test prep to diversified & integrated play

Asset-Light, tech-driven, multi-product, multi-geography expansion, accelerated growth through 7 acquisitions



Shareholding pattern

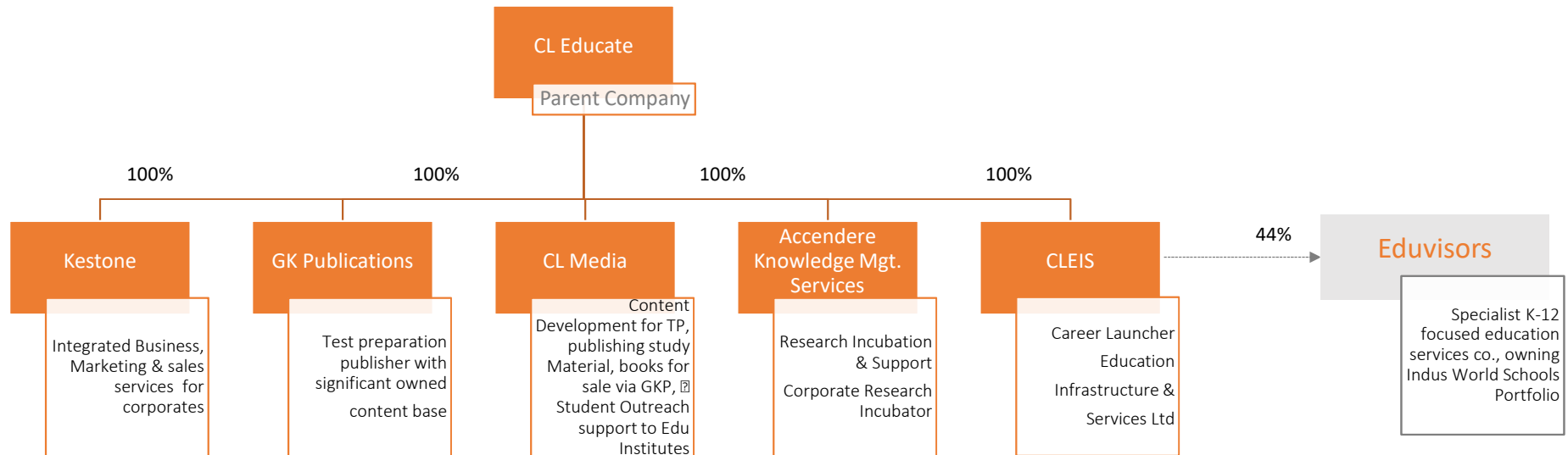
Outstanding Shares (March 31, 2017)
14,163,278



Key investors > 1%

Investor	% Shareholding
Gaja Capital	8.5%
HDFC	4.2%
Ashoka PTE/Macquaire	3.1%
Ocean Dial	2.9%
Sundaram MF	2.4%
HDFC MF	2.3%
DSP Blackrock MF	2.0%
Canara HSBC Oriental Bank of	
Commerce Life Insurance Co.	1.9%
ICICI Lombard Gen. Insurance Co.	1.7%
HDFC Standard Life Insurance Co.	1.5%
Principal MF	1.1%

Corporate Structure



Consolidated Profit and Loss Report

In Rs Cr	FY12	FY13	FY14	FY15	FY16	H1FY17
Revenue	166	199	219	274	283	153
RM consumption	5	6	7	11	12	5
Cost of services	55	69	78	106	118	73
Employee benefit expenses	62	67	69	75	63	28
Other expenses	31	45	40	46	54	26
Total Operating Expenses	153	188	194	237	247	132
EBITDA	13	11	25	37	36	21
Depreciation	5	6	5	8	9	4
EBIT	8	5	20	29	27	18
Other Income	10	23	11	12	14	8
Finance Costs	7	10	9	9	10	5
PBT before exceptional items	11	19	22	31	31	21
Exceptional Items (net)	19	-	1	2	-	-
PBT	-8	19	20	29	31	21
Tax expenses	-2	4	4	8	9	8
PAT before minority interest	-6	15	16	21	22	13
Minority Interest	-1	0	1	-0	-	-
PAT	-5	15	15	21	22	13

Notes:

RM Consumption includes Cost of raw material and components consumed, Purchases of stock-in-trade and Decrease/(Increase) in inventories of finished goods, work-in-progress and traded goods.

Key Ratios	FY12	FY13	FY14	FY15	FY16	H1FY17
EBITDA Margin	7.6%	5.6%	11.5%	13.5%	12.7%	13.9%
Pre-tax Margin	-4.9%	9.3%	9.3%	10.6%	10.9%	13.4%
PAT Margin	-3.3%	7.3%	7.0%	7.8%	7.7%	8.4%
Direct Expenses/ Revenue	92.4%	94.4%	88.5%	86.5%	87.3%	86.1%
RM Costs/ Revenue	3.2%	3.3%	3.2%	3.9%	4.2%	3.1%
Cost of Services/ Revenue	33.2%	34.5%	35.7%	38.6%	41.7%	47.5%
Employee Expenses/ Revenue	37.5%	33.9%	31.4%	27.4%	22.2%	18.2%
Other Expenses/ Revenue	18.5%	22.8%	18.3%	16.7%	19.2%	17.3%

Consolidated Balance-Sheet

In Rs Cr	FY12	FY13	FY14	FY15	FY16	H1FY17	In Rs Cr	FY12	FY13	FY14	FY15	FY16	H1FY17
Share capital	9	10	10	12	12	12	Tangible Assets	91	78	76	78	76	75
Reserves and Surplus	96	124	140	198	230	244	Intangible Assets	14	12	11	13	11	11
Shareholder's funds	105	134	150	209	242	256	WIP	1	1	1	1	1	1
Share application money pending allotment	3	-	1	-	-	-	Total Fixed Assets	106	91	87	91	88	87
Minority Interest	27	28	29	1	-	-	Goodwill on consolidation	12	16	20	20	33	33
Long-term Borrowings	33	26	24	25	25	24	Non-current investments	2	2	2	2	2	2
Deferred Tax Liabilities (net)	2	1	2	2	2	2	Deferred tax assets (net)	3	0	0	0	1	1
Other Long-term Liabilities	0	0	0	0	0	0	Long-term loans and advances	12	16	19	18	17	14
Long-term Provisions	1	2	2	3	3	4	Other non-current assets	0	21	13	11	11	11
Non-current Liabilities	36	29	28	30	31	30	Inventories	4	7	11	9	7	7
Short-term borrowings	22	28	34	31	38	34	Trade receivables	46	54	65	87	119	127
Trade Payables	10	12	17	20	25	22	Cash and cash equivalents	29	12	11	19	16	12
Other current Liabilities	60	48	40	47	51	67	Short-term loans and advances	41	49	56	63	74	81
Short-term Provisions	0	1	3	3	2	4	Other current assets	7	14	17	21	22	38
Current Liabilities	92	89	94	101	116	127	Current Assets	127	135	160	198	237	265
Total Liabilities	263	280	301	341	389	413	Total Assets	263	280	301	341	389	413

Cash Flow Statement, other Ratios

In Rs Cr	FY12	FY13	FY14	FY15	FY16	H1FY17
Operating Cash Flows	-19	6	10	20	5	6
Investing Cash Flows	-5	-5	-1	-124	-17	-0
Financing Cash Flows	17	1	-9	105	14	-9
Net increased/ Decrease in cash	-7	2	-1	2	2	-3

Key Ratios	FY12	FY13	FY14	FY15	FY16	H1FY17
FA Turnover	1.6	2.2	2.5	3.0	3.3	3.6
D/E	0.5	0.4	0.4	0.3	0.3	0.2
Debtor days	101	98	108	116	154	151
Inventory days	9	12	18	12	8	9
Payable days	21	22	28	27	32	26
ROE	-5.2%	10.9%	10.2%	10.1%	8.9%	10.1%
ROCE	11.5%	15.2%	14.8%	15.3%	13.4%	16.1%

CONTACT US

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About CL Educate Ltd.

CL Educate Ltd. is a well-diversified and technology enabled provider of education products, services, contents and infrastructure with presence across the education value-chain. It commenced its operations in 1996 and is present in test-preparation & training services, publishing & content development, integrated business, marketing & sales services for corporate, vocational training programs, integrated solutions to educational institutions. For more information visit www.cleducate.com