

## CL Educate Limited

### Covid19 – Impact and outlook



Nearly Four-fold jump in digital revenues. Digital contributes 90 percent of revenues from 10 percent. Volumes jump 2 to 12 times in EdTech practice.

*“WFH is here to stay. Offline will come back as premium face to face” says management*

CL Educate, the listed EdTech company, comprising a consumer and an enterprise arm known by the names, Career Launcher and Kestone respectively, reported her Q1 results today.

Covid19 had brought the ‘touch’ business to a grinding halt the world over and that affected CL Educate as well. The disruption has proved to be a blessing in disguise according to Nikhil Mahajan, executive director and leader of BCG (Business Continuity Group) that was set up to deal with COVID-19 situation.

*“The digital transformation path that was being pursued over the past few years has turned into a successful project during the COVID-19 period”* said Mr. Mahajan.

Speaking in numbers, while the traditional or touch (offline) business shrank from INR 78 crores (in Q1 2020) to INR 2.0 crores in the first quarter of 2021, the digital business grew from INR 12 crores to 45 crores in the first quarter of 2020/21. At an aggregate level, CL Educate reported a quarterly revenues of INR 50.5 crores with an EBITDA of INR 7.3 crores against last year’s figures of INR 89 crores of revenue and INR 12.9 crores of EBITDA.

Large parts of the digital transformation are now complete. The pivot to a digital business may be a core feature of CL Educate’s business going forward. Gautam Puri, Vice Chairman of the company said, *“Work from home, everything being digital are now here to stay. It has helped in not only dramatically altering the business model design, but also overheads, customer acquisition, the fulfillment processes and so on. We see it paying off even more after COVID-19 goes away”*.

The Non-Touch Coaching business operating under the Career Launcher brand reported a 3x growth in volumes in the first quarter of the year with different consumer segments showing between 2 to 10 times growth in volumes. *“Our ARPU or ASP has fallen from last year by about*

*30 percent overall, but market shares and profitability will have altered significantly by the end of this financial” stated Arjun Wadhwa, CFO, CL Educate.*

*“CL has built a profitable digital ed-tech business. Our customer acquisition cost is between 9-30 percent of the ARPU or ASP. Thus, every rupee of growth is profitable in Career Launcher”, said Gautam Bawa, Business Head of Digital division of Career Launcher.*

The management update emphasized the commitment to stay customer centric and growth driven with the estimation that FY 2021, on account of Covid19, would prove yet again a year of re-invention of CL in her long journey of 25 years.

Satya Narayanan R, Chairman of CL Educate said *“We are looking at the next 25 years of the leadership journey. Reinventions are an imperative to stay a winner in a hyper-competitive world. We would be guided by this hunger and our core values - ROOHI”.*

CL Educate is celebrating the completion of 25 years of service in the year 2020.

Team CL