



“Career Point 1QFY16 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the Career Point Q1FY16 earnings conference call hosted by Systematic Shares & Stock Limited. As a remainder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and 0 on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Rahul Jain of Systematix Shares & Stock Brokers. Thank you and over to you sir.

Rahul Jain: Thank you Karuna. Good morning everyone on behalf of Systematix Shares. I welcome the Senior Management of Career Point represented by Mr. Pramod Maheshwari – Chairman, CEO & MD of the company and Mr. Mahesh Bhangriya - VP (Corporate Strategy), Career Point. I would now request Mr. Maheshwari to take us through the Q1FY16 results and give some insights into the recent developments in the company. Over to you now.

Pramod Maheshwari: Thank you Rahulji. Good morning ladies and gentlemen, this is Pramod Maheshwari – Managing Director and CEO of Career Point Limited. Thank you all for joining our investor conference call.

With me I have my colleague Mr. Mahesh Bhangriya VP (Corporate Strategy and Investor Relations). I believe most of you have received the copy of our earning updates. It is also available on our investor relationship section at our website www.CPIL.in. To begin with I will give you an update on our business, then Mahesh will take you through the financial overview of first quarter of the current financial year.

I would first start with the update on tutorial service division where we have enrolled more than 12,500 new enrollments by the first quarter of current academic session against 12,381 by the same period last year. It is reasonably a good performance considering the two major negative factors which happened this year. The first one was the deferment of premedical examination and second which impacted the enrollment is the closure of two loss making center of our company.

Just to update you that this year the All India Pre Medical Test known as AIPMT was cancelled and conducted again. It was previously held on 3rd May 2015 and cancelled by Supreme Court on account of exam paper leakage. The re-examination took place on 25th July last month and result is expected on or after 17th of August this month. Hence, we believe that our enrollments in the medical division were impacted by this event to a certain extent.

Here I would also like to share one more aspect which happened this year that most of the state government participated in JEE conducted by CBSE for engineering entrance examination. This resulted in cancellation of states pre-engineering test, like Rajasthan government used to conduct Rajasthan PET till last year. This year they admitted student in engineering colleges in Rajasthan based on the performance in JEE examination. So they cancelled the Rajasthan PET and that happened with MP-PET in other states as well. This cancellation also impacted the



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enrollment in short term courses which we run immediately after the board examination. The timing of these courses is generally end of the 4th quarter and beginning of the first quarter.

In spite of the impact of these events on enrollment growth; the positive side is that we are able to register marginal growth in enrollment and also we are successful to improve performance of the company significantly by rationalizing the operation on various fronts. If you analyze our financials then you will find significant improvement in margins which Mahesh will share you shortly.

Coming to Career Point Gurukul that is our residential coaching cum school campus, as per our strategy we are progressing successfully to position it as a premium residential campus, which is also reflected in growth of the average realization per student along with increase enrollment compared to first quarter last year. As per our strategy we have enrolled more students from grade 7 to 12 who avail both school and tutorial services against 12th passed student who opt only tutorial services while residing in the campus.

I would like to highlight that growth in fee realization from Gurukul campus is observed despite the change in fee payment policy which was in two installments till last year. Now this year, we started to give the flexibility to student to pay the fees in three installments.

In addition to the Gurukul and tutorial business; I would also like to share the innovative digital initiatives, like video lecture on pen drives and SD cards on demand video lecture etc under wholly owned subsidiary of the company, are also getting good traction from the students.

Now, moving from the tutorial business to the formal education, which comprises of higher education and school education, that segment continued its excellent performance. With enrollment close to 6,000 in formal education by 30th June 2015, we have added approximately 1,100 new enrollment in this division. The contribution in growth is mix of both, higher education as well as school education vertical. Higher education enrollments are approximately 46% of the total formal education enrollment as of 30th June.

Formal education entities now have reached to 7 institution of career point including 3 higher education and 4 in school education. We also started recently the school franchising; Career Point World School with the first franchisee at Bilaspur has started its operation. In the first academic session, they were successful to enroll more than 300 students.

Just to update you the placement performance of higher education division, which is pretty critical for the success of university and colleges, that Career Point University Kota witnessed a remarkable placement in academic session 2014-15. A total of 283 students were placed by 28 esteemed recruiters in the campus placement. The placement of our student is close to 78%. So this has strengthened our position in the region where we are operating.



Higher education division recently has established a new academic partnership in collaboration with Regenesys Business School Johannesburg South Africa. This partnership will provide our students, faculty and research scholar exchange program, internship for UG/PG program, short term courses for faculty and students, occupational and other industry immersion program conducted either in South Africa or other part of the world.

In the current academic session, which is going on, we have also added new course which include BSc in agriculture which has got amazing response from the market, MSc in life sciences, LLM and PG Diploma in law. Remarkable placement record, overseas academic collaboration and new school franchise, in our opinion, promises a long term sustainable prospects for formal education division of our company.

Under skill development initiative as you are aware we are already conducting Rajasthan government funded skill development programs. Along with this we are also in process to tie up with National Skill Development Corporation to start a skill development courses under Skill India Mission of the central government.

I would also like to share quick update on the subsidiaries of the company. The wholly owned subsidiary Career Point Edutech product which I just share with you, video lecture on USB and SD card, online video lecture on demand, online test series is getting good traction from the student. The company is selling its products on various e-commerce platform and witness quite rapid growth. The other wholly owned subsidiaries Srajan Capital an NBFC focusing on education loan has built loan book of close to 20 crores as on 30th June. The company is growing its business in a very cautious manner to build a robust and sustainable business model. Recently company has also formed a 50:50 JV to launch a social learning style platform named studyboard.com where a student and teacher can interact with each other. Can discuss question and answer. Company has launched online app and the website and within few months of the launch more than 4000 users have downloaded the app and more than 1000 student has registered and using it actively. So this is brief update about the company. Now I would request my colleague Mahesh to give you initial update. Over to you Mahesh.

Mahesh Bhangriya:

Good morning ladies and gentlemen, I am pleased to share an overview of our financial result for the first quarter of fiscal 2015-16. In tutorial services division we had total enrollments of 12,517 by the end of period under review. This includes 9,025 long term classroom enrollments at branch centers against 8,961 by end of same period last year. At formal educational division, the total 5,921 enrollments were registered by end of period against 4,954 by the end of previous academic session.

The increase in enrollment coupled with a fee hike resulted in y-o-y increase of 7% in income from operations at standalone level. The company reported income from operations at Rs. 16.23 crores for the quarter. If we look at the total income which is including the other income, it has stood at Rs. 18.02 crores with year-on-year increase of 9.7%.



In continuation of the strategy to monetize the benefit or not-put-to-use asset, the company sold a small land parcel in this quarter. A gain of Rs. 44.4 lakhs over the asset which had a book value of Rs. 4.7 lakhs is included in the other income.

As mentioned earlier that operating performance of the company was significantly improved in the quarter on the account of closure of inefficient centers and optimization in promotional strategies. Operating EBITDA is tripled at Rs. 3.01 crores for 1QFY16 with margins of 18.5% compared to 6.5% last year - an improvement of 1200 basis points.

Considering a large operating leverage still available with the company in tutorial division, we are quite hopeful for significant margin improvements going forward from the current levels. At consol level, the income from operation grew by 9.4% year-on-year at Rs. 17.52 crores. The total income came at 19.98 crores including Rs. 2.47 crores of other income.

Here I would also like to bring your notice that this number will not be directly comparable on quarter-on-quarter basis as last year in the fourth quarter the company had an income component from the automobile subsidiary which has been discontinued now and the company has already departed by that investment.

At consol level the company has realized Rs. 3.37 crores of EBITDA in the period with a year-on-year growth of 384%. The EBITDA margin which came at 19.3% was 15 percentage points higher over same period last year. The profit before tax at consol level is also more than tripled at Rs. 3.41 crores against Rs. 1.05 crores in 1QFY15.

Similar performance is observed in the bottom-line at standalone level, the net income was reported at Rs. 2.35 crores with an increase of 262% against first quarter of fiscal 2014-15 and margin improvement of 910 basis points. At consol level I would like to remind you about the positive impact of deferred tax in last year financials which was arrived due to asset sale of higher education institutional asset in our infra subsidiary.

Coming to net worth of the company, at consol level it was Rs. 3.4 billion and net cash including the investment and current loan after removing the bank borrowings was reported at Rs. 55.6 crores by June 30th, 2015. Now I would like to request Mr. Maheshwari to summarize the update.

Pramod Maheshwari:

Thank you Mahesh. In conclusion I would say that this year has started very well in terms of strategy execution of different business units. Some of them include improvement in average realization at Gurukul campus, the increase in enrollment in higher education institutions, marginal improvement in enrollment and tutorial business despite of the impact of events with an impressive margin advancements and sale of not-put-to-use assets. We are pretty hopeful that we will be able to continue the growth momentum in existing as well as new ventures such as vocation education and e-learning, and also a significant improvement in margins from the current level. Now the floor is open for questions and answers.



- Moderator:** Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. We have first question from the line of Pratik Bohra an Individual Investor. Please go ahead.
- Pratik Bohra:** I have a question on the margins front. Just want to check with you on the consolidated level though we see the operating margins sustainable or moving ahead from these levels, first part; second part is on the PAT margin, I mean historically because of the exceptional item or the tax related item our PAT margin have been moving in a very wide range. So for this year what other exceptional items or tax related provisions do you see coming up and what PAT margins do you see for this year?
- Mahesh Bhangriya:** On the operating performance at consol level, because the significant portion is coming now from the standalone level where a lot of operating leverage available in tutorial division, hence going forward margins at consol level are also likely to be improved. The other subsidiaries are also in to high margin businesses, mainly into e-learning, education accessories or vocational education.
- Coming to PAT level margins, as you rightly mentioned that last year we had a lot of one-off components including the MAT credit or deferred tax. However, this year these components are not observed in significant magnitude. So you may assume the similar tax rate for the year which has been observed in the first quarter.
- Pramod Maheshwari:** As far as the sustainability of the margin is concerned as Mahesh just said that it is coming primarily from the standalone, so we believe that these margins will be sustainable for the best of the year as well.
- Pratik Bohra:** So PAT margins safely can be assumed in the range of 13%-15% for this year?
- Pramod Maheshwari:** Yes.
- Pratik Bohra:** One more thing on the enrollment front in the tutorial division, I mean given now the clarity on the syllabus admission procedure, I mean the proactive measures in government also taking for ironing out issues outstanding. So how do we see our enrollments shaping up this year from the last year of the number of ballparks, if you can give the ballpark of what growth do we see?
- Pramod Maheshwari:** As on date, if you analyze enrollment this year versus last year there is a marginal growth and we were expecting that enrollment growth will pick-up from current levels. One event which is one off in its nature has happened this year that is cancellation of AIPMT examination. In AIPMT examination, there is a large number of the students who take a drop for a year after class 12 and take admission to the coaching center to prepare for examination. But after to cancellation, the examination was conducted last month in last week of the July and still the result is awaited.

So it is not very clear but we are expecting that the enrollment growth will be higher in coming months as compared to last year and we will be able to enroll more number of the students going forward. More clarity we will be able to get by end of this month after the results declaration of AIPMT.

Pratik Bohra: At consol level do we think that we will be able to stick to our guidance of 20% growth in sales at consol level for this year?

Mahesh Bhangriya: The growth would be in the double digits. However, it is difficult to be precise at this juncture due to lack of visibility in medical enrollment at tutorial division and considering that a significant number of enrollments in formal education division take place in Q2.

Pratik Bohra: What is our plan on the non-strategic assets which we hold on our balance sheet? Do we plan to monetize them this year? I mean, we plan to hold them for this year?

Pramod Maheshwari: We are looking forward to divest those assets. The challenge in divesting these kinds of assets is that one cannot be pretty aggressive in the market. So it is on our agenda to divest those assets and as and when we are getting the right value by the right buyer, we are monetizing those assets.

Pratik Bohra: On the NBFC front, how is that piece of the business picking up. What is the loan book size as of now and what are our plans on the NBFC front, to what scale we plan to take it up this year?

Pramod Maheshwari: As on 30th June, the loan portfolio was close to rupees 20 crores. We are very cautious to build the loan portfolio and currently in the process of putting all the systems in place. We have not set any targets for this year but we believe that loan book will be somewhere close to 30 to 35 crores at the end of this year.

Moderator: Thank you. The next question is from the line of Aliasgar Shakir from Elara Capital. Please go ahead.

Aliasgar Shakir: Just wanted to know first of all the split between engineering and medical and premedical enrollment growth in Q1, you said some of the numbers but I think I missed that. So I just wanted to understand in Q1 what is the growth that we have seen in engineering and premedical enrollment separately?

Pramod Maheshwari: Due to strategic reasons, we do not disclose the split between these divisions. However, the overall enrollments as on date are slightly more than the last year enrollment number and enrollment in medical are still expected to grow.

Aliasgar Shakir: So is it safe to assume then that you know there was a growth in engineering which would have been decent but because of the loss of enrollment because of the postponement in premedical we lost out on the overall growth in, is that the safe assumption?



- Pramod Maheshwari:** Can be assumed, yes.
- Aliasgar Shakir:** The other thing I wanted to understand is if you could share what was the enrollment loss that we saw because of the closure of the two branches that we mentioned in the presentation?
- Mahesh Bhangriya:** About 500 enrollments were there in these centers by last year.
- Aliasgar Shakir:** So basically that 500 is lost because of the closure otherwise we would have at least had those 500, so instead of 12,500 would have been probably around 13,000.
- Mahesh Bhangriya:** Yes, the growth which is observed as one percent could have been 5%.
- Aliasgar Shakir:** Correct. In enrollments?
- Pramod Maheshwari:** Yes.
- Aliasgar Shakir:** I just want to understand, you mentioned that lot of students who have not taken admissions in medical because of the postponement of exams, so if you have any such workings or you may be aware that who are the repeat medical enrollments, broadly what is the quantum of enrollment that you could expect that can come after the examination result that come out of 17th. So probably whatever we have today 12,500 your judgment what is your expectation that it could be in Q2?
- Pramod Maheshwari:** This is one-off event. I have never seen this kind of event in past in my 22 years of career. So, it will be very difficult but based on the interaction we have with the students and based on the feedback we are getting at our sales office and institution, there are large number of students who are postponing their admission and awaiting for their results. But it is late august, so it will be very difficult to give you a clarity, how many students will turn up. But the enquiry flow is pretty good and everybody is just waiting for the results which will be probably announced on 17th or 18th. Perhaps after that people will make up their mind to take the admission, but really difficult to give the number at this moment of time.
- Aliasgar Shakir:** If I look at the enrollment growth over the next 2-3 years, our view of reaching recovering what we have lost in the last 2-3 years where we were at the peak of 20,000-21,000 remains intact or you think that probably that has downward revision possibility?
- Mahesh Bhangriya:** It should not give a downward revision to our estimate of capturing lost-ground in next 2-3 years, reason being this was a one-off event - occurred this year only
- Aliasgar Shakir:** Just wanted to know on automobile investment that we have liquidated, I just wanted to know where is the transaction reflected in the number if you could just help me understand how is it, where is it reflected in the numbers?



- Mahesh Bhangriya:** It was started from third quarter of last year. So you would not see in the first quarter but in the annual report at consol level, this transaction will be reflected. Hence I told that fourth quarter of last year will not be comparable with the first quarter of this year.
- Aliasgar Shakir:** So basically the Q3 we bought and we have sold it, is that correct?
- Mahesh Bhangriya:** Yes.
- Aliasgar Shakir:** So the sale would have got effected in Q4, okay, fair enough.
- Moderator:** Thank you. The next question is from the line of Chetan Wadia from JHP Securities. Please go ahead.
- Chetan Wadia:** My question is on the scalability of the business, are you saying that you are selling some of the products to the e-commerce platform. I am not asking the value that bit or small, but in terms of number of products that you have sold so far let us say on a quarter, what kind of trend you are seeing in that, on month-on-month basis?
- Pramod Maheshwari:** Let me give you the background of the product, we actually sell video lecture of our faculty members on USB drive or on SD card. We have not invested any money in promotions so far. But the response is amazing, we are getting the repeat buyers. Actually, we sale unit wise and someone who has bought one unit, is coming back to buy the second unit as well or third unit also. It reflects the acceptability of the product.
- Now, if you look at the numbers, we launched this in the month of January. That time it was almost end of the academic session last year. Since then we have made close to Rs. 25 lakhs of sales. We have clocked this sales with margins close to 70%. In the last quarter, in the Q1 we sold close to Rs. 15 lakhs of units with an EBITDA of close to Rs. 12.3 lakhs.
- This is pretty scalable and our strategy is to reach to the large masses. That is why we are adopting almost all e-commerce platforms to reach out the masses rather than creating our own e-commerce platform. We are just focusing on the products and its quality and leveraging the platforms of established e-commerce companies to reach out the potential customers. Based on the large potential and the kind of traction we are getting, we are very confident that in years to come, this will become a big business for the company.
- Chetan Wadia:** Since you also provide the formula education, any plans to launch CBSE syllabus or ICSE for the K10 students?
- Pramod Maheshwari:** Formal education we already run school up to class 12 and which are affiliated to CBSE. Our current products in e-learning are primarily focusing on Test-Prep. We are developing more products. Those products are focusing on needs of students in different section which help the student to prepare for the board examination and help the student to acquire certain skills. So that is the product pipeline we are building up.



Perhaps at appropriate time, we will definitely launch more products to help students in various segment of the education chain. So you may see going forward products for class 11 and class 12 board preparations in our e-learning space with focus primarily on video lectures.

Chetan Wadia: Finally the companies in the education space they all are bullish about the skilling the campaign of the government. To what extent you are involved in this entire skilling initiatives of the government and what kind of revenue numbers or the financial numbers are you expecting from this at least in the next 3 years.

Pramod Maheshwari: In skill development space, our focus is to work with government only. So in this vocational education segment, we are already working with the government of Rajasthan and as I said earlier that we are also in process of tying up with National Skill Development Cooperation to start various skill development programs under Skill India Mission. It is bit early to give guidance on numbers because projects with government take their own time.

Chetan Wadia: Just to follow up on that, you just touch up on that you are planning to have a tie up with NSDC on this skill development, any initial thoughts in your mind in terms of number of students that you may be willing to thinking of training that is in the next 5 years' time or opening up the center along with JV with NSDC because there are companies we have tied up in a similar way.

Pramod Maheshwari: We have submitted proposal to National Skill Development Cooperation to train 4.5 lakhs students in next 10 years.

Chetan Wadia: The type of courses which you can touch up on for this four lakhs students?

Mahesh Bhangriya: We have selected 9 centers which include automobile, construction, capital goods, healthcare, electronics, BFSI, retail, IT-ITes and couriers & logistics. The prominent sectors where we see lot of students traction as well as the employment opportunities.

Chetan Wadia: Finally, just this is for my understanding on the slide that you were saying EBITDA and operating EBITDA, how do you differentiate the two?

Pramod Maheshwari: In operating EBITDA we do not include the other income.

Moderator: Thank you. Mr. Rahul Jain, you may go ahead with your questions please.

Rahul Jain: On the formal education side can you tell this formal enrollment number does it include the franchise school count as well?

Mahesh Bhangriya: Yes, Rahul.

Rahul Jain: How different is our business model in the franchise versus the own school?



- Pramod Maheshwari:** In franchise case, we provide the know-how to run the business. We do not incur any capital expenditure or operational expenses. So all the expenses are borne by the franchise and we provide the whole guidance right from setting up infrastructure to operating the school and we get a percentage of the revenue towards royalty for providing this knowhow to the franchise.
- Rahul Jain:** Does it has a fixed component as well or only variable percentage on the total revenue?
- Pramod Maheshwari:** There are two components, one is the fixed component and the second one is the variable component which is ongoing. So fixed component is one time at the time of appointing someone as the franchise and ongoing component is the recurring revenue which we continue to get till he remains our franchise.
- Rahul Jain:** On this skill development side can you allude further in terms of the area of focus or let us say go-to-market strategy and what could be the scalability of this kind of thing?
- Pramod Maheshwari:** There are couple of question which you asked, first I will answer your scalability, our focus primarily on the government funded project where government actually fund the training of the student. Where in government gives you certain targets and you need to setup training center and you reach out to the students to train them and government fund those projects. So scalability is very simple in that case because you need not to worry much about marketing or business development and there is a large number of students who look forward to enhance their skill and if it is government funded then opt for this kind of programs.
- Second one, rather first question, you asked the go-to-market strategy. What we have decided as of now that we will operate through our existing centers. We already have our presence in various parts of the country through the network of our study centers or franchisees. We will be using those locations as our regional centers and further we will be expanding our training centers either by setting up our own branches or by way of franchising in various regions to reach out to the masses.
- Rahul Jain:** So CAPEX now I can understand since you may be using most of our existing infrastructure but from a working capital perspective given this would have a government side to it and also the ticket size I assume this skill development would have since it gives a steady business, there would be a ticket size per candidate would be far lower, or is there any number that you would share here?
- Pramod Maheshwari:** Usually the ticket size is close to Rs. 10,000 for a program of 3 months and if you operate the center efficiently you can have 3-4 batches with rotations in a year. So effectively that results in a realization of 30,000 to 40,000 annually for a student-seat if you look at the business that way. So it appears to be lower per student, but duration is also short and you are able to have 3-4 cycles in a year. So, average realization becomes quite significant on per seat basis of the center. So apparently it is a good business to be with a reasonable good margin.



- Rahul Jain:** Firstly, you missed on the working capital side of it and secondly how these would be tendered out? Will it be a central government tender wherein they would say we want this many number of people to be trained in XYZ geography and there you need to do it or how it works?
- Pramod Maheshwari:** For working capital, actually NSDC provides a funding which is a soft loan and given at a subsidized rate close to 6% of interest rate. We have applied to NSDC to become a partner and address the working capital requirement.
- Rahul Jain:** Just trying to understand how this kind of work is being tendered, is it central government tender or how it works?
- Pramod Maheshwari:** The central government and also state government release tenders and empanel training to skill training provider. We are already empanelled with government of Rajasthan and if you are a NSDC partner you are entitled to provide training to all the states across India. This is how the system works. Then government release tender and empanel the training provider for a year or 5 years depending on as the case may be and they give you second allocation like 1000, 5000, or 10,000 students for a certain period and you train them and you get the money from the government.
- Rahul Jain:** So basically there is a prefix allocation in terms of the number of student that you will get under it and there would be predetermined rate of course-curriculum which you would charge, that is how this would work?
- Pramod Maheshwari:** Correct, but I would like to add one more thing here. Once they allocate certain number of students to you, if you achieve your target of training then you can approach the government and they will allocate more students to train further. Government has a large target to train. They need to train more than 40 crores youth by 2022. So they have a very big supply. Govt. wants the training partner to complete the target early on time so that govt. can give new allocation.
- Rahul Jain:** You said 40 crores youth. Will government would be funding all this thing or they would be funding based on certain economic criteria or merit criteria?
- Mahesh Bhangriya:** This year in the budget Govt. has allocated rupees 1500 crores. Last year the number was Rs. 1000 crores for 10,000 students. So every year Govt. is allocating a specific budget to train 40 crores youth by 2022 under skill development initiatives. These 1500 crores are divided among various sector skill councils. Sector skill councils have identified various skill-gaps in different regions. Based on these studies, the sector skill councils get their allocation. Then, sector skill councils take the decision to allocate this by giving different targets for training students to multiple training partners depending on training partners' capabilities, experience, location or service quality etc. So that is how the systems works here.
- Rahul Jain:** So you said there is an allocation of this 1500 crores for training 10,000 student, that would be like some 15 lakhs per student because they may be creating infrastructure at their end also?

- Mahesh Bhangriya:** 1500 crores for 24 lacs youth. It is rupees 8,500 per student for 14 lacs students of fresh learning and rupees 2000 for 10 lacs students of recognition of prior learning.
- Moderator:** Thank you. The next question is from the line of Pratik Bohra an Individual Investor. Please go ahead.
- Pratik Bohra:** What was the rationale for entering into automobile division and what is the trigger for the exit and what investment we have made in this division and what has been the return over the investment period?
- Pramod Maheshwari:** First I will start with your last question, we made around Rs. 50 lakhs of investments and we exited with marginal profit on that. It was started by young entrepreneur graduated from IIT and he was planning to set-up online automobile business. So we thought it is a good business to back. But later on, we realized that this is not the core sector where we should focus upon so we exited.
- Pratik Bohra:** There is per se no alignment between the automobile sector and the current industry we are in.
- Pramod Maheshwari:** It was not primarily automobile sector, actually business underlying was automobile but primarily the focus of the business was online. A young entrepreneur graduate from IIT and joined the family business of automobile. He had Hyundai dealership and was setting up online business. We picked the stake in that company and then later on we thought it is something aligned from what we are doing, so we exited.
- Mahesh Bhangriya:** It was sort of a venture investment.
- Pratik Bohra:** So went on the lines of the venture investment and we did not find it aligned to our existing business, so we exited. Is that the right understanding?
- Pramod Maheshwari:** Yes.
- Moderator:** Thank you. The next question is from the line of Aliasgar Shakir from Elara Capital. Please go ahead.
- Aliasgar Shakir:** I just wanted to have a very quick query, you mentioned on a previous question that you know sustainable margins of 13%-14% but I was just off the impression that frankly if we see the revenue growth expectations that we have been guiding close to 15%-20% then our operating levels in the business should allow us to do actually far better margins close to probably 20 or even higher. So I would just wanted your thoughts on it. Is that the correct assumption?
- Pramod Maheshwari:** We answered that question with our conservative philosophy. Yes indeed, once the growth in topline will be observed, you will better margins than this level.



Aliasgar Shakir: There is the operating leverage that I am talking about and if are able to do 15%-20% growth we can really do that good margin improvement.

Pramod Maheshwari: Correct.

Moderator: Thank you As there are no further questions from the participants I would now like to handover the floor back to Mr. Rahul Jain for his closing comments. Over to you sir.

Rahul Jain: Thank you to the management and participants for logging on to the call and now that is it from our side.

Moderator: Thank you very much sir. Ladies and gentlemen on behalf of Systematix Shares & Stocks Limited that concludes this conference call, thank you for joining us. You may now disconnect your lines.