



## “Career Point Limited Q2 FY 2017 Earnings Conference Call”

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**MODERATOR:** **MR. RAHUL JAIN -- SYSTEMATIX SHARES & STOCKS  
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**Moderator:** Ladies and gentlemen, good day and welcome to the Career Point Q2 FY 2017 Earnings Conference Call hosted by Systematix Shares & Stocks 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 '\*' then '0' on your touchtone phone. Please note, that this conference is being recorded. I now hand the conference over to Mr. Rahul Jain from Systematix Shares & Stock. Thank you and over to you, Sir!

**Rahul Jain:** Thank you, Raymond. Good morning everyone on behalf of Systematix Shares. I welcome the senior management of Career Point represented by Mr. Pramod Maheshwari -- CEO and MD of the Company; Mr. Mahesh Bhangriya -- Vice President, Corporate Strategy at Career Point.

I would now request to Mr. Maheshwari to take us through 2Q FY 2017 results and give some inside into the recent developments in the Company. Sir, over to you now.

**Pramod Maheshwari:** Thank you, Rahul Ji. Good morning, ladies and gentlemen. This is Pramod Maheshwari, Managing Director, and CEO of Career Point Limited. Thank you all for joining us investor conference call. With me, I have my colleague, Mr. Mahesh Bhangriya -- Vice President, Corporate Strategy and Investor Relations.

I believe most you have received the copy of our earnings update on your e-mail. It is also available on our Investor Relationship section at our website [www.cpil.in](http://www.cpil.in). First, I will give you an update on the business then Mahesh will you take the financial overview of second quarter and first-half of the current financial year.

I am glad to start by sharing that Career Point has now evolve as a total learning solution provider across the value chain from kinder garden to Ph.D. while retaining its core value of excellent in education. Our focus has always been to groom new generation and open growth avenues for students from all sectors of education inducing test preparation, school education, higher education, skill development, through traditional and new age e-learning delivery formats.

Our Company today is known for its commitment and dedication in providing quality education in student centric environment with integrated value system. Career Point has its presence in evergreen and risk-free education industry. Still, the Company has successfully managed to de-risk the dependency on a particular segment of the existing business. The new divisions are perfectly in sync with changing industry dynamics in education space. With the legacy of brand career point - as a synonym of quality education; the company is now well position for the new leap of growth.

Our long-term strategic focus towards building sustainable business is clearly reflected in our business operations. Our growth in top-line despite lower number of enrollment in one of the division, much higher growth in profits at standalone as well as consolidate level, secured



financial financing at university level and receipt of payment in company are some of the indications in the same direction.

Coming to the total enrollments by end of the period; we had close to 22,000 enrollments against 16,000 by the end of previous quarter and about 25,000 a year ago. Decline in enrollment is at tutorial division mainly in engineering test preparation courses was due to declined interest for engineering as a career option. However, as mentioned earlier, the company is now immune to temporary hiccups in any specific vertical. In fact, within tutorial division, we have strategically created new delivery channels such as school association program, smart learning centers etc.

In the month of July, Career Point was awarded a work order by office of District Education Officer, Dantewada in Chhattisgarh to provide tutorial services for pre-engineering and pre-medical test preparation courses. As per the contract under “Chhoo Lo Aasman” project Career Point will be providing school integrated residential coaching to junior division which includes IXth class and Xth class and senior division which includes XIth class and XII class students for two academic session in 2016-2017 and also in 2017-2018.

The selection of Career Point among the national player signifies a trust and confidence on our leadership to deliver best in class tutorial services. You will also be glad to know that we have already deputed our faculty members for this project, classes have begun, and the first installment of Rs. 40 lakhs is also received by the Company.

This project is in addition to our on-going association with other groups as Birla Schools at Pilani, Techno India Group of Schools at West Bengal, Adani School at Mundra, Gujarat, and Jindal School at Orissa etc.

Adding a different avenue stream and taking the advantage of Common Medical Entrance Exam; Career Point is also partnering with various premium educational groups such as Velammal School Group from Tamil Nadu. I hope you will hear more updates on the similar association in near future.

Coming to CP Gurukul, as you might know that, Gurukul Mohali has been launched this year. I am pleased to inform that this unit will be operational breakeven in the first year itself. We will start generating return on our investment from the very next year. Considering the high prospects residential integrated course offering, the management has also decided to commence the CP Gurukul at Rajsamand Campus by the next academic session and one more project at Abu Road where the land has already been procured.

For e-learning offering the acceptance is growing rapidly. Here, I would like to highlight that trend of e-learning product is nowhere indicating a substitute or replacement to physical class room delivery. e-learning is actually complementing the existing offering. We observe that to be a successful education technology player, education brand is very critical. Unlike the content and technology, the perception of an education brand cannot be outsourced or



developed in house in a short interval of time. Hence, we have edge over other pure technology players who are operating in the education space.

It is reflected in our increased sale of video lecture solution on pen drive and SD Card also. I would like to highlight that rising sale is achieved without any promotional activities or marketing expenses. However, we are now evaluating various partnership and inorganic growth opportunities in this vertical to lead the segment.

Now moving to the formal education division, which comprises of higher education, school education, and vocational education. We had more than 7,200 enrollments by 30th September, 2016 against close to 6,600 enrollments a year ago and by the end of previous quarter as well.

In higher education division having multiple courses provides a unit level risk mitigation. Despite having lower enrollment in engineering courses this year and passing out batch; our overall enrollments increased on account of other courses. The enrollments in under-grade and post-grade programs like agriculture, hospitality and management streams have shown significant growth.

Having the status of university offers a flexibility to design and launch courses as per the industry requirements. Recently, we have launched degree and certification program in very promising segment such as law, microbiology, vocational, etc., for which admission will start by the next academic session. Last week, Career Point University Hamirpur organized second convocations and awarded degree to more than 200 scholars.

In the skill development division, we have recently sanctioned a new project of skilling for 1,500 rural poor youth in the state of Rajasthan under Deen Dayal Upadhyaya Grameen Kaushalya Yojana, known as DDU-GKY under Ministry of Rural Development. It is residential skill development training program for total project cost of Rs. 8.93 crores. The current market for vocational education is very favorable and supported by the central and state governments. We are quite hopeful for a significant contribution from this division in the Company's growth going forward.

Last but not least, I would also like to update you on the transaction where the company has received Rs. 35 crores from Career Point University, Kota as receivable payments. Though this transaction is within the group only, but the significance is that the university has secured an external financing by the nationalized bank which indicates confidence in long-term prospect and financial steadiness of the university.

This is a remarkable achievement of four year old young university which has already set various performance benchmarks in the area of academics, placement, research and innovation.

Now, I would like my colleague Mahesh to give you financial update. Over to you, Mahesh.

**Mahesh Bhangriya:**

Thank you. Good morning, ladies and gentlemen I am pleased to share an overview of financial result for second quarter and first-half ended September 30th, 2016. Let me first give you a brief update on enrollment numbers - as detailed enrollment split between different verticals is given in our Earnings Presentation on slide number 26.

We had 21,879 enrollments by end of the period comprising 14,590 in tutorial and 7,289 in formal education division. Despite lower enrollment in the period, the Company reported a growth in its top-line. The income from operations was Rs. 34.06 crores in the first-half with a Y-o-Y growth of 3%. The growth for the second quarter was 7%. At consol level the revenue from operation for the quarter witnessed a growth of 11% over same quarter last year.

There were three key reasons behind the growth. First, improved average fee realization. Second, higher contribution from new school association projects, and third, increased income of NBFC and edu-tech businesses. The total income which is including the other income grew by 11% on standalone numbers while 13% on consol numbers of the second quarter.

Coming to margins, the reported EBITDA on standalone basis came at Rs. 3.6 crores for the quarter and Rs. 6.7 crores for the first-half which is almost flat against year-over-year comparison. A slight decrease in operating margins was due to relatively higher cost of material. Actually, the company has written-off outdated content as per prudent accounting policy, which has given a one-time impact to operating margins.

At consol level, the EBITDA was increased by 30%, the reported EBITDA for the first-half was Rs. 10.2 crores with margin of 26.3% against 21.6% in first-half of previous year. The year-on-year margin improvement of 462 basis points is attributed to increased contribution from high margin subsidiary businesses. The net income was reported at Rs. 6.3 crores at standalone level and Rs. 7.3 crores at consol level for the H1 FY 2016-17 with y-o-y growth of 18% and 35% respectively. For the second quarter, the year-on-year growth was 42% on standalone numbers and 65% on consolidate numbers.

As on 30th of September, 2016, the net worth of the company was Rs. 360 crores and cash & cash equivalents were Rs. 38 crores. Rupees 35 crores from the Career Point University which was received last month, I mean in the month of October; hence, not reflected in the financials under review. I would also like to highlight that this remittance is over and above the continued payment being received by the company against management services provided to the university.

Coming to subsidiary operations, I am pleased to update that the revenue in our Edutech, Career Point Edutech is more than doubled at Rs. 59 lakhs with EBITDA margin of 75% in H1 FY 2017. Srajan Capital Limited which is wholly owned subsidiary for NBFC activities also grew by 125% at revenue of Rs. 3 crores and profit after-taxes of Rs. 79 lakhs in first-half of current fiscal. As on 30th of September, the loan book was Rs. 53 crores and net worth of the Company was Rs. 6.64 crores.

All in all, the increased contributing from the new business venture and positive cash flows contribution from formal education divisions are some of the highlights for the period. The update on investments in formal education, validates management's goal, and set a trend for a more positive update in near future.

Now, I would like to request Mr. Maheshwari to summarize the update.

**Pramod Maheshwari:** Thank you, Mahesh. In conclusion, the growth in top-line and much higher growth in profit for the first-half confirm remarkable financial performance for the full year. Existing businesses and new divisions are very well placed for expanded growth going forward. A sustainable business mix with a legacy in the evergreen education segment ensures the continuity of this growth.

Now, the floor is open for Question-and-Answer.

**Moderator:** Sure, thank you very much. We will now begin the Question-and-Answer Session. We have the first question from the line of Ameya Pai from Brescon. Please go ahead.

**Ameya Pai:** Sir, I had two questions. Firstly, on the diversification plans like it has been noticed that NBFC business is also gaining traction. So, just wanted clarity on that business as to what are the further plans on this and whether this will divert promoter's attention from the core business?

**Pramod Maheshwari:** Let me give answer to the second question first about management's focus. We have a very strong management team with different people looking after the different businesses. As far as education team is concerned, the focus remains education only. There is a separate specialized team for subsidiary business of the NBFC. So, we do not observe any kind of diversion of the management focus from the core businesses which is reflected in improved performance of the core business as well.

Second question is related to the plan for the NBFC. We primarily do education finance and trade finance. For future plans, we need to wait for a while due to the changed economic situation post demonetization impact. Perhaps after 31<sup>st</sup>, we will get a more clarity on that. So, according to the situation turns up, we will update you accordingly.

**Ameya Pai:** Okay. And sir, do you have any plans to monetize the vacant land that is lying with the company?

**Pramod Maheshwari:** On the lighter side I would say that it is not the right time to go for monetizing the assets because of the recent change in economic dynamics.

But yes, this is one of our agenda and even if we get an opportunity in the changed situation and get the right value for the assets; we will definitely monetize.



- Ameya Pai:** So, on the valuation side, can I just know the valuation of the land in terms of cost and the current market value?
- Pramod Maheshwari:** Book value is Rs. 50 crores. It's difficult as on today to share the current market value.
- Ameya Pai:** But the last estimated fair value?
- Mahesh Bhangriya:** It shall be close to three times of the book value.
- Moderator:** Thank you. We have the next question from Mr. Rahul Jain. Please go ahead.
- Rahul Jain:** So, since we have done this transaction. We have received the payment from the university what are the immediate thought process on the allocation of this fund?
- Pramod Maheshwari:** There are multiple steps involved in the process because this payment has been received in the wholly owned subsidiary of the Career Point Limited - that is Career Point Infra Limited. This subsidiary was holding this asset, for which we received the payment from University. Now with this payment, we have three plans.
- One is expansion of our e-learning portfolio which is getting very good traction and there are reasonably high margins. As I said, during the briefing earlier that, we have not invested any significant amount in this business as of now. However, we would like to grow this business from current level. Second, we are also focusing on setting up more Gurukul campuses which have higher business prospects for the company. And third, we are also looking forward for inorganic growth opportunities specifically, in education technology segment which have synergy with our existing offering. So, these are the three plans to use that money.
- If at all we fail to do anything, we will definitely look forward for some ways to reward the shareholders either through buyback or dividend. As dividend may not an efficient option, we may go for the buyback.
- Rahul Jain:** And since, you said in one of the usage could on the Gurukul side, so, what do we see overall return may be five year - ten year returns in this kind of a business?
- Pramod Maheshwari:** Based on our calculations and experiences with existing Gurukul campuses, we expect return on investment of more than 20% on sustainable basis. Similar to other educational ventures, incremental costs are very low despite an increase of enrolments year on year. And, we as tutorial service player, have a competitive edge in these residential school cum coaching set-ups.
- Rahul Jain:** You mean to say ROE of those numbers?
- Pramod Maheshwari:** Yes, this is without leveraging.



- Rahul Jain:** Including all land, land because we have historical cost so, that is why it helps?
- Pramod Maheshwari:** Yes.
- Mahesh Bhangriya:** Even for the new projects, the estimated return is 20% plus based on lower size, I mean capex.
- Rahul Jain:** Okay, this assuming 50% utilization or...
- Mahesh Bhangriya:** Actually, our first Gurukul project was of higher size. However, new projects which we are considering are relatively lower sized in terms of enrollments. So the capacity utilization improves.
- Pramod Maheshwari:** All our new Gurukul projects, we are targeting 400 students capacity only.
- Moderator:** Thank you. We have the next question from Gaurav Jalan from Avant Garde Wealth Management. Please go ahead.
- Gaurav Jalan:** On the Rs. 35 crores that you have received in the Kota University, you have mentioned the possible uses of the cash and response over the previous question. So, this I want to know I did not exactly understand how much of that money we expect to view within the business and how much do you expect to return to shareholders and is there a timeline on that or is it open ended in the sense that you will take some time to decide whether you are using the money and then decide to return the balance to shareholders, can you just clarify on that please?
- Pramod Maheshwari:** As I said we are starting Gurukul in Rajsamand where we are converting engineering college into Gurukul, we are expecting an investment of around Rs. 4 crores to make facilities relevant or suitable for Gurukul operation from the next academic session. Second, we have already allocated around Rs. 20 crores for setting up Gurukul in Abu Road where the land has already been procured and land development process is started. The map has also been approved and the construction work needs to begin now. Third, around Rs. 20 crores, which is including Rs. 10 crores plus cash already on balance sheet, we are targeting to utilize for the inorganic growth opportunities. In next one year, we are expecting plenty opportunities specifically in education technology domain. There are many good companies with either technology or content but not having educational brand will be available to us which can be plugged to our brand or give extension to existing content
- Gaurav Jalan:** Okay, so, effectively then what you are saying is that unless you do not find any inorganic opportunities, you expect to use all this money in the business, I mean, so, there will be no return of capital to shareholders from this money?
- Pramod Maheshwari:** If there is no inorganic opportunity then we do not expect other business use for this allocated money. Hence, we will return back to the shareholders.





- Gaurav Jalan:** Okay. So, the timeline then is about you will probably wait a year to see whether you can use it on inorganic, you are not and when decide whether it is inorganic so, there is no eminent dividend or buyback that is on the horizon.
- Pramod Maheshwari:** There are multiple opportunities available and various options for an efficient use of the money for the company. These specific decisions can't be hasty, that is why a timeline of one year is taken.
- Gaurav Jalan:** Okay, I think the perspective I might between seeking for a lot of shares that the understanding was that once this comes in from Kota this loan comes to some portion of it would be returned to shareholders in some form, right. So, I mean I understand and appreciate that the company is obviously trying to grow the business and deploy the money in value accretive opportunities but it would have been good to at least have some kind of token amount or something that in return to shareholders because what has been seen over the years that the year is continuously the cash balance has been depleted, the money has been investment whether it is various businesses but these are all long gestation businesses, the returns are not visible, right. So, overall from a return on capital perspective...
- Pramod Maheshwari:** Well, thanks to our investments in university businesses and other ventures, we were in good position to sustain the challenging times in tutorials and then grow from there. In fact, the new businesses provide the company an annuity in overall operations. We can't expect an overnight success in the business. And, when we see the kind of growth opportunity the Universities have provided with high returns on sustainable basis, this is an absolutely amazing business to be in. Actually education business takes patience, so one has to be very patient in education.
- Gaurav Jalan:** I understand and I appreciate that and you are clearly building some very good assets...
- Pramod Maheshwari:** I will also highlight one more point. Unfortunately, the nature of business is such that there are no multiple entry points available throughout the year. Unlike commodity business, here if you miss to execute the project for any reason whether in your control or not in your control, your project would actually be delayed by almost a year. That is why I said a one year time in the case of new projects or inorganic opportunities.
- Gaurav Jalan:** I understand, my only the limited point that I was just trying to make is, a little bit this in the short-term also growing a balance between kind of returning some capital to shareholders in some form even if the amount is not large would also give people confidence that the business is doing well and actually generating enough cash, right so, that was my limited point obviously the ultimate decision is up to your management but that was the limited point I was trying to make. Secondly, there is one more question which is on the NBFC, you have recently build up the approximately Rs. 60 crores book that you have what is happening in the recent demonetization, are you seeing any active pressures or are you very comfortable that all that money will come back?



- Pramod Maheshwari:** We are not facing any pressure or challenge post demonetization. Though it's not a big portfolio as on date; however, we have completely evaluated the entire portfolio after this event and we are comfortable with our positions, do not see any pressure on that.
- Gaurav Jalan:** Okay. And one other thing the formal education revenue in this quarter have gone up further to Rs. 4 crores so, what was the driver of that?
- Mahesh Bhangriya:** Former education business has grown to Rs. 1.77 crores in this quarter and Rs 2.46 crores in the first half.
- Gaurav Jalan:** I think in the consolidated segment it is about Rs. 4.07 crores, right the revenues?
- Mahesh Bhangriya:** No, from formal education in first-half the contribution in revenue is Rs. 2.46 crores. For the FY2015-16, the reported revenue from this segment was Rs. 4.71 Crores.
- Gaurav Jalan:** Okay, then I might have the wrong number.
- Moderator:** Thank you. The next question is follow-up question from the line of Ameya Pai from Brescon. Please proceed.
- Ameya Pai:** Sir, I missed on two couple of points, which were of concern to us, one is on the working capital that was blocked in the form of loans and advances given to the universities. So, what has been the recent update on this whether the bank's process which was going on has been completed for both the universities?
- Pramod Maheshwari:** For Career Point University at Kota, the process is completed and Rs. 35 crores are received to the company. That has not been reflected in this quarterly result because this transaction took place in the month of October. For Career Point University at Hamirpur, we are currently working.
- Ameya Pai:** So, what is the timeline expected for Hamirpur?
- Pramod Maheshwari:** It is difficult to give the timeline. However, just to give you a sence, we are expecting that in this financial year.
- Ameya Pai:** Okay. But on the financial side, is the bank comfortable with the loan?
- Pramod Maheshwari:** Yes.
- Ameya Pai:** And sir, one critical question that I had in terms of the technology business, monetizing the technological content so, in this case if you see other peers like, they have increased substantially the revenues in the form of monetizing the technological content. So, going ahead what are the plans of Career Point as such in this segment? And secondly, do you perceive a risk in these business in the form of piracy and secondly, the revenue model has changed



drastically in last one year to two years from being a content based charges which were levied and slowly shifting on to the subscription based fees and there are many company which are also offering content free of cost. So, do you see this as a risk and if yes, then what are the measures to mitigate?

**Pramod Maheshwari:**

There are multiple questions. Let me first tell you the kind of business we are into and what exactly we are doing. We have been having the finest faculties with us for long. These faculties have experience of more than a decade or so and working with us and also popularly known as 'star faculties' among the students. We are recording their video lectures, editing to some extent to make more compatible with classroom environment, then we encrypt before selling. We use third-party encryption solution where we have our own player, so the encrypted video can be played only on our player.

The interesting part about the technology is that when student installs it on his desktop or mobile or tablet, the content gets bound with the device. After that it cannot be installed on any other device. So, multiple uses of the content is not possible. Second, screen recording and screen capture is also not possible because the technology disables all the screen capturing tools. Third, there is an expiry date for the content. So, the content gets expired automatically on a particular specific date. So, this is on our risk mitigation against piracy.

On growth, we have seen almost 120% y-o-y growth in first half from this business. Our customer demographics suggest us that we have students from both, small cities as well as metros who are buying our products. There are the students who were either unable to join our regular coaching program for some reason or wanted to take it as a supplementary tool.

The average realization has also improved. Despite an abundance of free content on internet, there has been a rapid growth in both – volume as well as average pricing. Actually, what we offer is a structured content which creates a classroom kind of environment. There have been multiple repeated purchases which ensure the product confidence. In reality, the student gets a trust on education brand, not on technology or content. So, to become a successful education technology company, one has to have an education brand. I believe, that is the kind of pressure which most of the education companies or start-ups are facing. Here we see a very good opportunity and a significant growth going forward in this space.

**Ameya Pai:**

But sir, do you have any strategy in place in terms of the pricing of these contents because since most of the demand would be definitely not from the metro cites and will be from the two tier and three tier cities where the purchasing power would be definitely less so, in this case has the company also considered this in order to put the pricing?

**Pramod Maheshwari:**

We do take care various aspects before deciding the pricing and charge a price which is affordable. However, let me add one thing based on my more than two decades on experience that students do not compromise with the quality just for the pricing while preparing for the competitive examination. That's why, despite bring slightly costlier as compared to the other solution providers, we are still getting good traction to our e-learning products.

- Ameya Pai:** Okay. But sir, do you have any plans in terms of aggressively marketing the content or because as you can see from the peers reports who have phenomenally grown their technological business and is proving to be a game changer in the years ahead because of Reliance Jio's entry and internet being very affordable. So, has the company thought of from this angle as well? If yes, then what are the future plans, in terms of the CAPEX and all for this segment? And what is the vision that company is seeing for this technological business?
- Pramod Maheshwari:** Let me start with the vision, we want to be leading content provider for test-prep especially for engineering and medical. We have already developed the content for complete IIT program, completed for premedical program. Now we are developing the content for class IXth and class Xth. Then we will move to VIth, VIIth, and VIIIth that is our strategy for near future. On marketing, we believe that one should enter into the market only when the market is hot and conducive. In last one and half year, the acceptance has grown significantly. Hence, we are planning to go aggressively to market for the next year. As far as the CAPEX is concerned, a very little CAPEX is required in this business. Only the cost is for recording and editing, which is not significant.
- Ameya Pai:** And sir, last question, are there any royalty arrangement with the professors whose lectures are recorded because going ahead there should not be any kind of discrepancies in terms of royalty suits filed.
- Pramod Maheshwari:** Well, as per the present agreements or appointment letters, the company has ownership on the content developed by faculties who are on pay-roll of the company. However, we are also tying with the external faculty members on royalty kind of arrangement.
- Moderator:** Thank you. Next question is from the line of Ajay Modi from Piper Serica Advisors. Please go ahead.
- Ajay Modi:** So, one thing that I wanted to understand is on tutorial business. So, the number has been seeing a de-growth, when do you see this number stabilizing I mean what is the ongoing industry scenario and how do you think this number is going to grow?
- Pramod Maheshwari:** This year two events took place – one, declined interest in engineering and second, common examination for medical entrances. The declined interest in engineering, which is shifting enrollments in engineering programs, may happen next year as well, I guess. However, the common entrance exam across India for medical has provided us an opportunity to grow in medical segment. So, the tutorial number next year in total might either remain stable or will increase by 5% to 10%. However, the average realization will increase because the course which is declining is JEE Mains. The average realization or ticket size for this course is lower whereas, the medical program which is witnessing higher enrollments is of higher ticket size. Second, the large number of students from Maharashtra or from other part of the country, who were earlier used to focus on their state medical entrance examination were not coming to Kota or any other study centers, will start joining our tutorial programs. This is evident to us because we have been approached by large number of educational group from southern part of India to



enter in to school association program specifically focusing on medical entrance. So, I believe that tutorial revenue will definitely grow. Enrollment will either remain stable or there will be a growth of 5% to 10% which depends upon mix of upward in medical entrance and declining engineering enrollments. Overall, I am pretty positive about the tutorial business and its growth going forward.

**Ajay Modi:** Okay. Second thing that I wanted to understand that September 1, 2016 we filed a Press Release saying that Government of Chhattisgarh has given us an order so, the money from that, when is it going to start coming in? And have we started the work for them?

**Pramod Maheshwari:** Yes, we have already started working for them. First installment of the money has already been received which is Rs. 41 lakhs.

**Ajay Modi:** Okay. So, it has been received in the third quarter I guess, or in the second quarter, I mean is it there in the current result?

**Pramod Maheshwari:** Yes, it is there.

**Ajay Modi:** Okay. So, another thing that wanted to understand, as you did give a break-up of Rs. 35 crores that we have received from the asset sale and you said that you are going to build a kitty for inorganic growth. So, I mean what I also get a sense is that there is another asset sale on the card. When are we planning to reward the shareholders because this is one overhang that has been time and again coming from the shareholders even after having cash on the balance sheet, the group is not rewarding the shareholders in any aspect.

**Pramod Maheshwari:** This is a board level decision. We will definitely come to this decision at an appropriate time. I only shared the strategy which we have for next six months to one year and we are very clear on how we need to go forward. We do not have any reservation to reward; however, there are couple of structural issues need to be resolved first because the money has come in the infrastructure company. There are limited efficient options to flow money from subsidiary to parent company. So, we are working on that, as soon as we will be able to find a good solution we will update the market. We will definitely reward the shareholders once these complications are addressed.

**Ajay Modi:** Okay. But then that is what I am trying to understand that we are also are going to monetize another asset so, I mean keeping some part as a kitty for a shareholder should also be an idea....

**Pramod Maheshwari:** That is always on the card. Let me slightly elaborate on what is said for structural challenge. As the money is with wholly owned subsidiary, so the first question is how to move that money from subsidiary to parent and then parent to the shareholder. If we go by dividend process then there is a multiple level dividend distribution which impacts the entire scheme. We are working on a more efficient solution and then reward the shareholders. On second asset sale which is in process and shall be executed in lease time than first asset sale, I hope.



However, we cannot make a decision before having full visibility of exact timeline for completion of the transaction.

**Ajay Modi:** Okay. So, also one last question that I wanted to understand is what is the amount that we are going to allocate to the Edutech business?

**Pramod Maheshwari:** It is around Rs. 10 crores.

**Ajay Modi:** Okay. And that will be purely content building or..

**Pramod Maheshwari:** It is around 30% for content building and 70% for marketing.

**Moderator:** Thank you. The next question is from the line of Gaurav Jalan from Avant Garde Wealth Management. Please go ahead.

**Gaurav Jalan:** On follow-up on the distance learning in e-commerce business what are your current revenues from this business?

**Pramod Maheshwari:** The e-learning business is under a subsidiary and revenue for first half was around Rs. 57 lakhs.

**Gaurav Jalan:** Okay. And based on the plan that you have where do you expect this to go in the next couple of years?

**Pramod Maheshwari:** In this year we have registered a growth of 120%. It may go further high in coming future. However, it's too early to give any indication on the future numbers.

**Gaurav Jalan:** Okay, I think the percentage numbers will obviously should be high because the base is very low. But just in terms of how do you, when you are thinking about this business and you are benchmarking yourself to competition or thinking about who else is out there would you compare yourself against? I mean for example, you have someone like Byju who has grown fairly large over the last two years especially in this business so, who do you think are the leading players in this and like who are your competitions?

**Pramod Maheshwari:** The market is completely virgin. The different players are trying different things. We differ in our philosophy over others that we do not chase revenue, we are always sensitive towards bottom-line. We do not follow the strategy whereby to create a revenue of rupees 1, the company spend rupees 2 on marketing or promotion. Hence, I said earlier that you should enter in the market if the market is hot, otherwise you will make losses. The market is completely open. Byju is operating in a particular segment and have a particular category to target. We are just targeting on competitive examination preparation where the student take our courses to seriously prepare for highly competitive exams, not just for flash value of the content. We are positioning ourselves in that market and that has a large potential to grow.



**Gaurav Jalan:** Okay. Just one other thing follow-up on the Hamirpur transaction what is the amount you are expecting?

**Pramod Maheshwari:** It is around Rs. 20 crores.

**Moderator:** Thank you very much. That was the last. As there are no further questions, I would like to hand the conference back to the management for any closing comments.

**Pramod Maheshwari:** So, thank you all for joining earnings call. In case, you have any further questions please feel free to mail us or call us, we will provide the answers to all the queries. Thank you very much.

**Moderator:** Thank you very much. With this we conclude the conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.