



“Career Point Limited Q2 / H1 FY2017-18
Management Commentary”

**MANAGEMENT: MR. PRAMOD MAHESHWARI – CHIEF EXECUTIVE OFFICER
& MANAGING DIRECTOR – CAREER POINT**

**MR. MAHESH BHANGRIYA - VICE PRESIDENT, CORPORATE
STRATEGY– CAREER POINT**

Pramod Maheshwari: Good day ladies and gentlemen. I am glad to share the company's performance and recent business development during second quarter of the current financial year. This is followed by an update by my colleague, Mr. Mahesh Bhangriya – Vice President – Corporate Strategy and Investor Relations on Career Point's financial performance during second quarter and first half of the financial year 2017-18. The copy of our earning updates is also available on Investor Relations section at our website www.cpil.in.

I am pleased to update that the company has witnessed a larger growth from more sustainable businesses which are also high margin business verticals by their nature of operations. All of this positive momentum in the first 6 months sets the stage for an excellent full year and outstanding years coming ahead.

With these developments, the management is pretty confident for a constant progress in overall business performance and growth of our brand equity in education and related verticals. As the company is poised at an exciting juncture and well positioned to step in to another level of growth. During this phase an exemplary and disciplined financial performance specifically at profit level is quite inspiring.

In recent financials, the operational performance of the company is grown both in revenues as well as in margins. However, a muted growth in total revenue was due to lower other income – essentially the investment income.

The company has redeemed few of its investments in debt instruments. And due to Ind-AS conversion, the mark-to market gain on investment income is added back in previous year's numbers. This results higher other income in previous year. However, the sale of investments has reduced our external borrowing in the balance sheet.

As per strategy of the company, the loans and advances to institutions are now being financed by wholly owned NBFC subsidiary. Other growing verticals i.e. e-Learning, publications and skill development are also accounted in other wholly owned subsidiaries. Hence, it would be fair to compare year on year performance of the company at consol level.

Total enrollments were reported at 23,803 against 21,879 by end of H1 FY2017. This includes 9,474 in formal education division which were 7,289 in H1 FY2017 and 14,329 in informal education division against 14,590 in corresponding period last year.



In tutorial division, we have grown our network by more efficient delivery channels i.e. school integrated programs and franchisee centers which have provided bigger opportunities to the Company. We are now reaching to our students at 48 centers including 25 school association and 18 franchise centers. Details of the centers are given in the earnings presentation.

To address the need of quality faculty resources for our growing footprints; Career Point has strengthened recruitment cell. An in-house FDP (Faculty Development Program) is also in-place.

We do expect the continued growth in tutorial division by two additional factors – first, growing medical market post NEET qualification as compulsory to get admission in medical colleges; second, fully online format of JEE-Advanced examination.

Moving to e-learning solutions where we offer video lectures online as well offline delivery modes i.e. pen drive / SD cards and online assessment services for competitive examinations. There has been a rapid increase in this business. You may visit our website ecareerpoint.com to have a first look on our e-learning products.

Coming to CP Gurukuls which are residential school cum coaching campuses and standalone School division which has both residential as well day-schools; the performance has been quite phenomenal.

I am please to update you that CP Gurukul Kota is to be featured in Forbes Marquee Edition - Great Indian Schools 2018. The concept of CP Gurukul is found to be unique and highly appreciated by the publishing team. Career Point schools in Kota, Jodhpur, Bilaspur and Aurangabad are also among the top schools in their respective regions and known for best academics as well as extracurricular.

In higher education both the universities - Career Point University at Kota, Rajasthan and Career Point University at Hamirpur, Himachal Pradesh - are performing extremely well. If number of new admissions is the benchmark of institutional performance, then let me update you that the net enrollments in these universities are grown by 30% - this is after passing out the final year students in various courses.

Our new verticals including skill development, pre-school and publication division are further increasing their contribution in the overall company growth. The enrollments in Skill Development are almost tripled vs first half of previous year. Our focus on Skill Assessments is strengthening.



In skill development division as mentioned in the previous call, we are increasing our focus on skill assessment. We are empanelled with Department General of Employment & Training that is DGET as well as different SSCs – Sector skill councils for central govt. as well as state govts' various skill development schemes.

Mahesh Bhangriya: Good day ladies and gentlemen. I am pleased to share an overview of our financial result for the second quarter and first half ended at September 30, 2017.

The income from operations was Rs.35.2 Crores in first half of FY2017-18 with a YoY growth of 1.7%. The flattish growth at standalone level can be explained by shift of some businesses at wholly owned subsidiaries level. At console level the revenue from operations for the period witnessed a growth of 16.8% over same period last year.

The total income which is including the other income was lower in the second quarter of current fiscal vs 2Q FY2016-17 due to smaller investment income. As mentioned earlier that the company has redeemed few of its debt investments in this period. A mark-to market gain on investment income is added back in previous year's numbers due to Ind-AS conversion. This results higher other income in previous year.

The increased contribution from new school association projects and other high margin verticals resulted a higher growth at the margin level. The reported EBITDA on standalone basis came at Rs.3.8 Crores for the quarter and Rs.7.9 Crores for the first 6 months, which is 17% higher versus same period of previous financial year. The resulted EBITDA margin of 22.4% is increased by more than 293 basis points YoY.

At console level, the company reported an extraordinary operating performance with a YoY growth of 55% in EBITDA and margins of 34.5%. Due to some changes in business reporting including financing of loans and advances to institutions by wholly owned NBFC subsidiary; the consolidate numbers represent a right picture of growth in company financials.

EBITDA for H1FY2017-18 was Rs.15.6 Crores and an improvement in the margin was 845 basis points. The subsidiaries contribution in Operating EBITDA and Profit After Tax was 34% and 18% respectively during 1HFY2016-17. Now in 1HFY2016-17; the contribution by subsidiaries has increased to 50% at operating as well as net profit level.

Moving to net profit, which was impacted by relatively higher taxes at standalone level – reason being the capital gain tax on redemption of investments in the quarter under review; the net income at standalone level was reported at Rs.5.7 Crores with a YoY



decline of 19.5% and the PAT margin of 14%. However, the net income at consol level was reported at Rs.11.5 Crores with a YoY growth of 32.8% and the PAT margin of 22.1%.

As on September 30, 2017, the net worth of the company was Rs.393 Crores and cash and cash equivalents was Rs.34 Crores excluding loans, advances and long-term investments. The company holds Rs 125 Crores as net current assets including current loans, long-term investments and excluding all borrowings. The decrease in inventory at console level is our sale of investment in bonds at NBFC subsidiary, which eventually results in to the decline in total borrowings.

In conclusion the increased contribution from high margin verticals and larger growth from more sustainable businesses are some of the key highlights for the period. The school association projects in Tutorial division, University education and NBFC vertical have contributed significantly to current performance of the company. An outstanding financial performance at profit level is quite exciting. The management is very bullish on overall business scenario going forward.

In case you have any further queries, please feel free to mail us or call us at:

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