



“Career Point Limited Q3 / 9M FY2017-18
Management Commentary”

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

**MR. MAHESH BHANGRIYA - VICE PRESIDENT, CORPORATE
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Pramod Maheshwari: Good day ladies and gentlemen. I am glad to share the company's performance and recent business development during third 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 third quarter and first nine months 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 been witnessing an improvement in return on equity due to increased margins from education businesses; growth in income of other verticals i.e. publications, skill development; and greater leverage in NBFC business operations.

The Tutorial division, University education and NBFC vertical, all have contributed significantly to current performance of the company. As mentioned in the previous quarter results, 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.

An outstanding financial performance of profits at consol level is quite exciting. Based on these developments, the management is quite bullish on overall business prospects and confident to move towards next level of growth.

Total enrollments were reported at 27,393 (9M FY2017: 27,129) including 10,840 in formal education division (9M FY2017: 7,691) and 16,553 in informal education division (9M FY2017: 19,438).

A remarkable growth of more than 40% (y-o-y) in formal education enrollments is a result of increased admissions in all three sub-verticals including higher education, school education and vocational division.

In tutorial division, we have grown our network by more efficient delivery channels i.e. school integrated programs and franchisee centers. Growing through school association and franchisee centers with right partners are in-line with expansion strategy for tutorial division.

With expansion through new centers; Career Point group network is now reached at 77 different units in 66 cities across 21 states of the country.



We expect the medical division to contribute significantly in the growth of tutorial businesses. Apart from making NEET qualification as compulsory to get admission in all medical colleges across India; the health ministry of India has also made NEET qualification mandatory when applying for foreign medical courses.

Now, Indian Citizens/Overseas Citizen of India intending to obtain primary medical qualification from any medical institution outside India, on or after May 2018, will be required to pass NEET in order to obtain an eligibility certificate (EC).

At present foreign medical graduates have to qualify a Screening Test called Foreign Medical Graduates Exam (FMGE), for registration to practice in India after obtaining primary medical qualification (MBBS) overseas. Of the 12 lakh aspirants who take NEET for undergraduate medical course every year, close to six lakh clear the exam for approximately 60,000 MBBS seats.

Moving to CP Gurukuls which are residential school integrated with coaching facilities, the performance has been quite outstanding. CP Gurukul Kota which has been featured in Forbes Marquee Edition - Great Indian Schools 2018, is delivering exceptional quality education with best in class academics in parallel to excellent extracurricular.

The chain of Career Point schools in Kota, Jodhpur, Bilaspur and Aurangabad are also on their pathway to create an edge over other players in their respective regions.

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 placements is the benchmark of institutional performance, then let us update you that more than 1200 students are placed from these institutions in 135 companies so far.

Our new verticals including skill development, pre-school and publication division are further increasing their contribution in the overall company growth.

In Pre-school division, we continue to grow through franchisee network across nation. The enrollments in Skill Development are almost tripled vs same period of previous year. Our focus on Skill Assessments is strengthening.

Overall the business including different divisions and their sub-verticals are performing well in-line with company's growth strategy and we are quite excited with company's well positioned development matrix.



Mahesh Bhangriya: Good day ladies and gentlemen. I am pleased to share an overview of our financial result for the third quarter and nine months ended at December 31, 2017.

Before we illustrate the financials of the company, let us first make a point that the consolidate numbers represent a right picture of business operations in the company. The subsidiaries contribution in Operating EBITDA and Profit After Tax was 26% and 12% respectively during 9MFY2016-17. Now in 9MFY2017-18; the contribution by subsidiaries has increased to 40% at operating and 37% at net profit level.

The income from operations was Rs.22.1 Crores in third quarter of FY2017-18 with a YoY growth of 9.5%. At console level the revenue from operations for the period witnessed a growth of 13.3% over same period last year.

The total income which is including the other income grew only 2% at Standalone level in the quarter under review vs 3Q FY2016-17 due to smaller investment income. 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.

Overall the total income at consol level for nine months of the current fiscal was reported at rupees 79.4 crores with a y-o-y growth 13.5%.

The decrease in inventory at console level against March 31st numbers is our sale of investment in bonds at NBFC subsidiary, which eventually results in to the decline in total borrowings.

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. 8 Crores for the quarter and Rs.15.9 Crores for nine months, which is 5.6% higher versus same period of previous financial year. The resulted EBITDA margin of 27.7% is increased by more than 26 basis points YoY.

At console level, the company reported an extraordinary operating performance with a YoY growth of 29.3% in EBITDA and margins of 37.3% which is 398 basis points higher than margins in nine months of previous year. EBITDA for nine months of FY2017-18 came at Rs.26.4 Crore.

The increase in finance cost against previous quarter is due to increased borrowing to finance NBFC operations. Incremental increase in finance income is significantly higher than the increased costs.



Moving to net profit, which was positively impacted by relatively lower taxes at standalone level in the quarter under review – reason being the tax benefits on capital gains over investments income; the net income at standalone level was reported at Rs.6.4 Crores with a YoY growth of 3.7% and the PAT margin of 26.6%.

The net income at consol level was reported at Rs.7.7 Crores in third quarter and Rs 19.2 crores in nine months with a YoY growth of 18.5% and 27%, respectively. PAT margin at consol level for 9 months at 24.2% was up by 257 basis points y-o-y.

As on December 31, 2017, the net worth of the company was Rs.401 Crores and cash and cash equivalents were Rs.40 Crores excluding loans, advances and long-term investments. The company holds Rs 147 Crores as net current assets including current loans, long-term investments and excluding all 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.

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

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