



“Career Point Limited Q1 FY2019-20
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 first 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 first quarter offinancial year 2019-20. The copy of our earning updates is also available on Investor Relations section at our website www.cpil.in.

I would first like to update you on our launch of Career Point Version 2.0. Under Career Point Version 2.0 we are taking several initiatives to make education delivery relevant to current examination trends. In first quarter, we have taken two initiatives. First, launch of Classroom Course Version 2.0 & second; eClassroom Course. We are very excited with these initiatives which are testimony to Career Point's leadership in industry innovations. Let me describe the unique features of Classroom Course Version 2.0 and explain how it empowers students, our organization and society at large. One of the key features is the flexibility with students to choose their faculty and subjects. The students can choose faculty from the pool of experts to ensure best learning of the subject.

The students can choose specific subject for which they need coaching. This not only ensures better utilization of their time for self-study but also brings down the cost of coaching. This revolutionary and globally accepted tutoring system ensures best quality education with efficient utilization of students' time and costs. To summarize, Classroom Coaching Version 2.0 is a step to create a positive impact on the society by providing an efficient and quality education at affordable pricing and also present opportunity to the company to grow enrollment

At the back, we did our homework complete before launching this concept. The live sessions of the faculties are recorded in advance so that potential students can decide the faculty whose teaching style suites better to them. The course schedule and curriculum planning are also set accordingly. Overall, we are very positive for the impact of Classromm Course Version 2.0 on various fronts including customer satisfaction, cost optimization, potential to scale the business etc.

The other initiative eClassroom is EdTech initiative of the Company. Under this format, Company securely provides digital content like Video Lectures, ebooks, Test Series etc to students on USB drive, SD Card and online streaming using technological solution.

Career Point's ed-tech portfolio has already been strengthened post our acquisition of Plances Edusolutions. In fact, we are very uniquely positioned with our offering of online, offline and hybrid delivery model. Career Point's brand as premium education player providing quality education for more than 25 years offers an edge over other ed-tech players in the segment.

Just to highlight, this initiative has commended rapid attraction among students across geographies. I am very excited to share that the month-on-month growth of eClassroom viewers on Youtube is 300%+.

Importantly, we also have our presence in higher education to provide additional online certificate programs. With our current product portfolio and exclusive advantages, we are confident to tap this large e-Learning opportunity.

Coming to other expansion tools for Tutorial business; as stated earlier, we continue our focus on more efficient delivery channels i.e. Franchisee centers & School integrated programs. With expansion through new centers; Career Point franchisee network is now reached at 23 different locations and 20 school association units with renowned school groups across the country.

You will be glad to know that new centers include our association with Govt. of Madhya Pradesh. Similar associations we already have with couple of other state governments and with ministries i.e. Ministry of Minority Affairs. The expansion of coaching service delivery through school associations, govt. projects, and franchisee centers ascertains sustainability to the businesses and also aligns with recent change in the industry dynamics.

On the industry front, we expect the test-prep addressable market to continue grow despite a decline in engineering aspirants. The factors which are responsible for the market growth include higher enrollments in medical division, willingness of school to offer integrated coaching, online format of education delivery, online examination format by NTA (National Testing Agency), enhanced willingness to spend on quality education etc.

Moving to formal education division in which we operate Universities and Schools including residential and day-boarding schools at different locations. We are very happy with the performance of this division on various fronts such as academics, extra-curricular, industry associations and overseas enrollments.

Student strength at both Universities, Career Point University Kota and Career Point University Hamirpur have increased post passing out of various batches. Total enrollments in higher education are increased by 7% over same period of previous academic session.

Here we have got a flexibility to add or launch new courses as per the demand and requirements of industry. The Universities have already established themselves in their respective regions with exemplary education, holistic development and remarkable placements. Going forward, we shall see more positive outcomes of current efforts and our investments in these institutions.

Vocation education has also delivered exceptional performance in terms of new candidates trained. Just to highlight that we are partnered with NSDC for skill development courses and empanelled with various other agencies such as RSLDC (Rajasthan Skill Livelihood Development Corporation), NULM (National Urban Livelihood Mission) and SSCs (Sector Skill Councils).

Moving to School Education division, the residential campuses under the brand 'Career Point Gurukul' are now positioned as premier integrated schools with best of the academics, sport and extracurricular. Unique from the normal boarding schools, Career Point Gurukuls at Kota as well as Mohali are known for their students' overall life skill development and career preparation. Here the focus is not just limited to science or commerce, but it is aimed towards complete career planning. In last 3 years, 386 students from Gurukul campus have made it to world's top universities.

Overall we are confident on our strategies and hopefully you will be able to see the impact of these measures in coming time periods. In fact, the business mix with higher margins and higher returns sub-units has perfectly positioned the company for a long-term sustainable outlook. We are pretty excited with the visibility of future growth.

Mahesh Bhangriya:

Good day ladies and gentlemen. I am pleased to share an overview of our financial result for the first quarter ended on June 30th, 2019.

Thanks to the launch of new coaching format under version 2.0, the Company has recorded extraordinary growth in profitability. As we promised earlier that the measures to optimize costs are being implemented and their positive outcome will be seen in coming quarters.

Let me first give you a brief update on enrollment numbers. By end of the period, we had 15,456 enrollments in both formal and informal education division. A decline in tutorial division is attributed to decline in engineering test-prep segment that has been offset by growth in formal education division to a large extent. Here the point of emphasis is that any growth in formal education division is always more value accretive for the group because it is more annuities driven and sustainable.

Coming to financials, at standalone level, the company reported an income from operations of Rupees 16.5 Crores in first quarter of fiscal 2019-20 with year on year decline of 16% due to lower enrollments in engineering division. If we look at the total income which is including the other income on standalone basis, it has stood at rupees 19.9 crores and a y-o-y decrease of 11%.

At consol level, I would like to highlight the positive impact of key subsidiary businesses including NBFC, e-Learning and Skill development. At console level the revenue from operations for the period came at rupees 25.4 crores whilst total income that is including other income was reported of rupees 26.1 crores.

Reported EBITDA of rupees 6.0 crores on standalone numbers with an impressive year on year growth of 93% resulted an EBITDA Margin of 36.7% (Q1 FY2018-19: 16%). A remarkable improvement of 2078 basis points was reported in EBITDA margin against previous year is a result of initial outcomes from successful launch of Coaching version 2.0.

At consol level, the company has realized rupees 14 crores of operating EBITDA in the period under review with a year on year growth of 49% and margin of 55.2%. Again a point to be highlighted that even at this high level of margins, we envisage further scope of margin improvement because the growth under new format is margin accretive.

Moving to net income, Career Point's profit after tax was reported at rupees 4.8 crores with y-o-y growth of 37.1%. With increased income on the account of NBFC and other subsidiary businesses, the net income at consol level was reported at rupees 8.6 Crores with 36.9% y-o-y increment. The company reported PAT margin of 32.8% (Q1FY2018-19: 23.0%) and EPS of rupees 4.72 (Q1FY2018-19: 3.45%).

As on 30 June 2019, the net worth of the company was Rs.437 Crores and cash & cash equivalents were Rs.26 Crores. The company holds Rs 140 Crores as net current assets including current loans given, long-term investments and excluding all borrowings.

In conclusion, the extraordinary performance in profitability through Career Point Coaching version 2.0 and a sustainable contribution of formal education division are some of the key highlights of the company performance. New center expansion through school associations and franchisees should result more growth in coming quarters.

Hence the points to keep track would be – a) margin expansion for tutorial division, b) more sustainable growth from the formal education division, c) increased contribution from new edge businesses i.e. e-Learning, vocational etc.

Last but not the least, thanks to advanced clarity on Company cash-flows through more sustainable businesses, the company board also approved a dividend policy with annual dividend of 10% or more on face value of the share. The company has declared an interim dividend of 10% in this quarter of Q1 FY2019-20.

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

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