



To  
Department of Corporate Services,  
BSE Limited  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai– 400 001

To  
Listing Department,  
National Stock Exchange of India Limited  
C-1, G-Block, Bandra-Kurla Complex  
Bandra, (E), Mumbai – 400 051

**Scrip Code: 540403, Scrip Symbol: CLEUCATE  
ISIN: INE201M01029**

**Subject: Transcript of Investors Call pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Ma'am/ Sir(s),

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation to our disclosures dated September 27, 2024 and October 03, 2024, please find enclosed the Transcript of the Investors Call held on October 03, 2024, with the Analysts/ Investors (public at large).

The aforesaid information will also be hosted on the Company's website at [www.cleducate.com](http://www.cleducate.com).

Kindly take the above details on record.

Thanking You  
**For CL Educate Limited**

**Arjun Wadhwa  
Chief Financial Officer**

**Place: New Delhi  
Date: October 08, 2024**



**“Digital Assessment Market – Intro Session Conference Call”**  
**Date: 03 Oct 2024**

**Management:**

**Mr. Satya Narayanan R** – Chairman, CL Educate Limited

**Mr. Arjun Wadhwa** – CFO, CL Educate Limited

Intro Session Conference Call Link: [Digital Assessment Market - Intro Session Conference Call](#)

Intro Session Presentation: [Digital Assessment Market - Intro Session](#)

## CL Educate Limited: Digital Assessment Market – Intro Session Conference Call

**Mr. Arjun Wadhwa:** A very good afternoon, everyone and happy Navratri's. Welcome to CL Educate Limited special session today where we discuss our rationale for entering the digital assessments business specifically through the acquisition of one of the leading players in this market, NSEIT DEX.

My name is **Arjun Wadhwa**, I'm the CFO of CL Educate and I'll be your host today. Joining me on this call is **Mr. Satya Narayanan R**, founder and chairman of CL Educate. As always, this call will be recorded, transcribed and made available in the investor zone on our website within the next 48 hours. What we've done today is we've put together a short presentation for you which should take about 20 to 30 minutes following which we will throw the floor open to questions. As always, please type your questions in the chat box on the bottom right-hand corner of the screen and we will address them towards the end of the session. I'll start by requesting Satya to say a few words about where we are right now and the road forward for DEX.

Satya over to you.

**Mr. Satya Narayanan R:** Thanks Arjun, good afternoon, everybody. This presentation, which will take, as Arjun said, about maybe 25 to 30 minutes maximum. We're covering it in two parts. The first part of it gives all of us a very brief summary about the transaction which means if somebody is really constrained for time and you have to rush to some other appointment or meeting, first 7-8 minutes should give you the summary of it and then we'll go a little bit deeper and get a greater texture about the industry, the segments and DEX itself with its business components.

That being said, let me start off by connecting a thread to the AGM presentation that you might have attended or watched the video later. There I spoke about the important aspects of the future. I was talking in the context of the next 30 years and having spent 30 years now this year, we are looking at how do we continue to nurture the ambition of emerging as a leading education technology player in India. If you recall, I also mentioned about our aim is perhaps to be more than a time teller. Can we be the clockmaker and with a whole lot of changes happening in the landscape, in the policy, in the global education domain, India will emerge as a very important player and when that happens CL be a part of that is an important guiding principle for us and I also spoke about and I'm again reiterating that if the Amrit Kal, next 25 years is of any value, it's going to happen because India as a theme, education as a sector and technology as a capability of people from this geography can enable tech players from India to play a very significant role, not only in determining India's own progress in the next 25 years but also India's contribution to various other nations or economies or societies as far as their higher education or school education or various other aspects of education are concerned.

I'll move forward. These two slides actually capture quickly the summary of this transaction. So, if you look at this particular slide, I'm covering here the financial and investment perspective of DEX as an asset and I must say with a reasonable amount of confidence and if you actually ask me, I am trying to hold back a lot of excitement about this acquisition but merely focusing on the numbers. This is a very rare asset built assiduously by one of the leading companies of India which is known for its technology prowess because without that NSE couldn't be doing what it is doing at such a scale. So, DEX is built by the NSEIT, the technology subsidiary of NSE and for an asset of this size what we have paid as a transaction and that is what I'm focusing on in this particular slide is the we're paying, 1.2x of the last year's FY24 revenues or

6.4x of the EBITDA (Earnings Before Income Tax, Depreciation and Amortization) that was accomplished last year. If you take that the definitive agreement and the actual exchange of the keys in control will happen maybe by the 1st of December at the latest and if you look at it from a trailing 12-month perspective these multiples will look even lesser than that.

Number two, like we have shared in the earlier presentation, also when I took the summary of it in the AGM the DEX business is at approximately 17% EBITDA. So, what happens to the overall entity CL Educate, the listed company, is that we will move from 11.4% to 14% on an annualized basis. About the exact numbers last year, we closed only CL, without counting the DEX, we did about ₹38 crores of EBITDA and please remember this ₹85 crore that we are talking about is for the full period pro forma basis of April - March FY 24 - 25. Only about four months out of that of DEX will accrue to us. So, another way of looking at it is the trailing 12 months if you see or you simply add what CL Educate would have done, what DEX will do, if you combine that, it will look like an ₹85 crore EBITDA on 1st April 2025. Another very interesting, exciting and a very key part of the whole transaction is it is EPS (Earnings per Share) accretive from day one and it also is affecting both ROE (Return on Equity) and ROCE (Return on Capital Employed) in a very telling manner when we complete this transaction and integrate NSEIT DEX into CL Educate.

Moving forward I'm now taking a minute to explain the business perspective. As you know, this is an assessments business while test prep and education have assessment as one of the components DEX focuses exclusively on assessments and that's 9 crore assessments or 9 crore individuals TAM which gets added to us. So, there is a tremendous amount of TAM expansion and as you know test prep, they are all verticals whereas NSEIT DEX is a horizontal that is needed in every segment every sub-segment and so on. I'll come to that a little bit more when we move forward. We see a whole lot of synergies including expansion of distribution network at rapid speed, the content generation for assessments that CL can be of great value in and also it will create new revenue streams for both DEX as well as CL as we move forward and integrate the two entities.

Number three, I think this is extremely important this will find a lot more expression of it in terms of numbers over a two-to-three-year period but the fact of the matter is that NSEIT DEX is a very robust and proven model at massive scale when you compare it with the opportunity of taking it to other countries. We can take it to Singapore, Indonesia, Middle East, North America which will also be a much higher margin business compared to what it is in India.

Number four 20% relative market share second largest player and can be a very significant challenger if we get some of those things right. At an overall market level, the digital assessments is growing at 16% p.a. which means that this particular thing, if you look at it, as at 2028 can look twice of this number, ₹9 crores can go to ₹18 crores at the speed with which the market is growing and the decisiveness with which assessments is becoming more organized, formal and a lot more technology driven. I will come to that as we move further down the presentation. NSEIT DEX also enjoys a wonderfully built moat which comes from the technological backbone and the distribution network that it has created, and this can only get better as it scales further from here. So that those two slides comprise the summary of it.

Please note down your queries and keep sending them. I'll take all of those at the end of the presentation. Moving forward in summary a third very important vertical called assessment is getting added to our education services, EdTech and MarTech and as we move forward again, they might become one integrated educational technology services but that is for a later date and time.

Let me move further. I'll cover some of these components as I move forward to recruitments, entrance

exams, certifications and so on. Now I'm going to travel a level deeper and cover in the next six seven slides the market opportunity and the DEX attributes quickly. Here if you see that the overall assessments market size is approximately ₹9,000 crore market which is likely to reach ₹13,000 crores by 2028 and in this while the overall CAGR of assessments is about 12% the digital assessment is where the wind is blowing that's where the world is moving that grows at 16% as you can see here and the amount that it represents is ₹4,400 crores and that is likely to move to about ₹9,500 crores which is approximately two-thirds of the overall assessments business. A more important thing for many of you who are understanding or trying to understand assessments as a specialized area, I would like you to pay attention to these sub segments comprising recruitment and promotions, entrance examinations, assessments, vocational certification, universities going digital and schools also will happen at a future date if you go by the NEP, professional certifications and employability related certifications in addition to individual employability exams. So, these seven of them are sub segments and currently DEX is present in three out of these seven, I'll cover those as we move forward but this will give you a little bit of a sense of what the sub segments are and what are the relative sizes and as I mentioned to you NSEIT DEX is the second largest player in this market.

Moving forward the assessment itself when you take it as a complete value chain it has five very important stations or phases, the first one is about what is called as an item development or test development this is where content development competency becomes key currently 99% of excess revenue comes here which is stage two three four and five application processing test management and delivery proctoring while the exam is on and the fourth is result processing and result publishing. When we come together at an appropriate stage we will start looking at this also because CL has the internal content development lab as we call it as a Philab here, a hundred member team and we have a huge library of assessments that has been built over the last 20-25 years. So, this is one of the significant places of synergies that we can draw upon and test development normally also is an even higher EBITDA business and fewer people are able to offer it as you know only the market leader offers content development nobody including NSEIT DEX was offering test development as an integral part of the services as far as assessments was concerned. I'm skipping the next level of detail here and moving straight into another important macro aspect which is how is the dynamics evolving in this industry and many of you as professionals or even as parents must be tracking this or just as part of your current affairs update you must be you must attract this whether it is in NEET fiasco or some other such fiasco that has happened in the past, a lot of them could be attributed to the lack of robustness of this and the government and all the nodal agencies who are mandated to conduct assessments at the national scale are now besieged of these problems and what it has resulted in, as you know, is the public examination act 2024. It has specifically broken down the entire assessments into very important sub-elements and each sub-element is getting tightened formalized and all the stakeholders are coming together to make it a very robust process because this affects efficacy of most reputed examinations whether it is for government departments, whether it's for higher education or for the corporates or any other public service. If you look at this the vendor accountability that has been covered in the public examination act, the government and the agencies are also unbundling the entire thing into content creations facilities, management security all of that and different specialized people or organizations are being roped in and the capacity building exercise is underway as we speak and given the track record parentage and the reputation of NSEIT, they figure very prominently in all of these consultative committee meetings, etc., as the public examination act and the NEP 2020 are getting implemented. A third important thing is in order to make the process robust NRA which got created after NEP the national recruitment agency it is coming up with specifications of NRA approved centers and government itself is on its way to creating 70,000 seats that can go up to 150,000 over the next five years of centers that will then be available for any assessment's player who along with their own capacity can access these 700 even lakh seats for implementation of examinations. Similarly, manpower processes

which needs to be audited all of these are getting implemented at a very different scale beginning last year. What is the implication of these chances are that the large two or three players will get deeply embedded into this process because the government is looking at building scale and making sure that examinations assessments are all conducted by eliminating any form of unfair practices that can happen here.

I'll move forward with the presentation, coming into the NSEIT DEX as a business entity it is now among the leading players of scalable and highly secure digital assessments. For instance, there is a control room that DEX has in its Mumbai office wherein all the centers where this examinations are getting conducted the CCTV live is monitored, live input is monitored in one control room and whatever interventions are done or needs to be done those are being done so it is not any more a very local Mom & pop of kind of an operation, it is formalized, technology driven real – time and NSE figures there along with the market leader. As I said, we are present in three out of the seven subsegments – certifications, recruitment and promotion and entrance examinations. What are the strengths that NSE has maybe some of it is repetition but end-to-end capabilities technology platform I'll take one separate slide talking about technology platform that is inbuilt, custom built for Indian requirements very robust and that perhaps can be portable if you open up other geographies. The leadership team, whether it is a business leadership, operational leadership or technology leadership the leadership team is very seasoned all of them have been with the team so a couple of them since inception a couple of them for the last 12-15 years and the wonderful thing is that the entire team is moving in the business and they are very excited about the possibilities of scaling this from here over the next five to ten years. As I mentioned technology is very, very central stuff like data analytics, AI, ML all of those are being used for a variety of services which may not be visible but for instance computer vision how is it being used those things at an appropriate stage maybe, we'll be happy to share but security and technology as I mentioned earlier is a very important differentiator and a strong point of NSEIT DEX. If you look at the bottom of the slide these are some of the segments or industry sectors where DEX is working with insurance, banking, financial services, chartered accountancy, working with the testing and nodal agencies, corporates probably for corporate training & recruitment and also for the university examinations. These are the opportunity segments. We are not present in all for instance universities as we speak just one pilot with one university is underway.

I'm going to take as a small two-minute case study for you to understand it's a very new innovative method that has come into existence I'll take here you know many of us are familiar with Institute of Chartered Accountants of India, they have created a new process wherein they're asking this and you know it is viewed as a student beneficiary exercise. How does it benefit a student, they are saying that before you take the main examination you need to do two things and make a submission just visualize it you know doing articleship is a mandatory thing similarly a 40-hour self-learning module has been introduced by and you finish all your preparation whichever way you're doing you go through the self-learning modules uploaded by us and then you have to take a mandatory learning assessment which once you qualify you will be allowed to appear for the CA examination so in common parlance you can call it as mock CA exams of the mains that's getting conducted and that is being done by NSEIT DEX. This is a new introduction only this year and they were anticipating that about 50,000 to 70,000 candidates or candidate assessments will happen, but in the first couple of quarters they have already done 2.5 lakh candidates and if you look downstairs, I'm not going to go through all of it, but 30% of the students are taking the exam again. There are four subjects, it is getting done in 270 locations and this is an on-demand model which means a student goes online, chooses the city, chooses the date that suits him or her, books the place, the seat is allocated in the nearest center in your city or town and then you go and take the exam that gets submitted to the ICAI and once you do your submissions that are mandatory you get to become a qualified candidate to write the CA main examination. So, chances are that if this is a case study there's no reason why one

cannot argue that such a thing officially will happen for a bunch of other examinations as well. The four adjacent agencies that we are seeing in terms of segments are and NSEIT DEX is not yet present in these major government examinations, the big five which includes exams like RRB, SSC, all the NTA conduct examinations, and so on that is one sub segment test prep assessments you know for example even as Career Launcher we give mock tests to students all the time so that we can give them a simulated environment experience such a thing is done by every single test prep company and this is something that as a specialized player of assessment NSEIT DEX can go and seek this business from all the organized test prep players. Number three universities examinations are slowly beginning to go digital this could be the mid-semester exam, end semester exam not just the entrance exam so that's a very massive number estimated to be 72 million in itself by FY 28 and lastly employability and corporate assessments you know to get into IT sector to get into BFSI to become a stockbroker to become an advisor SEBI approved advisor all those kinds of examinations that you and I know those are all assessments driven and those assessments have to be very examinee centric which means I should be able to choose the date and time of my choice to take an examination very similar to how ETS does it for a GRE or a GMAT or NSEIT these are the four adjacent future adjacent opportunities that we're looking at.

One last slide before I wind up this is perhaps the most important from a differentiator point of view for NSEIT DEX there's a very sophisticated exam engine that integrates all the functions to deliver the service seamlessly to the student right from registration, onboarding, fee collection, identity checks, giving you the allotment of seats when you go there we do proctoring and then results are generated. The entire thing is a fairly big deal as a platform development anybody wants to come into this it's not easy. The last and the most important aspect which is what has made this as a super sensitive business which nobody can enter unless you have a whole lot of credibility, track record etc. is the security layer. How good are your systems of security, auditing capability, creating vigilance and surveillance and so on so the team and the and the seasoned experience of building this from scratch and having fine-tuned it mastered it over a couple of decades is a very big plus as we get into the assessments business through NSEIT DEX just to close with the same set of thoughts we are silently very excited about this as you know the binding agreement has been signed the paperwork the legal work etc. is all happening we are hoping to close the entire thing maybe by the mid of November though the internal target is maybe a week or two earlier and then for sure December 1st onwards DEX is likely to be part of our business rhythm and beyond that we'll definitely organize a way of interactions for you with the leadership team of NSEIT DEX. So, just to close the session we continue to think that there are going to be such telling opportunities that will come our way and we will hopefully be good to pick up some of those and keep changing the orbit of CL as we move forward. I'll pause there and hand it back to you Arjun and maybe you can facilitate any questions if they are with us.

**Mr. Arjun Wadhwa :** Thank you so much Satya, that was extremely insightful and useful and I hope our investors learned a lot about the newest member of the CL family. As you rightly mentioned we'll look to have this as a part of our portfolio from Q3 onwards. There are a host of questions as you can well imagine that have come our way, I'll keep picking them up one at a time and I'll address some of them myself and throw a few your way Satya.

First of all there's a host of people congratulating us on doing a fantastic deal lots of people saying that it will be a very valuable asset for us and you know what better time to do this session than at the start of the Navratri's to get some sort of auspicious tailwinds behind us so thank you everyone for your good wishes and we hope to continue to build on this over the months and years ahead specifically.

There are certain overview questions, one of them is will the NSE brand name be changed?

Yes, this will come as a part of the CL portfolio so the brand name will need to be changed but there is a grace period that we have negotiated with the National Stock Exchange where we will continue to use this as something which is formally NSEIT so that there is some level of continuity and just to add to that the good news as Satya mentioned the entire team that has been handling all the clients and all the operations of NSEIT over the last 18 years continues to be as a part of this project moves to CL as a part of the entity that we are acquiring and so due to the business continuity that will happen from having the team as a part of CL we envisage no real challenges in terms of brand name but yes as a brand obviously NSE is the owner of the brand, we will have usage of that for a limited time period post the acquisition.

There are as I said a host of questions, so I'll just keep running through a few of them Madhur is asking who's the leader in the assessment space right now and how large are they?

The current leader in that space is TCSion obviously it's a tata company and currently our estimation is it's in excess of about ₹1,200 crores in this space in terms of market share.

There's a follow-up question that we've spoken about the market size being ₹4,500 crores, but our business size is ₹200 crores, why is the market share 20%?

Just to reiterate Satya was talking about the relative market share in the business segments that we operate in that is where our market share is 20%.

There's a question in terms of why the business revenue has been flat for the last three years and what gives us confidence to grow this going forward?

A good question, number of reasons for that one of which of course was COVID but also you know this entity NSEIT DEX as you're all aware has been on the block for about a year now. We ourselves have been in negotiations with the team looking to purchase it for the last 9 to 12 months so as you can probably imagine a business of that nature the mandate from the organization was to focus on what they're doing at present and to look this and to look to sell the business as is without necessarily looking to add any new business lines or any new study centers and to avoid additional capex etc. in this business. So the focus was on getting the organization ready for sale and handover which is why for a couple of years the revenues stayed fairly stagnant at about ₹200 crores the good news is FY25 continues to look exceptionally robust it looks very positive and we have every reason. To see that there will be growth in FY 25 over FY 24 and that has factored into our pricing as well. As you're aware we are buying this business for an initial consideration of ₹230 crores with the potential of it rising to ₹305 crores based on certain business goals being achieved so no one will be happier than us to actually pay the additional ₹75 crores if the business grows the way we have imagined and the way the business team has presented to us that they expected to grow over FY 25 so huge optimism from an immediate FY25 perspective and looking further ahead Satya spoke about significant adjacencies that exist for us in this business we already are seeing significant movement from the business teams ever since the talks started formulating and the enthusiasm is there on the ground to get new businesses. Just to give you an example the case study that Satya took ICAI is a contract that has been signed in FY 25 and it is a 3-year deal so we expect that revenue to add not just this year but also over the years ahead and similarly there are a lot more new lines of business that we hope to add over the months and years ahead lots of additional contracts that the team is chasing and we imagine that it will add significantly to both the top line and the bottom line in FY 26 and FY 27. More questions and I'll throw one or two your way also Satya so that it's not just me talking.



Why didn't the erstwhile decks management expand internationally and what gives us the confidence that we would be able to do the same?

**Mr. Satya Narayanan R :** So you know one of the things that we have learned during the course of last 9-12 months of conversations is that being a part of NSEIT they also were significantly constrained about what are the things that they could do what are the things they were discouraged from doing and especially after NSE announced its plans to go public international businesses they were scanning about 3-4 years ago just before COVID happened and then COVID did a significant amount of recalibration of priorities and so on and as you know it took for every company it took 2.5 years to get back the core stuff and now they are looking to be in a place where both readiness and this transition might just make that happen over the next couple of years even we are not going to rush too hard in any direction. Our aim also would be to solidify reinforce and then make a very calibrated 3-5 year plan wherein we think that DEX can go and make a significant difference or contribution not only to our top lines but also in being a very important strategic infra player in the countries that we get into.

**Mr. Arjun Wadhwa:** Thanks Satya, the next question. Are the contracts tender based and what is the competitive intensity as the market looks very fragmented?

Yes, it goes through an RFP(Request For Proposal) process but as Satya specifically spoke about on the technology slide you know putting together an exam engine and a security level of this nature and to add to that the distribution that DEX offers gives it an unparalleled MOAT in this business it is virtually impossible for a new player to enter this market and be successful right away the quantum of investment required to build a technology platform of this level of excellence and a distribution level of excellence will take an enormous amount of time. So which is why the two largest players in this segment TCS and DEX are dominant players as a result and the rest of the players operating in this space are all at a sub 7% market share from a relative market share perspective. So there is an opportunity for people to come in low ball on bids and compete but those tend to be more ad-hoc assignments and you know tend to be of a nature where they will not necessarily survive beyond the first year and especially where reputation is critical you need to have the security backing of a company of the quality of DEX to make it work.

How are we looking to fund this acquisition?

It is a common question we will use a mix of debt and internal accruals to fund the acquisition without going into specifics in terms of the quantum of each. We will disclose that in due course we are currently in the process of putting that together and it will go through the necessary routes of Board approvals and so on but as you probably are all aware at our last AGM we had recently taken approval to increase our debt limits so we are comfortable on that front and you know obviously given the quality of the acquisition raising debt at a very competitive interest rate is not going to be a challenge for this kind of a business plus as you're all away we have been sitting on ₹100 crores excess of cash on our balance sheet for the last year and a half so we are well placed to use a mix of debt and internal approvals to fund this .

Question of a similar nature. Would this business require any further investments in terms of technology upgrades etc.? from Samir.

Yes Samir, given the nature of technology investment that goes into preparing a product where security needs to be of the highest level, technology investments will be ongoing in addition to that we also expect to and I'll just put this in a little bit of quick context CL comes with 175 study centers DEX comes with 234 centers we hope to use a mix of both of these going forward from a business perspective but that being

said exclusive DEX centers will probably look to still add a few centers every year and that would continue to also require a little bit of technology investments because all of these centers are very technology intensive. This will largely be a mix of OPEX and CAPEX a continue to be centers which are company operated or company managed and on a lease kind of arrangement so you know from a CAPEX perspective it's very low it is largely an OPEX kind of expenditure.

I'm just going to continue to run through the questions and see if there's anything I might have missed, Satya there's a question on conflict of interest because we're a test prep institute versus DEX being in the business of conducting exams?

**Mr. Satya Narayanan R :** I think we are we are mindful of that and so which is why in every sense of the term the NSEIT DEX will operate as a separate entity, separate company, separate leadership and also create an independent board for that in order to make sure that it is complete in itself. There would be places where we will try and explore synergies as we go along but operationally speaking as they call it the Chinese wall be done just to ensure that there is no conflict of interest and also sensitizing or educating awareness about this change of ownership with all the clients that is underway and that has been built in that was one of the most important things that we diligent first before we even took a very serious step in this direction

**Mr. Arjun Wadhwa :** Thanks Satya, there's a question on what are project related expenses in DEX's P&L?

So, Himan Shah, thank you for your question, really appreciate you having done the homework of going and taking a look at the DEX's P&L before coming, and so, just very quickly to address that and anyone else just to understand this business, I spoke about 234 company managed centers, in addition to that, DEX also uses 3,000+ elastic centers. Satya mentioned that this business works in 2 ways:

One, there are on-demand booking of seats, which is more of an accreditation kind of business, which means centers which run 6 to 7 days a week and you can book a slot and come and take an exam. There are also exams which happen maybe once a year, once in 2 years on a particular Sunday or maybe happen a few times a year and in these sorts of exams you would need an immense amount of capacity to be able to handle the load of that. So, these work largely through elastic centers, which could be universities or educational institutes or schools where you would be using a computer lab or just a facility of a large auditorium and bringing your own laptops and tablets and executing the exam in this kind of an environment. So, this would require renting the place, the manpower to proctor or conduct the exam and the cost of putting together the infrastructure, which is the laptops, etc., to execute the exam all of these would come under project related expenses.

There's another question, in terms of top clients, how much percentage of revenue is coming from PSUs?

The clientele is across a group of industries we covered in this slide. We are specifically not going into details in terms of client names at this stage. We are mindful of certain conversations happening with those clients as Satya mentioned about the change in management, etc., so we will refrain from mentioning more about specific clients for now but as Satya has highlighted the sectors here you can by and large, guess who would be some of the major players in each of these sectors and you can imagine that NSEIT DEX works with them specifically the major clients are what we would call quasi-government NSEIT DEX is also something you would call as a quasi-government agency and most of the clients would also fall under the same category in terms of being quasi-government so specifically all of these accounts are handled by agencies which are excellent paymasters, pay on time the collection period for DEX and

I'm specifically mentioning this because of certain historical baggage that we have working with government and organizations in the past is typically about 50 to 60 days so this is a business where bad debts have been virtually non-existent. Payments happen on time and are largely milestone driven and it is a business where there are no state government clients at this point in time, all clients are either central government or quasi-government agencies

I'm just looking for unique questions. A lot of them are repetitive. There's a question about the biggest risks that we foresee for the DEX business going forward?

**Mr. Satya Narayanan R:** I think, you know, we perhaps must just stay very student-ish or newcomer-ish and learn it from scratch. A couple of things which are of extreme criticality, which is the continuity of the team which has got a tremendous amount of expertise and credibility with the clients, their continuity, if you ask me, is the most important attribute in our minds and being able to de-risk what came up as a question earlier, on the potential conflict that is the other one.

However, what gives us an enormous amount of courage or encouragement or clarity on that side is that only 16 to 17% of assessments are entrance exam driven, and CL's entrance exam business is essentially a big-time play of only three segments: MBA, law and IPM. So, even if we just don't touch them for the next hundred years, that's hardly an accumulated TAM of 5-7 lakhs or ₹10 crores. So, that doesn't worry us, but we need to make sure that we are steering clear of any of those risks of either conflict of interest or building the strength of the team as two important success factors and hence if you look at it the flip of it, it will be a risk factor. We shouldn't goof up on these two.

**Mr. Arjun Wadhwa:** Thanks Satya, there's just one last question that I'll take. What is the duration of an average contract, and can you give a little more detail on the contracts?

I'll just take that very quickly; the average duration of most contracts is typically 3 years or 5 years if it's a multi-year exam. If it's a one-time exam, like Satya specifically mentioned, an exam called RRB, which happens once in 3 years or once in 2 years, then obviously those exams come up as one exam tender, but if it is an annual exam or an exam which happens in like accreditation or something of that nature, certification which happens on an ongoing basis, then typically contract durations are 3-5 years. One good news from an NSEIT perspective is that their continuity of contracts and continuity of clients has been exceptional over the last 18 years, with hardly, any clients dropping out once they get onboard. One of the significant reasons for that is the technological infrastructure which is customized and built for those clients and as we spoke about, multiple times during this session, it's very hard for someone new to come and replicate that. So, once you start working with someone in this space and you develop an exam engine, NSEIT DEX has a proprietary exam engine, so once you develop it for an organization like this it's very hard for a new player to come and create a new exam engine, not to mention the distribution network we spoke about 234 centers and 3,000 elastic locations those are distributed over 700 districts of India, which is the widest reach of any player in the assessment space. I often quote the example like the election commission says, "We go to every single part of the country and get every person's vote", in a similar way the DEX team, when they first met us, they told us that "you know we make sure when we talk to our clients one of the biggest drawing points for them to work with us is that we have fantastic coverage all over the country. So, if anyone wants to do the CA exam, for example, whether you're in Rajasthan or whether you're in Manipur or whether you're in Kanyakumari or Srinagar it doesn't matter. You are not very far from a DEX center."

On that note, I'll wrap things up for today, thank you so much. I see a lot of congratulatory and good



wishes. Thank you everyone for your good wishes. We'll continue to build on this, and we'll catch up with you again in about a month's time with our H1 results.

Thank you everyone. Have a great Navratri week and we'll speak to you all again soon. Thank you!

**Mr. Satya Narayanan R:** Thank you everybody. Thank you, Arjun.

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