



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: CLEDUCATE  
ISIN: INE201M01029**

**Sub: Transcript of Investors Earnings 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 May 06, 2023, and May 12, 2023, please find enclosed the Transcript of the Earnings call held on May 11, 2023 with the Analysts / Investors.

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: May 17, 2023**



## **"CL Educate Limited Q4 FY 2023 Earnings Conference Call"**

**May 11, 2023**

### **Management:**

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

**Mr. Nikhil Mahajan** – Executive Director & Group CEO, Enterprise Business, CL Educate Limited

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

**Earnings Call Link:** [CL Earnings Conference Call Q4 FY23](#)

**VOSMOS:** [Link](#)

### **Results Link:**

[Consolidated Results – Q4 FY23](#)

[Standalone Results – Q4 FY23](#)

**Investor Presentation:** [CL Investor Presentation Q4 FY23](#)

## CL Educate Limited: Earnings Conference Call – Q4 FY 2023

**Arjun Wadhwa:** Good afternoon, everyone. In case you are joining us in the Metaverse for the first time and you are doing so from your laptops, please go to full screen mode. You will find the content a lot easier to read and to navigate across the screen. So, there is a button for full screen. If you click that, it is on the top right-hand corner of your screen right next to the audio video portion where you can see us. While we wait for other participants to join us, I will just play a video for another minute or two.

It has been running on a loop for the last 10 minutes for those of you who have joined us early. But for those of you who have just joined in, you can take a look at this video. It tells you a little bit about the kind of work we are doing in Kestone on the technology side of our business and gives you an opportunity to experience VOSMOS yourself.

### **Video- [03:06 - 06:00]**

**Arjun Wadhwa:** Thank you so much for your patience and once again a very good afternoon and welcome to CL Educate Limited's Q4 FY23 Analyst Call. My name is Arjun Wadhwa, I'm the CFO of CL Educate and I'll be your host today.

Once again, welcome to our homegrown metaverse. This is the fifth time we are hosting you through the platform and for those of you who are joining us for the first time, please do spend some time after this call exploring what the metaverse has to offer, including some of the meta commerce opportunities that are present in our mall. Do check them out, there are some nice stores.

Joining me today on this investor call are Mr. Satyanarayanan, Chairman and CEO of CL Educate and Mr. Nikhil Mahajan, he's the Executive Director and Group CEO of our enterprise business. This call, as always, will be recorded and transcribed and we'll make it available on the investor zone on our website within the next 24 to 48 hours.

I'd like to start by inviting Satya to share a quick overview of our business for all those investors who are joining us for the first time and to perhaps follow that up with a brief update on where we stand at the end of FY23.

After which I'll ask Nikhil to kindly run us through the presentation, spending some time on the financials and the business updates, following which we'll be happy to take your questions. Once again, if you're on your laptops, please use the full screen option to ensure that you can read the fonts on your screen and there's a chat box on the bottom right-hand corner of your screen. Please put your questions in that, we'll address them when we come to the end of this session. Satya, over to you.

**Satya Narayanan R:** Thank you, Arjun. Good afternoon, everybody. One of the feedback items that we received in an earlier last quarter's analyst call was to cover a little bit about even the company very, very briefly for those who are joining in for the first time. So, respecting that feedback, I will take a couple of minutes to cover that and then we will move forward.

Yeah. So, I'll come to this after the next couple of slides, but in a sense, I think the post-COVID normalcy or the new normal in that sense, we think is restored on both sides of our business units, the Career Launcher, as well as Kestone and a lot of those hiccups, speed breakers, etc. that we were seeing on the roads, including uncertainties about some of the exams on the test prep side. Those are clear. Now, it looks like a good, nice, broad, and clear road that awaits us as we go through these next 8-12 quarters at least. Having said that, let me spend a minute on the next slide mentioning about test prep summary. The EdTech summary is captured here.

Most of you are aware, so I will not spend too much time, but in short, the CL Educational services business, which is strongly powered by EdTech, is a phy-gital business. The physical part and the digital part are equally important. The

inclusion of two broad areas of CUET and study abroad as verticals in the last 12 to 15 months by us is where we will bring a lot of growth over the next three years.

The growth of our business is going to be determined a lot by how well we ride the physical distribution network through addition of partners and how we power it and make our services reach customers who want to avail of our services directly from their homes or their mobiles.

So physical locations, which are powered by digital and pure digital, both of them will form a very important part of our growth story on the EdTech side. Our international presence in the Middle East is significant. It's much beyond a question mark and some changes that are happening in the competitive exam space will render our growth possible through some of our products going to additional markets internationally. If you look at the summary of it, two mature products in our business, the summary is captured as what we see here. MBA, which is product time of about 2.5 Lakhs, we own about 30 to 35% of the market space. The people who take typically the exam prep in India, the ballpark or the thumb rule could be about 50%. So, our growth depends on two things. How do we grow the TAM? How do we grow the SAM? Which means instead of 1.25 Lakh people accessing coaching, can we take it to 1.5 Lakh? And can we get an additional market share from that, those additional people who are accessing test prep? Those are the two important pieces by which we can grow our business.

If you take a similar number for law, taken by about 70,000 people, we would have about 35 to 40% market share from those who are preparing for the exams. CUET is here. Last year around this time, the notification had just about come or was coming through. The exam was held in July and the entire process ended up becoming almost end of August or September for a lot of things to happen. That has gotten a little bit more regularized this year. CUET with about 14 lakh applicants/aspirants, is going to be held at the end of this month, 21st to 30th May. It's a very large market and CL has already begun to take the leadership position by being the only company that is offering a very wide range of 18 subjects for CUET. We have spoken about it over the last many quarters.

The other one which is still in our incubator and investing a lot of mindshare is the student mobility business. Study abroad is the other word for it, but we are calling it student mobility because we see the number of students coming into India by preparing for some of our Indian exams in global cities across the world is also going to be a very important part of our portfolio as we move forward. As you are aware, CUET this year is going to be held in 25 cities across the world, not just India. So that's a very important thing. And the question that we ask ourselves is, can we emulate the market shares over the next five to seven years of MBA and law into CUET and student mobility?

Moving forward, a little bit of a similar summary about Kestone. Kestone, as you know, the business is quite different from EdTech. It's a very fortuitous evolution of a small acquisition that we made almost 15 years ago.

It was Rs. 7.5-8 crore company acquired at about eight crores. But as the world evolved, it also has pivoted a few times and it's about Rs. 115 crore business with reputed, esteemed clients, including Amazon and Microsoft and Facebook and many FMCG companies, banks and so on. It is a go to market partner and constantly working in the cutting-edge spaces where every organization must be smarter than yesterday by adopting technology.

So, the film that you saw, Arjun showed all of us in the beginning, was a sample of the kind of stuff that Kestone is doing. It is very exciting for those of us who are keen to look at how the marketing machineries are evolving across the world for companies. Here, the growth for Kestone is seen as coming from VOSMOS, which is still at a very early incubation stage, and our established services, including events and so on, picking up the shape of becoming SaaS models, adding the DIY features to it. That is one area of growth that we see. And the geographical expansion, our moving out of India to replicate Kestone's success in Singapore has proven quite good. Nikhil will cover the exact numbers. Now, based on that, we also opened offices in Indonesia and the Middle East is also underway. So geographical expansion and technology enabled SaaS-ification or DIYs are the two things that Kestone will take us to where we would want to go in three years' time. The couple of other points before I hand it over to Nikhil are number one, and I would want all of us to make a note of it, we will come to this even as Nikhil goes into the deep end of the presentation. In the EdTech side, our Q4 is likely to have changed forever because law as an exam, CLAT, which used to happen towards the end of May, has been shifted to December. So, the exam already took

place in December 2022 instead of May 2023. What it does is that all the students who would come to us after their summer examinations, the board examinations for an express or a crash program, those people either enrolled early or they will now enroll for a long duration program. So, the summer express program, the enrollment of which happens in a sharp window of 10-15 days around or right after the board exams, and it's a 40-50 day program that has gone away and you will see the numbers about that have changed as you look at Q4. The other thing that has happened is that a CUET as a new exam has come into place, which is happening at the end of May. So, like CAT, CLAT has become a November-December examination and CUET and IPM are the summer examinations. So, the seasonal readjustments of enrollments, customer cycles, billings, revenue accruals, all of those are underway. Some are visible in Q4, some will be visible in Q1 of the new year and so on. But overall, if you kind of zoom out and look, I would want us to know that it's a good place. A lot of new initiatives have now found place for us to focus on and those have become a very central part of students' journey towards higher education on the Career Launcher side. So, with those opening remarks, I will hand it over to Nikhil.

**Nikhil Mahajan:** Thank you, Satya. And Good Afternoon to all. I will be taking the remaining portion of the presentation covering the business and the financial updates for Q4 as well as for the full year on a full year basis. So, let me start with a very brief and synoptic summary update on our overall business performance. So, our revenues showed a growth of 37% from March 2022 to March 2023 on a yearly basis with revenues growing from Rs. 218 crores to close to Rs. 297.7 crores. We missed the Rs. 300-crore mark by a whisker. We were hoping and desiring to cross that critical benchmark. However, I think we should be well on our way in the coming year to achieve that. Our PAT and EPS have shown a dramatic 68% increase from Rs. 14.6 crores to Rs. 24.6 crores. And our EPS has grown from 2.47 to 4.08. Just a reminder that all these numbers are on a fully consolidated basis and not on a standalone basis.

The EBITDA grew from Rs. 29.2 crores to Rs. 32.1 crores, which is a more modest 10% increase. And we will get into some of the details of why some of the investments made by us during the last four quarters have resulted in EBITDA not mirroring broadly the revenue growth which has occurred in the overall business. Some of the other key financial highlights, our Return on Equity (ROE) has jumped from 5.3% to 8.2%. ROCE has moved marginally down from 7.6% to 7.3% because of a slight negative movement, a not so commensurate increase in EBIT.

Over the previous year, our free cash flow generation has increased from Rs. 27 crores to Rs. 64 crores during the year. And the cash flow generated from operations has increased from Rs. 27 crores to Rs. 31 crores. The free cash flow increased from Rs. 27 crores to Rs. 64 crores is a significant increase on account of the liquidation of two large parcels of land at Greater NOIDA and at Indore. Also suitably accounted for a dramatic reduction in borrowings we made last year. So, the free cash flow increase is from Rs. 27 crores in FY22 to Rs. 64 crores during the year.

I just want to give a three-year perspective on some of the key parameters.

So, one of the key takeaways of looking at the numbers is that FY21, we had reported a revenue of Rs. 193 crores, which was during the midst of the peak of the COVID-19 epidemic from a significant high in the previous year. FY22 saw a modest 10% growth in revenue. But this year we have seen a 40% growth in revenues predominantly driven by the fact that it was only towards the last quarter of FY22 that the physical test prep centers reopened in the large part of the country, especially the big metros, after 18 to 24 months shutdown due to COVID. So that resulted in an increase in a faster ramp up of revenues. However, as the physical centers reopened, the costs and the rebuilding of the teams at the locations and centers, which had shut down due to COVID, was also a long and well-drawn-out procedure, which resulted in significant enhancement of costs in terms of infrastructure, people, etc. As compared, if you do a Q-o-Q comparison between Q4 and the two fiscal years. On a full-year basis, our EBITDA in FY21 was negative, close to zero, because that was the worst COVID-affected year. We are now steadily moving up on a steady EBITDA figure of roughly around 11%-11.5%, and a Total Comprehensive Income of around roughly around 8% amounting to about Rs. 24.6 crores.

The adjusted EPS is at 4.08 rupees per share, which has been adjusted for corporate events, including split and bonus, which have happened in FY22 and FY23. So just keeping that thing in mind, the key, some of the key financial revenue, profitability and earnings parameters are what are visible on the screen right now. One more

important parameter which I would like to share is, which is self-evident, is our strengthening and improving cash position year after year. One of the key takeaways from this slide is a dramatic reduction in our overall borrowings. So, from Rs. 43 crore level of borrowings in FY21, we are down to Rs. 10 crores as on March 2023, which has further come down to around Rs. 6 crores after we repaid another Rs. 4 crores in April 23. Our gross cash levels as of March 2023 are at around close to Rs. 110 crores versus Rs. 69 crores in FY21, resulting in our net cash position being close to Rs. 100 crores as compared to Rs. 47 crores last year and Rs. 26 crores in the year before that. So, I think from a net cash position, we are sitting extremely pretty and extremely focused in terms of growing our business organically over the next 4-8 quarters and dramatically increasing the profitability growth over the next few quarters. Now let me spend a few minutes on the segment-wise performance.

I'll first spend some time on year-on-year. So, if you look at the total revenue increase from Rs. 209 crores to Rs. 291 crores, it is roughly a 39% increase. Our EBITDA has increased from Rs. 33 crores to about Rs. 42.8 crores, which is a 28% increase. This figure of Rs. 42.8 crores at the segment level and there are certain unallocated expenses which pull down the overall EBITDA by about Rs. 10 crores. If you look at each business, our EdTech business has grown by about 34%. Our EdTech EBITDA has grown by about 25%. Similarly, MarTech business grew by 48% and the MarTech EBITDA grew by 39%. I think the growth in EBITDA, being lower than the revenue growth, was driven predominantly by two or three parameters.

One, the reopening or getting back to the old normal of physical operations in the test prep business as well as going back to the physical events in the MarTech business. The cost structures and the economics of doing the business in the physical world came back. Secondly, a lot of investments were made during the last 12 months, both in the EdTech business as well as the MarTech business in people as well as in marketing. In people, because we had to restart physical operations in some of the key-owned cities and that happened mostly in Q1 of last year. Similarly, a lot of marketing spends have gone into business in order to get the physical centers again off the ground for existing products, including MBA Law, as well as trying to garner the first mover's advantage and initial market share in CUET in the test prep side. A critical parameter, if you look at the EdTech side in Q4 FY22 to Q4 FY23, is the slight negative growth in EBITDA and that is predominantly driven by one factor of change in the law prep exam date, which used to earlier happen in May and because of the crash season and the revenue accrual happening over a longer duration of period. However, now that the exam got over in December, the crash season virtually did not happen last year because of the paucity of time as well as the entire revenue accrual for the business which happened for the CLAT 22 exam got over by December and a very negligible amount of revenue accrued in the next quarter because from the first quarter the enrollment for the new season began, the delivery of which began slowly started taking place from the months of February and March.

Let me delve slightly deeper into details on the test prep business. Our overall billing increased by 30%. Our ARPUs were up by about 17% implying a volume growth of about 13% over the last year. Our business partner's billing increased by about 40%.

In the Q4, our billings have increased by 16% Q-o-Q, but large chunk of that revenue accrual flows into Q1 and Q2 of FY24 because of the extended delivery schedule for most exams including CUET which will end in end of May and for most other exams law and MBA which will go on till November and December. One of the important points I would like to highlight is that the UG segment, which is basically the students from grade 10 to 12 now accounts for 60% of our total business. A couple of years ago, the UG segment used to be less than 35-40% with the PG segment accounting for a much larger chunk. The positive outcome or a positive signal from this is the UG segment in terms of the market size as what Satya had indicated about 8-10 slides ago, the UG segment would be at least 15-20x larger in size as compared to the PG segment. And hence when your revenue contribution from the UG segment begins to overweigh from the PG segment, I think in the years to come, as the market share in the UG segment in different product segments begins to inch up gradually, the revenue accretion and the billing accretion will be at a much faster rate than it has been in the historic years. We have seen a steady growth in our international business with our international operations contributing approximately 22-23% growth over the previous year. And we are now exploring new avenues including service partner signups and locations in countries outside India, especially in GCC, Africa and Southeast Asia. And as we proceed over the next few quarters, we will keep on sharing more details as



partner signups in these countries begin to take shape in a more concrete manner. One another aspect which I just want to highlight is, as usual, one of the key drivers of continuously repeating business coming to us every year is our extremely strong word of mouth, which is driven by our outstanding results.

If you look at, we have had All India number one rank in CLAT 23 and AILET 23. 431 100%-ilers in CUET 2022, 7 out of the top 10 ranks in CLAT 23 and 6 out of 10 ranks in AILET 23. The CAT 22 final result are still being tabulated. And I am sure we will see a positive uptake in the success rate of our students even in that, once the full results are compiled.

A brief synopsis update on our publishing and platform revenues. Our publishing sales were up about 19%. The institutional business has now started beginning to contribute a significant portion of revenues besides the digital sales from our own website as well as online platforms like Amazon and Flipkart, which basically translates to that less than 25% of our sales now takes place through the conventional retail channel sales, which has resulted in significantly improved collections and significantly lower product returns, both of which enables us to capture higher margins as well as better cash flows for the business and reduce our working capital requirements.

On the platform side, our revenues increased about 23% year on year. Our new client signs up pipeline was strong with nearly 50% of clients being new who were signed up during the year.

A couple of minutes on our MarTech business. As shared earlier, our MarTech business in terms of revenue grew by about 48%. Our EBITDA grew by 39%. We are beginning to see very good momentum in the physical events business and big-ticket physical events are now beginning to take place. We are beginning to reappear at a reasonably good frequency with almost all spectrum of clients. APEC has been a key driver of growth in the year gone by. And with Indonesia operations kickstarting this month, we expect Indonesia and Singapore to be one of the key growth drivers in the year to come as well.

VOSMOS has got fully integrated into almost every physical event which takes place and that is helping us drive our overall margins higher. Meta Commerce and Metaverse journey is just beginning. Positive signals are being received. We have done small projects here and there. New stores almost get added on a monthly basis. But I think that's a long journey. We need to stay focused and stay invested in that for the next four to six quarters. And sometime the point of inflection will come when the changeover happens. We would be one of the leading players who will be able to capture that changeover whenever it takes place. Another update is our overseas revenues last year grew by about 25%. And we expect this international revenue growth momentum to continue even in the coming year.

**Arjun Wadhwa:** Nikhil would you like to play the video once more? We have 45 participants now and the bulk of them would have missed the video before we started.

**Video- [40:14-41:14]**

**Arjun Wadhwa:** Okay, I've received a little bit of feedback from some of our participants that they've requested the video link. So, we'll share that with them later. Nikhil, maybe if you can just give a little context to the video and then we'll just move forward.

**Nikhil Mahajan:** Basically, the context of the video is that it summarizes all the work which has happened both on the virtual as well as the Meta Commerce and the Metaverse platform. And how it enables businesses to get transformed from the existing two-dimensional websites to three-dimensional experiential business customer experience. Slowly and steadily, we are seeing some interest at a very critical level. Some of the banks want to become more experiential using this tool. We are doing a couple of pilots with some of them. I think this video is more to give an idea on what Meta Commerce and Metaverse environments can do to the customer experience in this space.

**Arjun Wadhwa:** Yeah, thanks Nikhil. And with this video, we'll also circulate a link that EY has shared. In their own Metaverse, they've shared a 10-minute video of them discussing the opportunity for Metaverse and for the banking

universe. And how it's a USD 900 billion market just waiting to be tapped. So, I'll share that video as well. Maybe we can move forward with our presentation for now.

**Nikhil Mahajan:** Yeah. So, I'll just take a minute more on some of the corporate actions and corporate roundup. So, on the business side, we have seen an accelerated revenue increase and accelerated profitability increase, significantly improved cash position. And as promised, we are a net debt-free company as we speak today. Regarding the shareholder value creation, we affected a share buyback last year in Q2. The merger was completed in Q4 FY22. Some of its activities were completed in Q1 of FY23. We did a bonus issue in Q3 FY23. These are some of the key corporate actions which took place during the last 12-15 months. I think Arjun, that brings us to the end of the presentation. The rest are all financial annexures.

**Arjun Wadhwa:** Yes. Thanks so much, Nikhil. Just, you know, more feedback that we received after the last round of conversations was to also make our financials available on one click in our presentation itself. So, we've added that. I'm going to leave this slide open for those of you who want to get in touch with us later. And my team and I will be happy to take any specific questions that you have on our numbers.

In the meantime, let me start by taking any questions that have come our way on the business side. Sathya, I'll throw a few open to you first. One of the questions from Vivek Joshi is with regards to our CUET business, how many students have we coached this year and what's our market share?

**Satya Narayanan R:** Okay. So, Vivek, last year, we did approximately 3000 unique students buying about 9500 product enrollments, average of 3-3.1 per student. That figure this year went up to about 10,000 students and about 30,000 product enrollments. If you were to do the apples-to-apples comparisons and the top 5-6 courses were GT, English, Economics, Mathematics, Political Science, Accounts and so on. These would be the top six subjects.

So, the good thing is that both on the humanities side as well as the commerce side, the early entry and anchor subjects in both the streams we've done very well. So that's the summary. As we move into the new year, we are already working upon enrollments for the one-year program, a two-year program, while we come back for the crash program more towards the end of the year, December, January.

**Arjun Wadhwa:** Satya, there are a few other questions related to CUET. So, if I could just request you to give a little bit of an overview in terms of the market, in terms of, you know, where it is right now, where it's headed, number of test takers in any given year from a class 12 student-based perspective, and how you see this moving forward in comparison with engineering medicine as an exam.

**Satya Narayanan R:** Sure. So, in terms of addressable market size, it is comparable now with engineering and medicine already. And given that 250 universities have already become a part of CUET, and it's just the beginning, this number last year was sub hundred, you know, it was between 75 and 90, depending upon what count you take. And the number of test takers that we take formally in universities that had enrolled into CUET, that has gone up to 250 this year. This is again likely to grow by at least 25-30% each year for the next three years, until we get to about five, six hundred universities. The number of test takers could also double from here in the next couple of years. And our estimation is that it's likely to settle upward of 50 lakhs in the next three to four years.

On the ARPU side, a two-year program here is about a 1-1.5 Lakh kind of a price point. A one-year program is about 70,000-80,000 rupees and a crash program which is a two-and-a-half-month program, or a three-month program gives you a realization of between 20,000 to 25,000- 27,000. That's the quantity and the fee, a little bit of a summary.

As far as the market is concerned, it is still early days. But what this is likely to trigger is a whole lot of transition from unorganized play to the organized play over the next five years. And we saw that happening. We were part of that play when MBA went from unorganized local hundred people, hundred student outfits in late 90s. By the time we came to 2007 or 2008, the unorganized play had completely vanished.



Here, it's very, very large. It may not vanish, but I think a lot of consolidations will happen. And which means that brands like ours stand to gain in this game because we have a playbook which brings entrepreneurs into your ecosystem, gives them the R&D technology content material training. And then they unleash themselves into the market to provide great service to the students with the backing of Career Launcher. So, I think it gives us a great opportunity to look at going to 500 center locations in the next three years. That's what CL can look forward to. And the mix of online and offline will continue because students come with that kind of a predisposition on whether we want to go to a nearby center and do it. Maybe 75-80% of them would be of that kind because parents are also interested given the high stakes outcome that it has. Remember, going to an SRCC or an LSR or Stevens or JNU, arithmetically speaking, is tougher than getting to an IIM or an IIT. So, it's a very, very high stakes game. And hence, no family would want to take chances. The enrollment of universities from the western and southern part of the country is the next big shift that we would love to see in the next 12 months.

**Arjun Wadhwa:** Thanks, Satya. There's a question from Manu Jindal about the increase in our receivables of 25%. Manu, this is largely, I'll take that myself, this is largely in line with the increase in our business. If you see the top line has grown from about 210 crores to nearly 300 crores, almost 50%. So, the growth in receivables is largely in line with that.

Manu is also asking about our dependencies on star teachers and how certain recent unicorn EdTech teachers opened their own channels, taking away their business from the company itself and whether we have any dependency of that nature. I'll also throw in a related question from Vivek, who's asking how ASPI.ai works and on the content that we deliver through that. Satya, would you like to take these two?

**Satya Narayanan R:** Sure. So, I think the risk of a star teacher at CL is practically zero because it's largely driven through very good faculty members who are supported very ably by the systems and processes and technology backbone, the LMS and so on. So that's not a very significant play. And those who have gone, if you take a PhysicsWallah and Alakh kind of a thing, while that was a great disruptive startup thing which the team had done, now when they come down to executing it, they are having to adopt a whole lot of practices which take a lot of time to master or which will take a lot of money and you are prone to a lot of errors if you try to hasten that in a very short period of time. So, we are not too anxious about that star faculty part, Vivek. The second one, Arjun, could you just help me recall the second part of the question?

**Arjun Wadhwa:** The second part was about how Aspi.ai works.

**Satya Narayanan R:** Aspi.ai is essentially our integrated learning management software backbone. So, it's a dashboard for the students and a dashboard for parents which also gives students insights about the program that he or she is enrolled in. It is basically a single screen dashboard. It has all that a child needs or gives her insights about their performance, exam, peers and a whole lot of performance analytics that a student needs. And if a faculty sits with the child or the parent sits with the child, I think you can make a whole lot of very, very meaningful deductions on how better I can prepare after looking at the analysis thrown by the dashboard, which is what is called as aspiration.ai.

**Arjun Wadhwa:** Thanks, Satya. Satya, I'll give you a short break. Nikhil, there's a question on what growth can we expect to see in the MarTech business over the next two, three years. If you could take that first and then I'll throw a couple more questions your way.

**Nikhil Mahajan:** Yeah. So, while this year we have seen unusually rosier 48 percent top line growth, I don't think that will become a benchmark for the coming years. I think going forward, 20 odd percent annualized per year growth for the next couple of years should be a more reasonable estimate, which could be driven by increased new operations in newer geographies.

However, it is very difficult to predict how that technology and the Meta Commerce business will play out in the next four, six, eight quarters. I'm not accounting for any significant revenue accretions to make it a very hockey stick kind of a thing. I think we will be very steady in terms of revenue growth.

But for the COVID period, we have historically shown an 18-20% growth every year. And I think those kinds of trends should be sustained in the future also.

**Arjun Wadhwa:** Thanks, Nikhil. There's a question from Vivek again about our increase in our employee expenses, whether it's due to a headcount addition or wage hikes.

Why don't I just take that? Vivek, if I were to look at it from a quarter-to-quarter perspective, in terms of Q3 to Q4, the increase is just about a crore. And that increase is largely on account of ESOPs. So, several of our employees across both Kestone and CL have had their ESOPs granted. And so those are the costs built in for that. If I were to compare it with the previous year, we are moving from a largely online world to returning to a physical world and reopening of centers, returning to physical events on the ground. And so, it's all business-related increases from A to B.

Satya, I'll throw another question your way. How many centers have we continued to add over the course of this year slash this quarter? These are questions from Vivek and from Rahul. And can you provide a little bit of qualitative commentary on which geographies and which subjects are seeing better traction? Is the center growth as per our expectations? And what kind of challenges and opportunities have we seen looking at center growth?

**Satya Narayanan R:** JFM, we added 14 center signups in all. And I think going forward, it would be better than that, because the fourth quarter also is the peak delivery quarter from the academic point of view for the undergrad programs. So, the center creations were a little lesser than what we would have liked, or we would have planned originally. The undergrad expansion will primarily be now driven by the CUET portfolio. And that will be mostly in the Hindi heartland, because here, largest number of universities driven by the Kingpin University, which is DU, followed by JNU, Allahabad University, Banaras University, Banaras Hindu University, AMU. So, these are all of them are in the north. Hence, the adoption of this by the partners is seeing the greatest of traction. This is where we'll focus for the next six to nine months also. And then the traction is likely to catch up when more universities from different states latch on to CUET over the next one year. As far as MBA distribution is concerned, we still have some distance to cover about that in south and west. And that's what we will focus on in the next one year. So, MBA would be more of south and west and undergrad would be more of north and east.

**Arjun Wadhwa:** Thanks, Satya. Last couple of questions before we wrap up this session. There's a gentleman, Vivek, who's asking about what is the probability that we'll hit 100 crores each on MBA and CLAT this year? And Manu is asking about our ROCE, when do we expect it to go closer to 15%? And why is it still a little muted?

**Satya Narayanan R:** Okay, a part of it I'll take Arjun and I also wanted to add one more point which has not come but I'll pick it up. You know, in our heads, MBA, Law and CUET, all three are Rs. 100 crores plus candidates. They will all hit there in the next couple of years. If not, it may not happen in the coming year itself. There is an opportunity for a lot of market share growth, even in MBA. So, we are not playing defensive, even in a mature product like MBA. On the ROCE part, we know that even when we reach 15%, there are going to be a lot of further milestones that a company like ours should focus on. But maybe we should be there in a couple of years, crossing that 15%. Nikhil can add if there is anything that I'm missing out on that.

But I wanted to make one additional point for especially those of you who might be giving a very, very summary look at the one-page summary and looking at Q4 to Q4 of last year, and then feeling slightly disappointed. I think I would take that bull by the horn and say that please do provide for two things which are not explanations or excuses to explain away that quarter to quarter drop. It's very important to remember that the crash programs which used to happen in May, and you can look up the numbers, we can also share this offline. When the law moved from May to December, all the long-term programs, the revenue accruals, stopped in December. If a one-year program, a child's enrolled in Jan or Feb or March, the revenue accrual used to happen until April of next year, which all happened till December in this financial year. And second was CUET; 18 subjects, creating the team, and our marketing spends went up from Rs. 13 crores last year to Rs. 21 crores. So, we did not pull any punches in our investments to make for getting a good start to the CUET first full year of examination preparation. So, these two - Revenue accruals are not coming in, new billings for crash not happening, but the investments of all of those happening, and the CUET revenues most of them you will find since the exam is in May, the accruals happening over March, April and May. So,

anatomically speaking, our Q1, Q2, Q3, Q4 used to be 22 to 27% in a steady state. It's likely to alter now. And we foresee that Q4 is going to be lower every year because of these changes until something else happens.

Whereas Q1 and Q2 are likely to see a lot more of revenue accruals being visible. So, I just wanted to clarify that proactively, though I haven't seen any question coming in that direction. Yeah, back to you, Arjun.

**Arjun Wadhwa:** Thanks, Satya. A couple of more late questions, which I thought we just take. Rahul has been invested with us for a long time. So, he's thrown a few more questions our way. Will the growth in spending on products, people, tech and marketing be higher or lower than the sales growth for FY24?

**Satya Narayanan R:** It has seen a step-up jump in people and content and those related expenses. Marketing also did a step function. Marketing is likely to increase a little, but for the other ones, now the investments that had to be done were done in the last three quarters. I don't see that going up in a disproportionate manner. But the returns from it, we will see for a long time to come, having established the product brand and numbers and so on.

**Arjun Wadhwa:** Thanks, Satya. And one last question and this time it will be the last. How are our franchises performing compared to pre-COVID levels? And would most of these franchises now be offering CUET as well?

**Satya Narayanan R:** I think most franchises are at their all-time highs or they will hit their all-time highs in the next couple of quarters. So, which means the entire comeback will have happened for everybody in this financial year. About 20% of them did get past that in the last two quarters itself.

On the CUET, the adoption is gradual. It will be gradual, and it will get timed with the adoption of CUET by the regional universities. So, there are much more active adoptions in the north, in the eastern part of the country. But in the west and south, it will see a slow adoption as more and more universities embrace CUET, which means that perhaps the entire ecosystem might take another year, year and a half. The current ones, the erstwhile or the legacy partners, whereas chances are that 7 out of 10 new partners might log into CL using CUET and the undergrad programs.

**Arjun Wadhwa:** Thanks, Satya. With that, we have passed 4.30 p.m. So, we will call an end to this session. Thanks, Nikhil. And thank you all who joined in this call. We will see you in a month and a half for our Q1 investor call. Thank you and have a great day.

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

**Nikhil Mahajan:** Thanks. Thank you.

**For more information, regarding CL Educate you can visit our corporate website:**

[Annual Report](#) | [Financial Statements](#) | [Quarterly Results](#) | [Telegram Channel](#)

**For further information, please contact:**

**Amit Kanabar**

Sr. Manager – Finance & Strategy

CL Educate Limited

Tel: +91 11 4128 1100

Email: amit.kanabar@careerlauncher.com