



SEBI Research Analyst Registration No: INH000009843

CL Educate Ltd. (CEL)

Initiating Coverage

06th January, 2023

CMP: 68.40 | Target Price: 83.90

Upside Potential: 22.67% | Duration: 1 Year

Market Capitalisation: ₹376 Cr

Research Analyst – Tushar Raghatate, Ajinkya Jadhav

Investors are advised to refer through important disclosures made at the end of the Research Report.



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ABOUT

CL Educate Ltd, established in 1996, is a Test prep provider that caters to learners from multiple age groups. Known by the brand "Career Launcher"; offerings by CL Educate include test prep for MBA, Law, Banking, Staff Selection Commission (SSC) along with courses for Engineering, Medical, Civil Services, Grade VIII-XII Tuitions, International Education (GRE/GMAT). They also offer skill-based courses like Data Science, CFA, etc. The company enjoys strong brand equity in MBA and Law test prep markets. CL educate is present across India through 200 centers. Test prep business forms 65% of its total revenue.

CEL also has its presence through publication, under this business they provide their own material on Technical (comprising titles for GATE, technical vacancies in Central Public Works Department, etc.) and non-technical (comprising titles for CAT, Bank/SSC examinations, Civil Services examination, etc.) titles.

CEL's second business segment forms 35% of its revenues. Their second business operates under the Kestone brand. This is a data driven integrated sales and marketing company which provides services like Experiential Marketing and Event Management Solutions (Virtual Events Platform - VEP), Digital & Marketing Communication (MarCom) Services, Customized Engagement Programs (CEPs), Manpower Management & Training Services, Strategic Business Solutions. The company aims to expand its offerings in the event management space via the digital modes through VOSMOS (virtual events platform).

MILESTONES

- **1996-** Started off with MBA test prep resources.
- **2008-** Acquired **Kestone Integrated Marketing Services Pvt. Ltd.** Through Kestone, they provide integrated solutions to Corporates including but not limited to – Experiential marketing, Digital & Marcomm services, Customized Engagement Programs (CEPs), Strategic Solutions and a lot more. Kestone has expanded rapidly and is present in Singapore, USA, Dubai & Mauritius.
- **2011-** Acquired **G. K. Publications.** G. K. Publications publishes niche test preparation tiles for popular professional and entrance examinations in India, including engineering, GATE, Civil Services, Bank entrances, etc.
- **2017-** Acquired, **Accendere Knowledge Management Services Pvt. Ltd. (AKMS).** Through AKMS they provided integrated solutions to educational institutions and universities across India along with student recruitment services, Research & Incubation services & Career Development Center.
- **2017-** Acquired, **ICE GATE Educational Institute Pvt. Ltd.** ICE GATE is an institute which focuses on GATE (Graduate Aptitude Test in Engineering) preparation – Entrance exam for Engineering students who want to pursue Master’s degree in Engineering.

- **SATYA NARAYANAN R, CHAIRMAN AND EXECUTIVE DIRECTOR**



1. He holds a Bachelor's Degree in Computer Sciences from St. Stephen's College, University of Delhi and a Post Graduate Diploma in Management from the IIM-Bangalore.
2. He has over 29 years of experience in the education sector. He has been a Director on the Board of CL Educate Limited since incorporation and was last re-appointed as an Executive Director of CL Eduacte with effect from April 01, 2020 for a period of 3 years.
3. He has completed the program 'Human Interaction Laboratory' from the NTL Institute for Applied Behavioural Sciences and has received various awards, including the Karamveer Puraskar in 2009-10 by iCONGO and the Most Promising Entrepreneur Award in the Asia Pacific Entrepreneurship Awards 2009.

- **ARJUN WADHWA, CHIEF FINANCIAL OFFICER**



1. Aged 41 years, holds a Bachelor's Degree in Statistics from Sri Venkateswara College, Delhi University, an Advanced Diploma in Software Technology, and a PGPM from MDI, Gurgaon in Finance and Information Systems.
2. A former CL student in 1999, He joined the Company as a Summer Trainee in 2001 and barring an 8-year entrepreneurship stint wherein he successfully launched and exited a Sports Tech start-up, he has been associated with Career Launcher ever since.
3. He has been appointed as the Chief Financial Officer (CFO) with effect from October 15, 2018.

- **GAUTUM PURI, VICE CHAIRMAN AND MANAGING DIRECTOR**



1. Aged 57 years, he is the Vice Chairman and Managing Director of the Company. He holds a Bachelor's Degree in Chemical Engineering from Punjab Engineering College, Chandigarh and a Post Graduate Diploma in Management Administration from the IIM-Bangalore.
2. He has over 32 years of experience in the education sector.

- **R. SHIVA KUMAR, CHIEF ACADEMIC OFFICER**



1. Aged 50 years, is also a whole-time director on the board of directors of CL Media and also the Chief Academic Officer of the CL group.
2. He holds a Bachelor's degree in technology from Indian Institute of Technology, Madras and a Master's degree in management from Indian Institute of Management, Kolkata.
3. He has more than 20 years of experience in the private education sector. He has been involved with CL Educate since 1997, holding various designations.

- **PIYUSH GUPTA, PRESIDENT AND BUSINESS HEAD - KESTONE**



1. He holds a Master's degree in business administration from ICFAI Business School. He joined Kestone in February 2005.

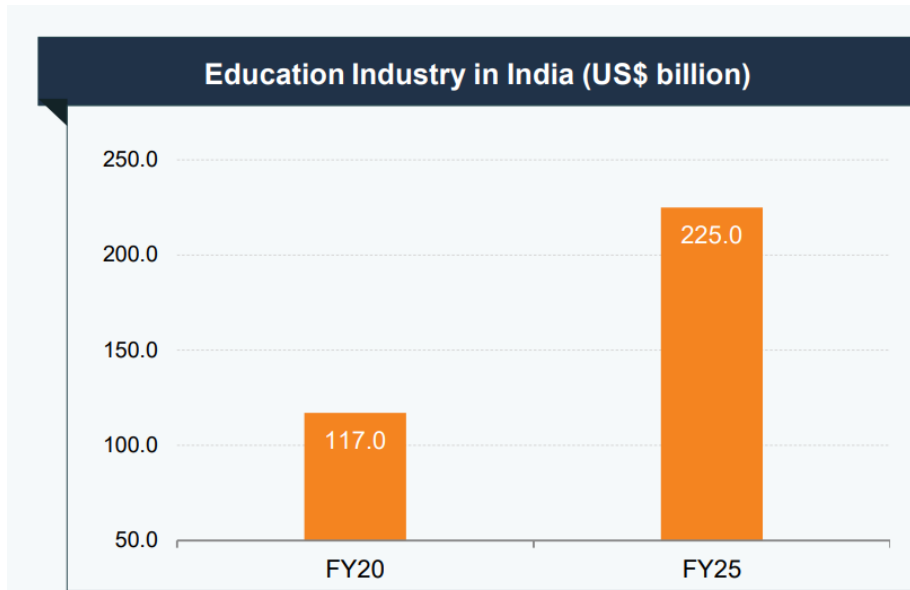
CORPORATE GOVERNANCE

 Positive  Negative

Checklist	Remark
Auditors' opinion	Unmodified
Auditor change	No Frequent change in Auditor
Promoter pledged %	No history of promoter pledging shares
Conference call	Yes, shows investment friendliness
Investment presentation	Yes, shows investment friendliness
Subsidiaries	Subsidiary structure simplified in 2022
Independent Directors as % of Board	>50%, Good sign

INDUSTRY ANALYSIS

A) INDIAN EDUCATION INDUSTRY



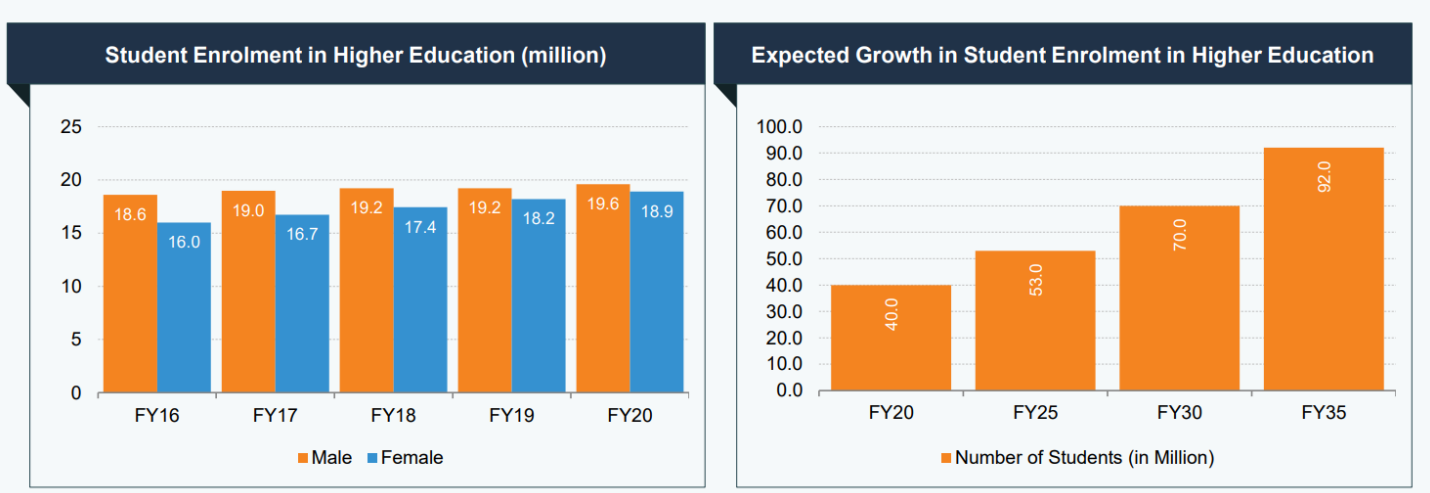
Indian Education industry was a 117 USD billion industry in FY20 which is expected to grow at 13.9% CAGR by FY25 (225 USD billion). India has the largest population in the world in the age bracket of 5-24 years with 580 million people, presenting a huge opportunity in the education sector.

India has over 250 million school-going students, more than any other country. Huge demand-supply gap with an additional requirement of 2,00,000 schools, 35,000 colleges, 700 universities and 40 million seats in the vocational training centers.

HIGHER EDUCATION



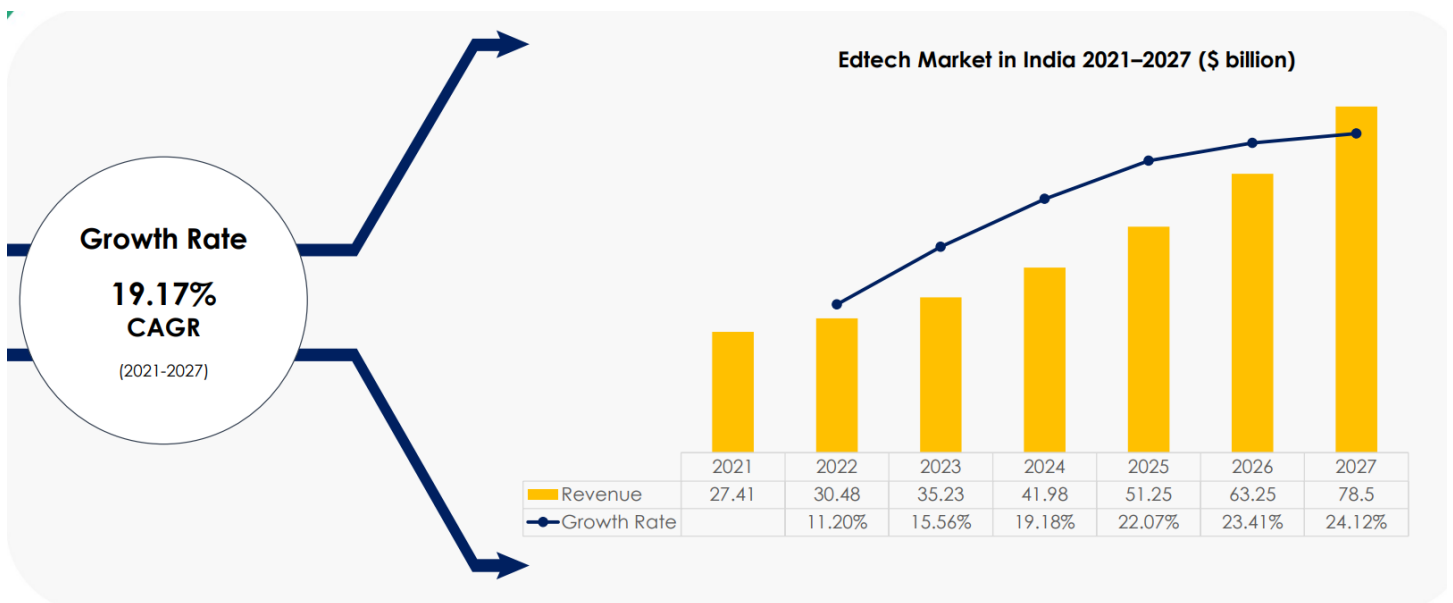
Number of colleges in India reached 42,343 in FY20, up from 39,071 in FY16 and number of universities reached 1041 in FY22, up from 760 in FY15.



India has the world's largest higher education system, and it ranks second in terms of student enrolment. India had 38.5 million students enrolled in higher education in 2019-20, with 19.6 million male and 18.9 million female students. Female participation has improved over time.

Student enrolment in Higher Education is expected to more than double from 40 million in FY20 to 92 million in FY35. Increasing enrollments indicate a growing Total Addressable Market for CL Educate.

EDTECH IN INDIA



Source: Arizton Advisory & Intelligence Report

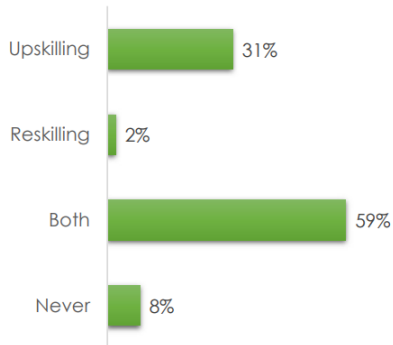
SURGING REQUIREMENT OF UPSKILLING

Upskilling and Reskilling – A budding requirement

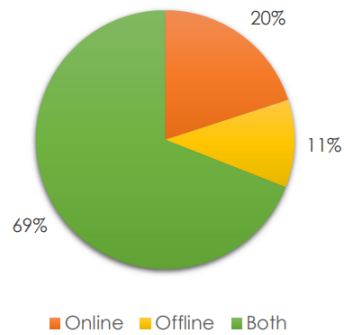
A McKinsey global survey in February 2020 found that 9 in 10 executives and managers are either already facing skills gaps in their organizations or expect gaps to develop within the next 5 years

KEY SURVEY RESPONSES

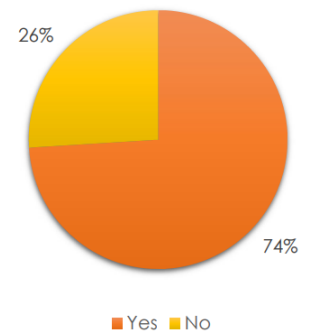
HR providing employees with Upskilling & Reskilling Training



Model of employees receiving Upskilling & Reskilling Training

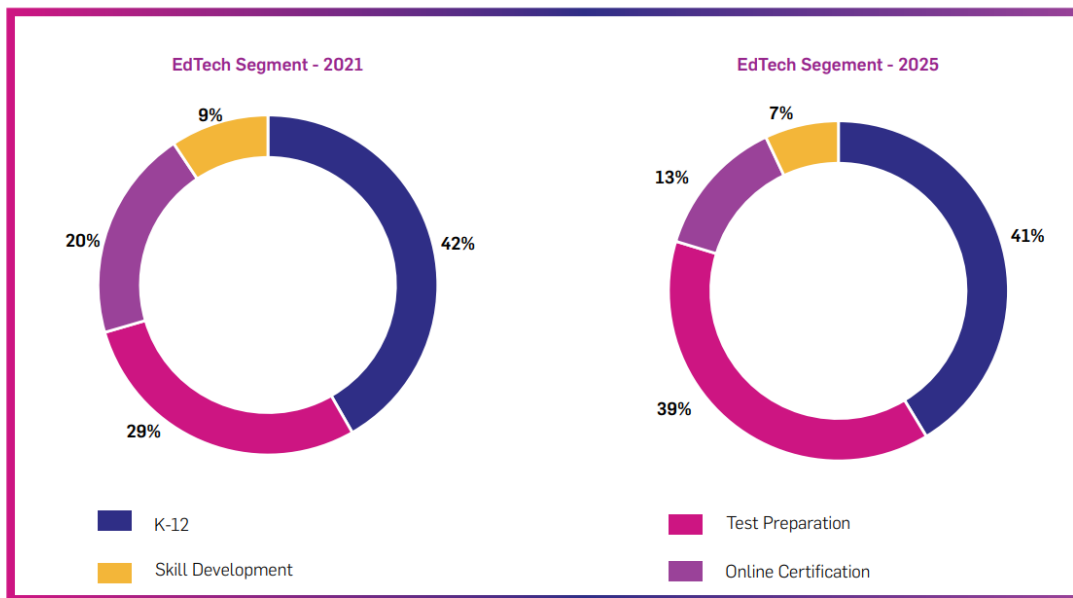


Employees prefer to work with company providing Upskilling & Reskilling Training



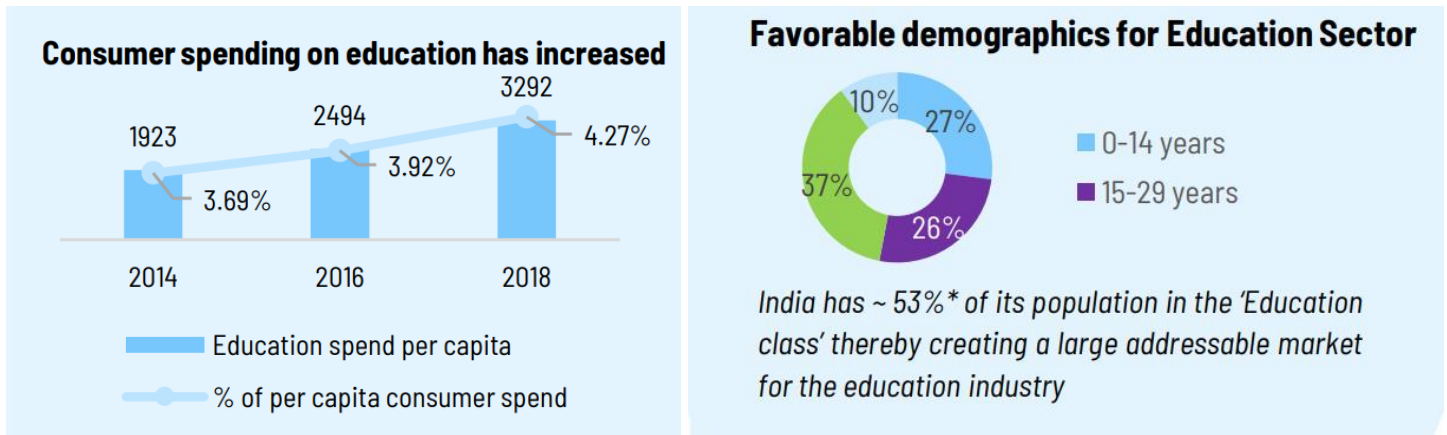
Source: McKinsey global survey in February 2020

EDTECH SEGMENT



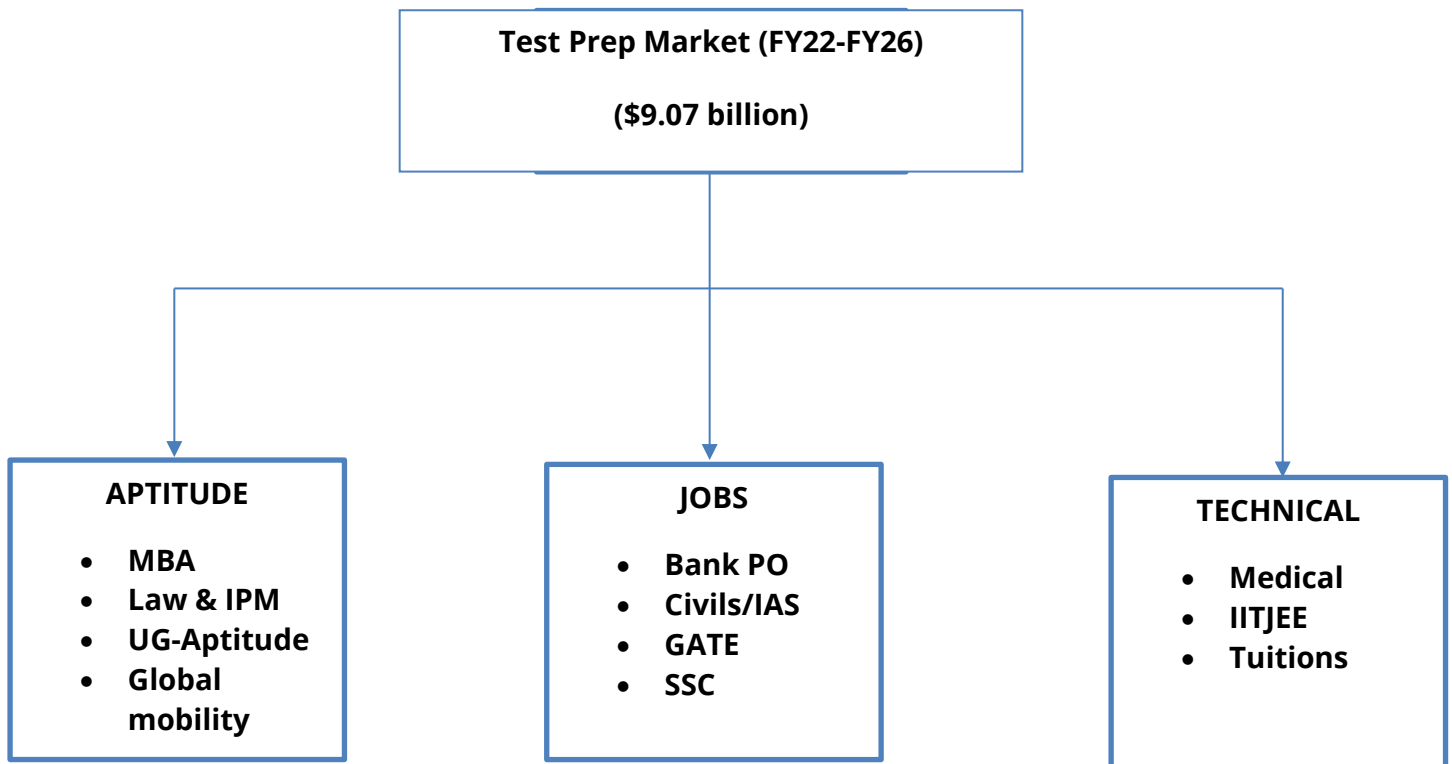
Test Preparation to increase its share in the pie by 10% in 2025.

MACRO TRIGGERS

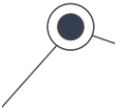


TEST PREP SEGMENT

Test Preparation: One of the fastest growing segments in the EdTech space. It accounts for 29% of the total space but is expected to increase its share of the pie to 39% by 2025. The segment basically deals with competitive entrance exams such as CAT, XAT, CLAT, AILET, IPMAT, UPSC and JEE-NEET. The test preparation market share in India is expected to increase by USD 9.07 billion from 2021 to 2026, and the market's growth momentum will accelerate at a CAGR of 15.02%.



TOTAL ADDRESSABLE MARKET (90mn students) (FY21)

MBA	National Exams CAT : 0.25 mn XAT, IIFT, NMAT etc. : 0.15 mn Total (60% unique) : 0.24 mn State-level MHCET, MH : 0.15 mn KMAT, KN : 0.05 mn ICET, AP : 0.05 mn TANCET, TN : 0.04 mn Others (Combined) : 0.7 mn Total : 1 mn Total TAM for an year : 1.24 mn	IPM	National Exams IPM IIM Indore : 0.03 mn IPM IIM Rohtak : 0.03 mn Total (50% unique) : 0.03 mn State-level DUJAT : 0.02 mn NPAT BBA : 0.02 mn Others (Combined) : 0.05 mn Total : 0.12 mn Total TAM for an year : 0.12 mn	NRA	National Exams All Exams (Combined) : 20 x 2 = 40 mn (exam twice an year) Total (unique) : 35 mn Total TAM for an year : 35 mn x 1.5 y = 55 mn (diff target years)	
Law	National Exams CLAT : 0.06 mn AILET : 0.04 mn LSAT : 0.02 mn Total (60% unique) : 0.07 mn State-level DU-LLB : 0.03 mn MCHET Law : 0.05 mn BLAT : 0.02 mn SLAT : 0.02 mn Total : 0.12 mn Total TAM for an year : 0.19 mn	Intl.	National Exams SAT, GMAT, GRE : 1 mn Total TAM for an year : 0.1 mn	Medical	National Exams NEET : 1.58 mn Total TAM for an year : 1.58 mn	
	GATE	National Exams GATE : 1.2 mn Total TAM for an year : 1.2 mn	JEE	National Exams JEE : 0.6 mn State-level Other CETs : 0.32 mn Total TAM for an year : 0.93 mn	Tuitions	No. of youth between ages 14-17 in schools : 30 mn
	UPSC	National Exams UPSC : 1 mn State-level State PCS : 1 mn Total (75% unique) : 1.5 mn Total TAM for an year : 1.5 mn	TOTAL TAM	~ 90 mn		

CUET

Until 2022, each central university had a distinct mechanism for taking admissions into their UG programs. In order to unify this process, the Education Ministry has introduced CUET which will be conducted by NTA as a common exam for UG admissions into all the central and many other universities of India.

In FY22, there were 1.4mn applicants and 0.98mn takers. It is estimated that number of applicants will increase to 7.5mn and number of takers will increase to 6mn in 3 to 5 years.

PUBLISHING INDUSTRY

Globally, India has the second largest publishing infrastructure behind China. The publishing industry not only contributes towards the economic development of the country by promoting learning and education amongst the Indian population but also by creating employment and by generating revenue. The Indian publishing industry is estimated to reach a market size of INR 781 Bn by 2024 from INR 516 Bn in 2019.

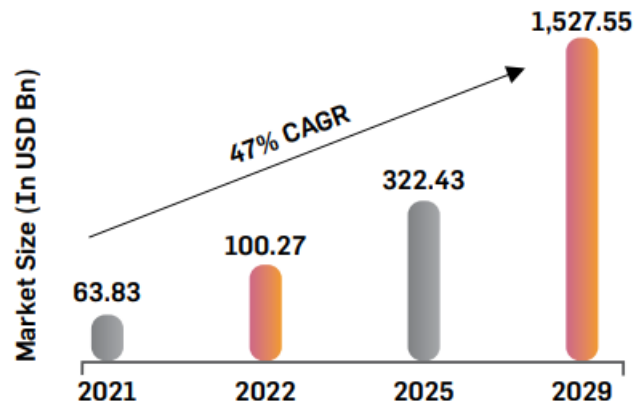
B) INTEGRATED MARKET SUPPORT SERVICES

1) EVENTS SECTOR

The global events industry is estimated to reach US\$ 1,552.9 Bn by 2028, growing at a CAGR of 11.2% between 2021 and 2028. The pandemic gave rise to a new chapter in the global events industry – Virtual Events – events hosted on a virtual platform. The global virtual events industry is estimated at US\$ 114.12 Bn in 2021 and is expected to increase at a CAGR of 21.4% between 2022 and 2030.

Asia Pacific is expected to emerge as the fastest-growing regional market from 2022 to 2030. Increasing adoption of new technologies and the continued rollout of high-speed networks are expected to fuel the regional market growth.

2) METAVERSE



The convergence of physical & the digital world has led to rapid development of – the Metaverse, creating a unified, virtual community where we can work, play, relax, transact, and socialize. The metaverse is still early in its evolution, and there is no singular, all-encompassing definition.

The metaverse market size stood at US\$ 63.83 Bn in 2021 and is estimated to reach US\$ 1,527.55 Bn in 2029 exhibiting a CAGR of 47.6%.

COMPANY

ABOUT

CL Educate Ltd. focuses on diverse segments of education, and caters to learners from multiple age-groups. Led by a team of highly qualified professionals, including IIT-IIM alumni, with a passion for excellence in education. They also provide Experiential Marketing & Event Management Solutions, Digital & MarCom services, Customized Engagement Programs (CEP), Transitioning Biz into Metaverse and Strategic Business Solutions under the MarTech Segment of the business.

VERTICALS

1. EDUCATION/EDTECH

a. CONSUMER TEST PREPARATION

Under the brand - Career Launcher, they cater to the competitive test-preparation market (MBA, Law, Banking, Staff Selection Commission (SSC) along with courses for Engineering, Medical, Civil Services, Grade VIII-XII Tuitions, International Education (GRE/GMAT) as well as the rapidly growing non-test preparation courses (CFA, Data Science, etc.)

b. CONSUMER PUBLISHING

G.K. Publications Pvt. Ltd. was established in 2001 with the vision of catering to the changing demands of Indian education scenario.

G.K. Publications became a part of CL in 2011. Under this brand, they distribute titles under 3 categories:

- Technical (comprising titles for GATE, technical vacancies in Central Public Works Department, etc.)
- Non-technical (comprising titles for CAT, Bank/SSC examinations, Civil Services examination, etc.)
- School Business (comprising titles relevant for students preparing for their Board exams)

2. MARTECH

a. ENTERPRISE CORPORATE

Under the brand Keystone Integrated Marketing Services, they offer the following services to corporates:

- Experiential Marketing and Event Management Solutions (Virtual Events Platform - VEP)
- Digital & MarCom. Services

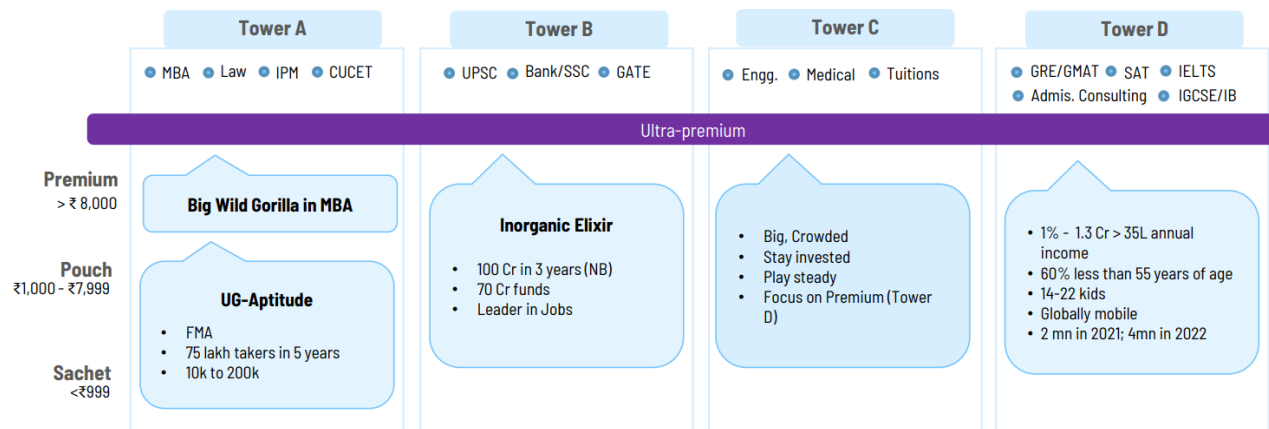
- Customized Engagement Programs (CEPs)
- Manpower Management & Training Services
- Strategic Business Solutions

b. ENTERPRISE INSTITUTIONAL

CL Educate offers integrated solutions to educational institutions and universities across India, including business advisory and outreach support services under their brand CL Educate Ltd. - Institutional Division, with the objective of facilitating such educational institutions and universities in improving their student intake and graduate outcomes.

They also offer research incubation and support services to educational institutions and universities under the brand **Accendere**, with the objective of facilitating such educational institutions and universities in establishing their institutional credibility, by improving their research output in terms of the quality and quantity of research articles published by them.

PRODUCTS



OPPUTUNITIES IN THE TRADITIONAL EDTECH BUSINESS

While the conventional test preparation market consists of Aptitude based entrance exams such as CAT, CLAT, IPMAT etc. along with Knowledge based entrance exams such as IITJEE, NEET & GATE, a market disruptor in the form of a new examination called CUET will be taken in 2022 for the first time.

- **MBA:**

The no. of test takers for CAT in 2021 increased to ~2.30 Lacs from ~2.20 Lacs last year. While CAT & XAT are the major exams to get entry in the coveted IIMs and XLRI, the market is now a very mature market. However, the increasing importance of State Entrance tests like MHT CET might increase the market size in the upcoming years.

- **Law:**

Over ~70K students registered for CLAT 2021 exam (PG & UG) for admission in the some of the best Law Colleges. Law is one of the fastest-growing segments of the test-preparation market with a CLAT score accepted by more than 70 law colleges across the country.

- **IPM/BBA:**

IPM (Integrated Program in Management) is a 5-year program launched by IIM-Indore in 2011 that has been accredited by the Association of MBAs (AMBA). It is a program that allows entry to an IIM just after the 12th standard. Over the years, for the students, the IPM course has become a credible option apart from Engineering, Law, and Medical. IPMAT (Entrance exam for IPM) scores are accepted by IIM Indore, IIM Ranchi, IIM Rohtak, IIM Bodh Gaya, IIM Jammu & Nirma University - Institute of Management (Ahmedabad). The number of IIMs offering a 5-year program has increased steadily over recent years, and is likely to accelerate further over the course of this decade, making this a highly sought-after option.

- **IIT-JEE & NEET:**

These knowledge-based tests are the entrance exams to engineering & medical colleges across the country. These exams attract the highest number of registrations. Over 22 Lac students registered for JEE in 2021 while 18 Lac+ students registered for NEET.

NEW OPPUTUNITIES IN THE EDTECH BUSINESS

The **Common University Entrance Test** (CUET (UG) - 2022) is being introduced for admission into all UG Programmes in all Central Universities for academic session 2022-23 under the Ministry of Education, (MoE).

The Common University Entrance Test (CUET) will provide a common platform and equal opportunities to candidates across the country, especially those from rural and other remote areas and help establish better connect with the universities.

A single examination will enable the candidates to cover a wide outreach and be part of the admissions process to various Central Universities. The exam will be conducted by National Testing Agency (NTA). 85+ Central & State universities have participated in the 2022 exam round and the number is expected to increase further in the upcoming years. Potentially any student who graduated from Class XII is a CUET aspirant, making it potentially the largest market for test preparation in India.

Expected to be the Gao Kao of India, potential market for the exam could be in the range of 70-80 Lakhs in the upcoming 4-5 years. Last year, in the first version of the examination held, approximately 14 Lakh registrations were received for the exam.

OPPORTUNITIES IN THE TRADITIONAL MARTECH BUSINESS

• EXPERIENTIAL MARKETING AND EVENT MANAGEMENT

- **Product Launches:** Product launches and brand activations are about giving the clients a unique platform to showcase their products to propel them into the market in an effective manner.
- **Dealer Meets / Sales Conferences / Seminars:** In addition to conferences, Kestone brings vision, flair, and 20 years' experience to the designing & execution of genuinely inspiring meetings.
- **Exhibitions:** Marketing events, whether in the form of networking hubs of a client's conference, or a standalone trade fair.
- **MICE:** Tailor-made MICE (Meetings, Incentives, Conferences, and Exhibitions) strategically planned and beautifully executed, designed to build relationships, motivate, and inspire.

• DIGITAL AND MARKETING COMMUNICATION SERVICES

- **Web Design & Development:** Kestone provides web design and development services, which are needed by almost every old and new business. More so, in today's digital world.
- **Content Marketing:** Provide content that is in sync with the brand, is relevant, and that people want to share—be it in print, online, or via social media.
- **Social Media Marketing:** Kestone puts in place a pioneering combination of traditional marketing, search marketing, and social media to work for a client's brand, improve direct website traffic, generate brand buzz, and enhance search-engine rankings.
- **E-Mail Marketing:** Kestone has honed its email marketing process to ensure a results-driven approach to messaging, Call-to-Action (CTA), lead capture, and conversion metrics.
- **Digital Advertising & Media Buying:** Kestone does social advertising through strategic planning, ad creatives, and ongoing campaign measurement & optimization.

• CUSTOMIZED ENGAGEMENT PROGRAMS

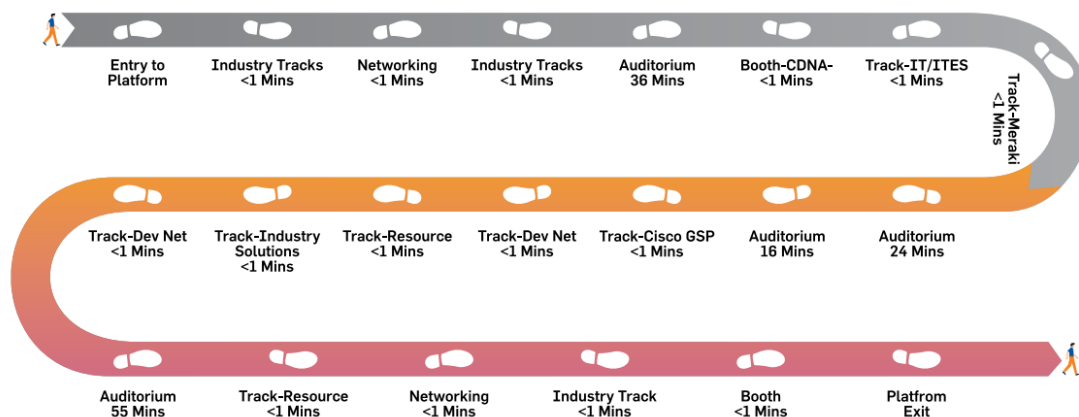
- **Loyalty Programs:** Designing relevant loyalty programs for a client's products & services for customer retention, taking care of registrations, and validation of the client's service offerings.
- **Rewards Programs:** Recommending rewards program plan, especially for those customers making frequent purchases from a client; and getting them hooked to the brand.

- **Audience Generation and Management:** Giving the best audience definition for a client's business plan & program, along with the optimum audience generation possible with audience management for live events.
- **Pipeline Management:** Laying down an approach, both systematic and visual, for a client to sell their products and services to the target audience, while generating the maximum ROI.
- **Lead Generation Activity:** Initiating the maximum customer interest through optimum lead-generation activities; and getting the best potential leads in the market.

NEW OPPUTUNITIES IN THE MARTECH BUSINESS - METAVERSE

The company has also started the development of its own Metaverse, wherein the entire journey of a student – right from counselling for various product variants, to enrolling the student online, marking attendance, taking online tests and providing classes and supplementary online material will be catered through the CL Metaverse. It will encompass all the activities that take place in the physical world, making the journey into the metaverse unaided and cost effective.





SUMMARY

EdTech Segment:

The Educational segment of the group comprises business generated and serviced through educational services such as Test Preparation, Platform & Content Monetization.

Brief highlights:

- Leader in the Test Preparation Aptitude segment – MBA & Law
- Segment with new opportunities such as CUET (Common Universities Entrance Test)
- Proprietary content, complemented by experienced faculty members & trainers.
- Pan India reach through ~200 centers spread across the country and present in Dubai, Abu Dhabi & Sharjah as well.
- Strong presence across digital platforms.

MarTech Segment:

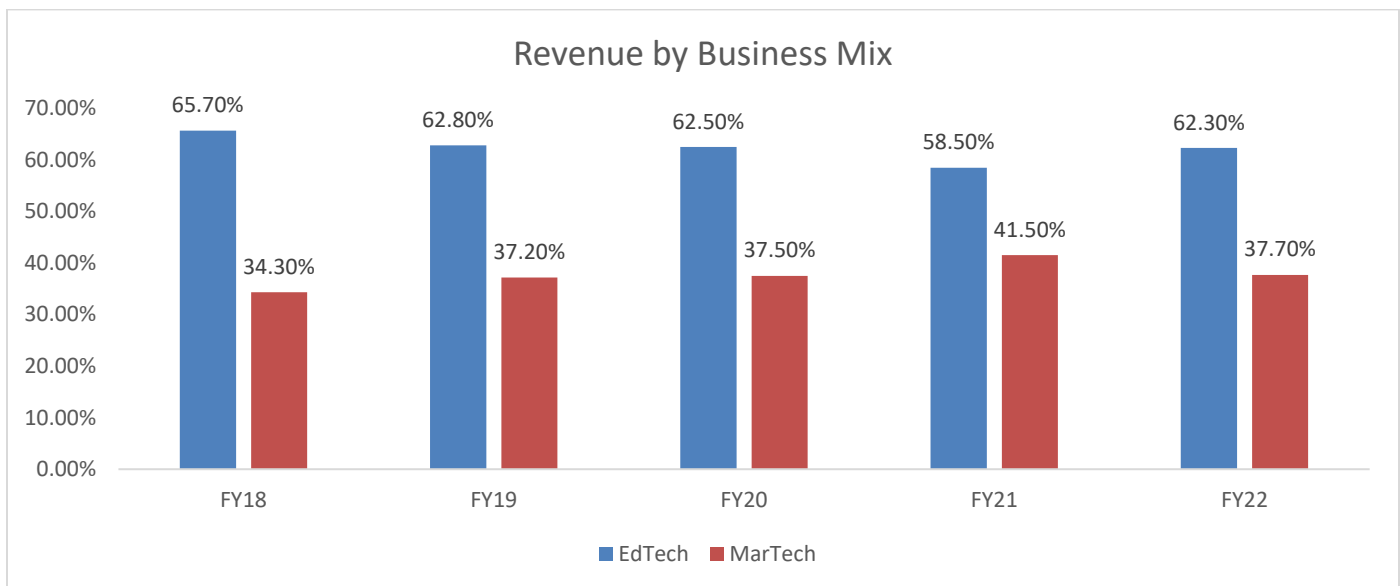
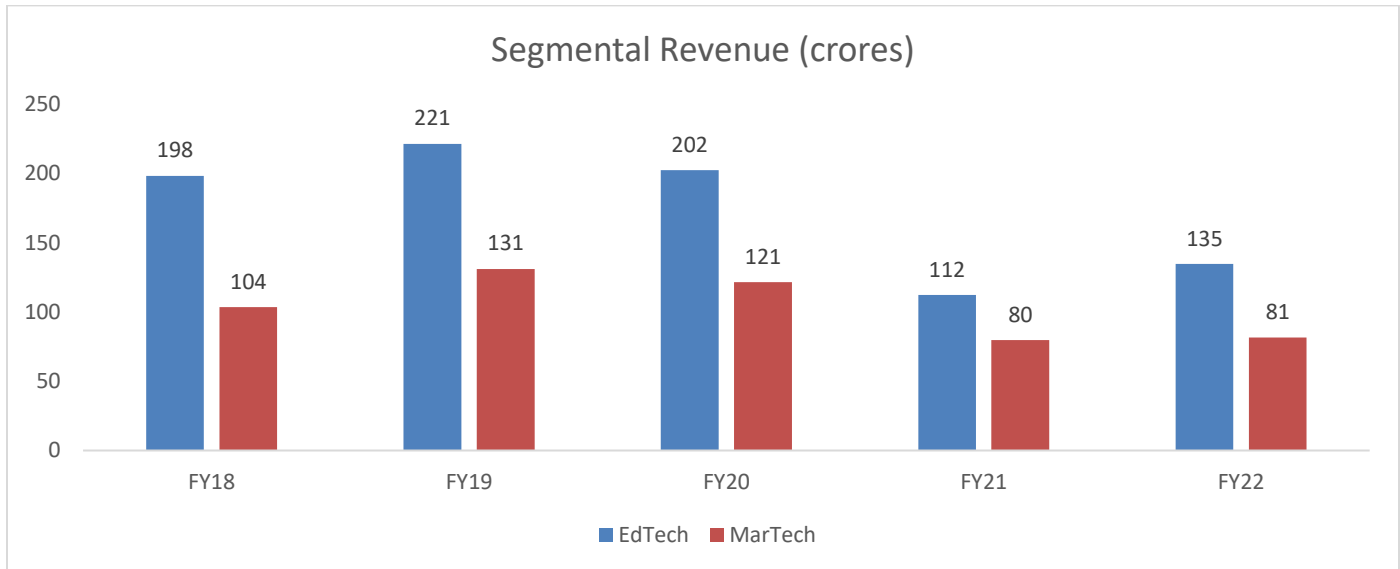
Unique, integrated, solution-driven services for corporates, comprising:

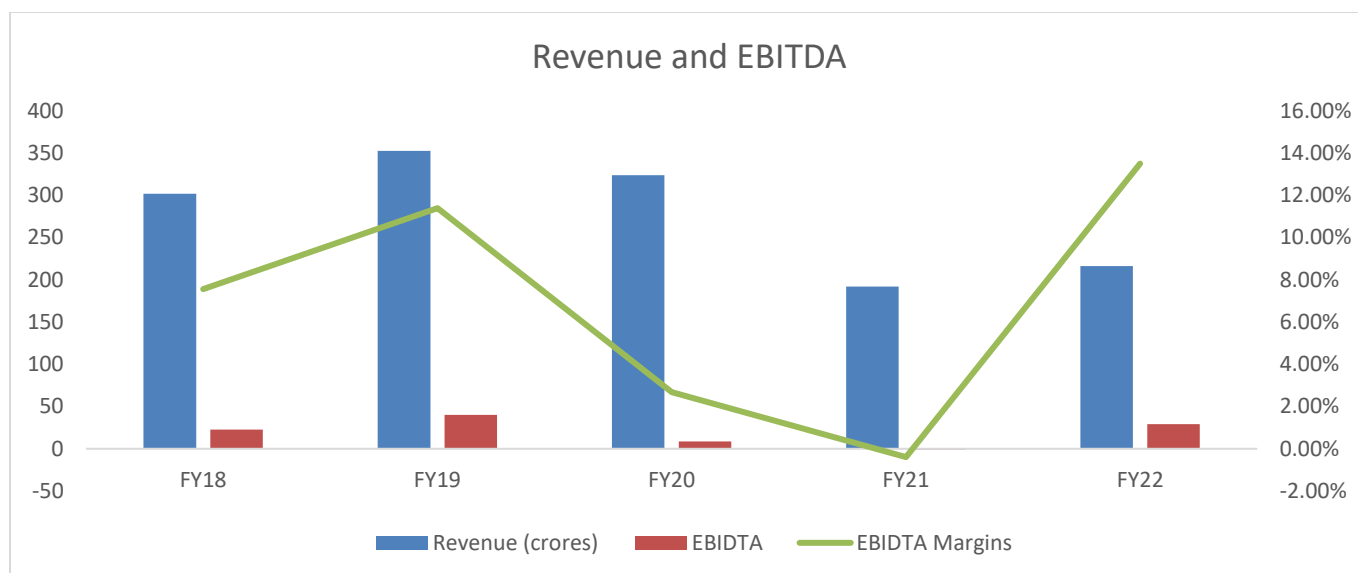
- Go-to-Market and Capacity Building: Event management, marketing, training & research, improving sales-channel efficiency, and customer loyalty programs
- VOSMOS launched in FY22. New lines of business expansion include Kestone “Metaverse”

CUSTOMER GROWTH

CL offers a bouquet of programs in its test prep business encompassing all the delivery channels – Online, Offline & Hybrid mode. The programs include classroom, test series and self-paced programs. These products range from Rs. 500 (Mock Tests) to Rs. 2.5 Lakhs (Full Fledged Classroom program). The gross consumers (paid & unpaid) have increased from 3 Lakhs in FY2020 to 5 Lakhs in FY2022.

FINANCIAL HISTORY





CONSOLIDATION

Pursuant to the court order of NCLT, Chandigarh the merger of the Parent Company (CL Educate Limited) with Five (5) of its wholly owned subsidiaries was approved in the month of February 2022. As a result, the subsidiary companies namely:

- i. Career Launcher Infrastructure Education & Services Limited
- ii. CL Media Private Limited
- iii. Accendere Knowledge Management Services Private Limited
- iv. G K Publications Private Limited
- v. Kestone Integrated Marketing Services Private Limited

were merged with the Parent Company.

With the completion of the merger, the company expects to unlock greater shareholder value in terms of:

- i. Improved Return on Capital Employed (ROCE) & Return on Equity (ROE)
- ii. **Increased Operating efficiencies** due to **elimination of Related Party Transactions**, and tax & regulatory compliances for merged entities.
- iii. **Lower tax payout** due to existing tax refunds.

SELLING OFF UNPRODUCTIVE LAND PARCELS

CL Educate has raised Rs 78.3 crores (assumes Indore property sold for Rs 17.5 crores) by selling off their unproductive land assets. This portrays the management's initiative to improve their capital allocation, by moving capital out from unproductive assets and reallocating it to more productive avenues of the business. Also, they have consistently deleveraged their Balance Sheet and increased their promoter holding with these additional funds raised.



Liquidation of Unproductive Assets



Indore Property Sale Initiated
(Proposed Transaction: Rs 17.5 Cr) – Q2 FY23



Greater NOIDA Property
(Transaction Value: Rs 48 Cr) – Q4 FY22



Faridabad Properties (2)
(Transaction Value: Rs 10.5 Cr) – Q3 FY22



Amritsar Property
(Transaction Value: Rs 2.3 Cr) – Q3 FY22

MARQUEE CLIENTS (MAR-TECH BUSINESS)



STRENGTHS

- **Asset-light, technology enabled business model:**

CL Educate offers its EdTech services via Owned Centers and Franchisees. Currently they stand at 200 centers and aim to add 300 more centers in 4 to 5 years. They will expand these centers through the business partner model which is a capex negative mode of expansion.

- **Strong geographical and offline presence across India:**

They are present through 200 centers across 175 locations in India. Since COVID-19 scares have reduced, the offline method of teaching is returning and CL Educate Ltd stands to benefit from their ready offline setup as many other ed-tech players lack scale and presence in the offline segment.

- **Professional & qualified entrepreneurial management team:**

The company management's educational qualification is concentrated from IITs, IIMs and other Tier I institutes. Additionally, the management has strong experience in the education and the events industry.

- **Net-Debt free:**

CL Educate is a Net Debt free company, also they have used minimal debt in the past. Debt reduced consistently over the years from 70 crores in March 2016 to 17 crores in September 2022.

- **Strong Brand Equity in MBA Test prep:**

Career Launcher is an established name in the MBA Test prep markets. **In FY18, CL reported 10% market share for CAT and 13% market share for MBA entrance tests.**

OPPORTUNITIES

- Increased M&A deals in the Indian Edtech Sector and upcoming Edtech IPOs:

The Indian EdTech sector has seen a flurry of mergers and acquisitions (M&A) - 37 in all - since January this year, as consolidation picks up in the industry. In the latest deals, Vedantu has acquired Deeksha for \$40 million and Veranda Learning Solutions has acquired JK Shah Education for \$41 million.

BusinessToday.In

BYJU'S ACQUISITIONS

	PRICE	YEAR
GeoGebra	Undisclosed	2021
Tynker	\$200 mn	2021
Whodat	Undisclosed	2021
Great Learning	\$600 mn	2021
Toppr	\$150 mn	2021
Epic	\$500 mn	2021
Gradeup	Undisclosed	2021
HashLearn	Undisclosed	2021
Scholr	\$180 mn	2021
Aakash Educational Institutions	\$1 bn	2021
LabinApp	Undisclosed	2020
WhiteHat Jr	\$300 mn	2020
Osmo	\$120 mn	2019
Math Adventures	Undisclosed	2018
TutorVista & Edurite	Undisclosed	2017

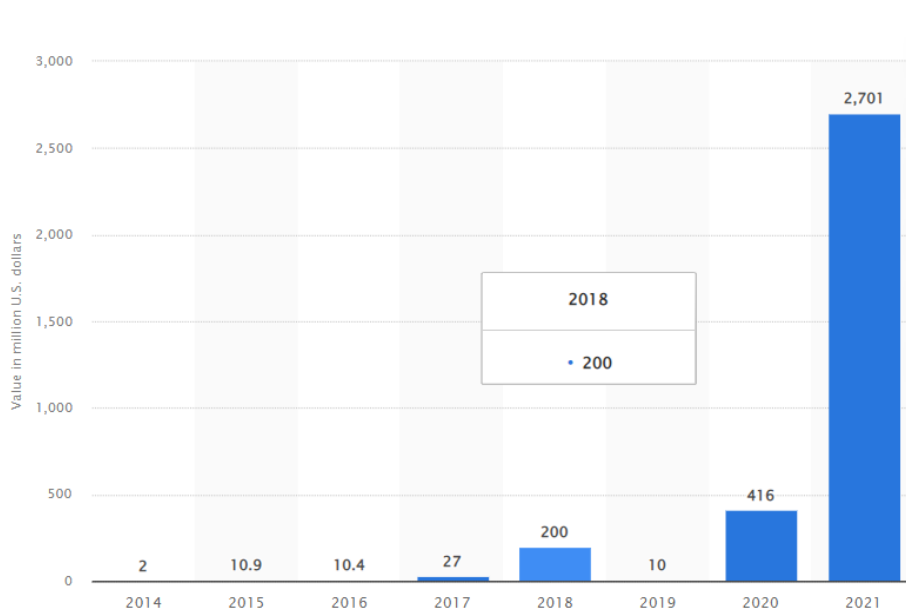
Veranda

Key Business Highlights

- Acquired J K Shah Classes
- Successful Fund Raise of ~ Rs. 270 crores
- Expanding Presence - Signed
 - 59 New Edureka Learning Centres
 - 12 New B2B customers
 - 08 New RACE Centres

In Q2FY23

Value of mergers and acquisition deals in EdTech sector in India from 2014 to 2021(in million U.S \$)



Source: Statista

TRIGGERS

- **STRONG REVENUE VISIBILITY LED BY EDTECH AND MARTECH EXPANSION**

- CL Educate currently stands strong at 200 centers across 175 locations in India, the company plans to expand its network to 500 centers in next 48-60 months. This expansion will be led through the business partner model. The business partner model is a franchisee type model that has advantage of being revenue generative and capex negative in nature. The company opened 41 new centers in H1FY23. Reduced fears of COVID will allow offline education to grow which will benefit CL Educate as they have an edge over other Edtech businesses with their ready infrastructure.
- CEL is aggressively focused on international expansion of the events business, they plan to focus more on the South Asian markets for this expansion. Dell and AWS are marquee clients of CEL that will help them attract other international clients. CEL aims to use the physical and digital modes (VOSMOS, Metaverse) of offerings to meet diverse customer needs. Their digital offering would allow them to improve their reach and remove all the geographical limitations which they face in physical events business.

- **MARGIN EXPANSION IN THE EDTECH BUSINESS**

- CEL currently enjoys OPM margins ranging 16% - 18% and plan to expand their OPM margin to 18% - 20% by 2024 (as per CL Educate's methodology of OPM calculation).
- They also aim to improve margins in the MarTech Business as VOSMOS (their digital offering in the events space) would be SAAS offering.

- **CUET**

- Expected to be the Gao Kao of India, Common University Entrance Test saw 14 lakh registrations in the first version of the exam. Number of registrations are expected to reach 70 lakhs to 80 lakhs in 4 to 5 years. CEL expects CUET to be a Rs 100 crore business for them in the long run.
- CEL has a strong forte in aptitude-based tests (eg, MBA, LAW). CUET is also majorly an aptitude focused test with some portion requiring technical/subject knowledge. This gives CEL an advantage over its competitors.
- The company has offerings across all streams and subjects for CUET, this helps them carve a niche as very few competitors would be providing all subjects. CEL has also seen traction in the CUET space as their new centers have been majorly signed up because of the CUET offerings.

- **IMPROVED CAPITAL ALLOCATION**

- CEL has sold most of its unproductive land parcel and generated Rs 60.8 crores, they are in the process of selling their land parcel in Indore which can fetch them Rs 17.5 crores. Sale of land parcel in Indore is expected to complete in H2FY23.
- CEL aims to deploy this cash more efficiently towards other avenues in the business that will drive growth.

- **DEBT REDUCTION**

- CEL has consistently reduced their debt from a peak of Rs 70 crores in FY17 to Rs 17 crores in H1FY23. This has significantly improved their Interest coverage ratio from 3x to 11x.
- Interest costs have come down from Rs 8 crores in FY17 to Rs 2 crores (TTM – Aug 21 to Aug 22). This in turn has boosted the profitability of the company.

RISKS

- **High Competition:** Test prep segment is a highly competitive industry and has low barriers to entry. Entry of new players with substantial financial muscle in the test-prep domain, and competition from other existing players may lead to market-share loss & lowered prices.
- **Failed fundraising attempts:** CEL attempted to raise funds in order to speed up growth, although due to mismatch in valuation expectations of the management and fund providers they shelved their fundraising plans.
- **Seasonality:** Seasonality of different products/businesses & Significant changes in test patterns and/or number of competitive exams can change the quarterly revenue mix of the business.
- **Star teachers:** CEL does not focus on hiring celebrity teachers, this may impact their ability to attract and retain new students.
- **Global Slowdown:** In the MarTech business, the company operates in several markets including India, USA, Singapore, Mauritius and Middle East, which can face the brunt of global slowdown and may impact their growth plans.
- **COVID-19:** In 2020, when COVID-19 first hit India, it drastically impacted the company's revenues which showed a degrowth of 41.1% in FY22. Another wave of COVID can drastically impact the company's operations and growth plans.
- Company has doubtful debts of Rs. 2.76 Cr. from the total Trade receivables of Rs. 50 Cr. in FY22. Company has written off bad debt of Rs. 3.17 in H1FY23 vs 2.6 Cr. in H1FY22.
- There is a trade receivable due to Career Launcher Infrastructure Private Limited (CLIP) from the Nalanda Foundation of Rs. 5 Cr. who had licensed school infrastructure from CLIP in Indore and Raipur but failed to meet its payment obligations. CLIP initiated legal proceedings against them for recovery of dues and return of assets, with the Honourable Delhi High Court. The High Court had instructed Nalanda Foundation to return the assets to CLIP and appointed an arbitrator to hear the dispute. The land assets were returned as per the order of the High Court with the recovery of dues hearing ongoing with the latest hearing being held on November 12, 2022.

SHAREHOLDING PATTERN

- **Promoter holding**
 1. 52.52%
 2. It has consistently gone up from 48.74% in March 2020 to 52.52% in December 2022 and 0% shares are pledged.
- FII- 8.29%
- DII- 0.00%
- Public- 39.19%

EQUITY HISTORY

1) Share Split (Q2FY22):

The shares of the company were split in the ratio 10:5 i.e., for every 1 share of face value of Rs. 10, the shareholders of the company were given 2 shares of face value of Rs. 5. The main objective of the company was to increase the liquidity & increase participation from retail investors. The share split was announced on 3rd August 2021 and executed on 1st October 2021.

2) Return of Surplus Funds to Shareholders: Buyback (Q4FY22)

The company at its meeting held on 19th May 2022 announced the buyback of its full paid-up equity shares having face value of Rs. 5.





3) Bonus Shares (Q2FY23)

CL Educate had announced Stock Bonus in 2022 in the ratio of 1:1. The share has been quoting ex-bonus from December 16, 2022.

PEER DESCRIPTION

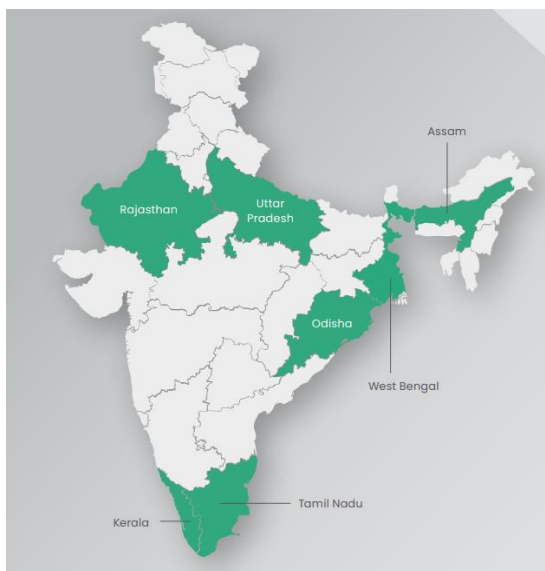
VERANDA LEARNING SOLUTIONS LTD

Veranda provides comprehensive long-term and short-term preparatory courses in a simple and articulate manner for students preparing for their UPSC exams, State Public Service Commission, Staff Selection Commission, Banking, Insurance, Railways and Chartered Accountancy exams. They also provide customised short-term and long-term skilling courses, and various corporate courses that focus on the B2B sector.

Business Structure



Presence



Courses

Career-defining competitive exams

Professional courses



Hybrid courses

TNPSC Group 2
TNPSC Group 4
TN TET
Banking
SSC
Railways
Kerala PSC
CA Foundation

Exam-oriented courses

Upskilling and reskilling courses



Online courses

TNPSC Exam Coaching
Group 2 & 2A
Group 4

TNPSC Exam Coaching
TNPSC
Banking Test Batch
CA (All levels)

Banking & SSC Exams
Tamil
English
Malayalam
Telugu
Kannada

CA Exam Coaching
CA Foundation
CA Intermediate
CA Final

UPSC Exam
Integrated Learning Programme
Prelims Learning Programme

Kerala PSC
Exam Coaching
TNUSRB SI

Subsidiary	Veranda Race	Veranda CA	Veranda IAS	Edureka
Courses offered	1. State Public Service Commission 2. Staff Selection Commission exams; 3. Banking and Insurance exams; and 4. Railways Recruitment Board exams.	1. Chartered Accountancy (CA) – Foundation; 2. CA Intermediate; and 3. CA Final exams	1. Union Public Service Commission – prelims and main exam, and personality tests; and 2. State Public Service Commission Group-I exams	1. Short term skilling courses; 2. Long term courses (university partnership courses); and Corporate learning courses (B2B).
Target Audience	Students of age range between 18-35 years.	Students from class 11 th , 12 th , under graduates and post graduates of age range between 18+.	Students who are in the last year of their graduation college of age range between 18-36 years.	Under graduates and corporates of age range between 17-60 years.
Average Course Duration	3 -12 months	6-24 months	12 months	2-12 months
Course Material available in Languages	1. Tamil; 2. Telugu; 3. Malayalam; 4. Kannada; 5. English; and 6. Hindi	1. English	1. English	1. English
Modes of Delivery	1. Online recorded video; 2. Online live instructor led platform; 3. Offline hybrid model; and Offline blended model	1. Online; 2. Offline blended model; and 3. Campus – in – Campus	1. Online; and 2. Offline blended model; and 3. Campus – in – Campus	1. Online live instructor led platform

Acquisition of TIME

Veranda signed a definitive agreement to acquire T.I.M.E. (Advanced Educational Activities Private Limited) for a consideration of ₹287 Crores. This makes veranda a direct competitor to CL Educate.

T.I.M.E. offers training programmes for national and state-level entrance exams like CAT, MAT, CMAT, CLAT, IIT Foundation, JEE mains and advanced, NEET, IPM, BBA, CUET, GATE, Bank PO, SSC, State-level admission exams, and international exams like GMAT, GRE, IELTS and TOEFL, as well as campus recruitment training.

Amoha Education Private Limited, a subsidiary of T.I.M.E., has been offering training in spoken English since 1981. The training is now offered in both the physical classroom mode and the distance education mode. The Company also has a chain of pre-schools under the T.I.M.E. Kids brand, operating through 222 pre-schools in 56 cities.

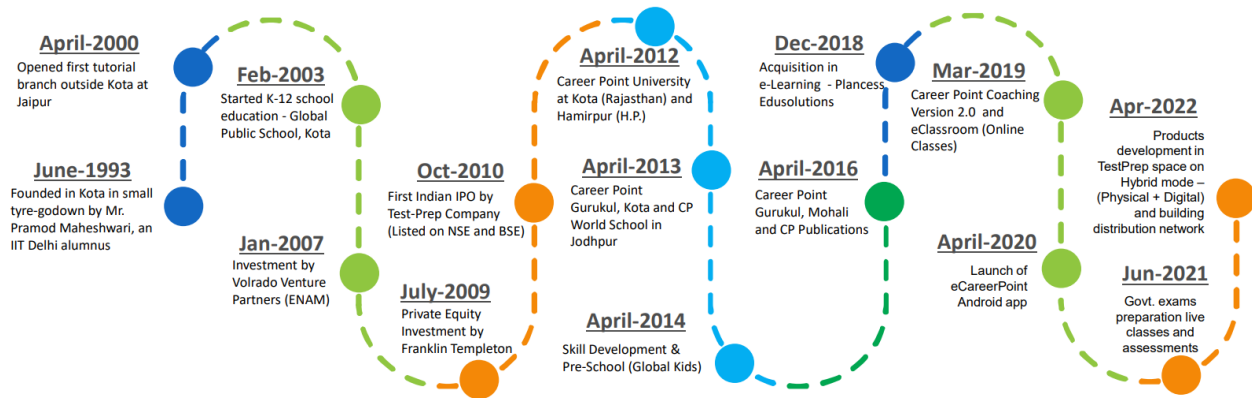
CAREER POINT LTD

Career Point Limited is a leading Indian education company with strong brand equity of providing quality education since 1993. With a strong foundation of academic excellence, Career Point caters to the needs of a student throughout the life cycle of a student (K.G. to PhD.)

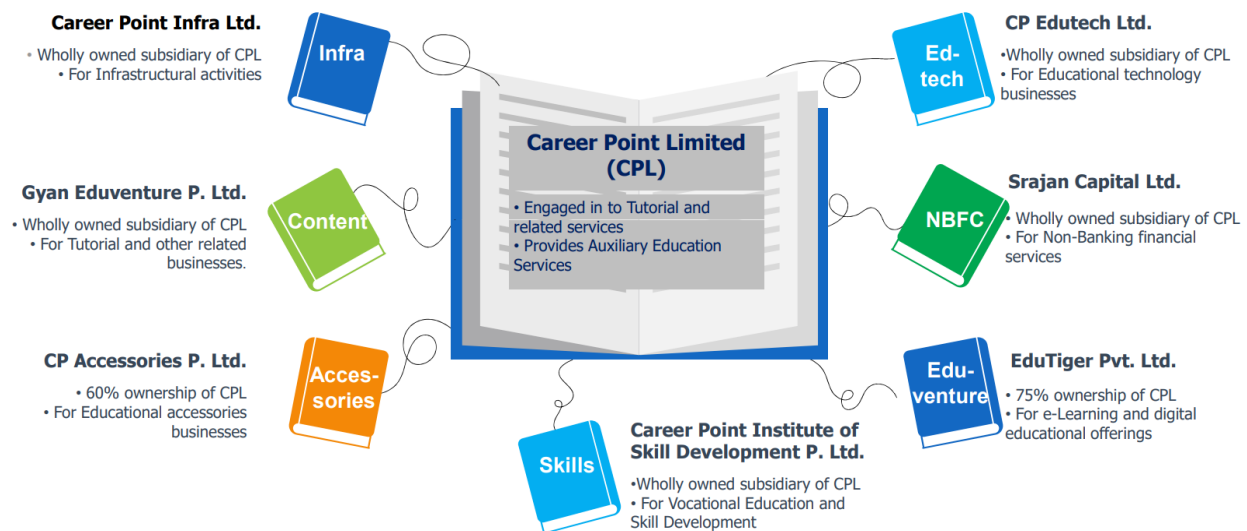
The company has diversified products and integrated services in both regulated and non-regulated education segments including **Pre-school, School Education (K-12), Test-Prep (Tutorial Services), Higher Education (Universities), e-Learning and Vocational Education.**

Career Point (popularly known as 'CP') has established a **strong niche in test preparation and school curriculum** tutoring through a nationwide extensive network of Company operated branches; Franchisee centers; School integrated programs; Technology enabled solutions; Online courses; and Distance learning solutions. In the Formal Education stream, the company has a strong presence by managing and offering various services to K-12 Schools (Residential and Day-schools), Colleges and Universities in multiple geographies.

Journey



Business Structure



Business Sections

CAREER POINT version 2.0



Test Prep

- Branches & Franchisees
- School Integrated Courses
- Publication & Study Materials



K12 School

- Play Schools
- Day Schools
- Residential Schools



eCareerPoint



Online Learning

- Branches & Franchisees
- School Integrated Courses
- Publication & Study Materials



CAREER POINT UNIVERSITY

Higher Education

- Universities
- Skill Development



Growth Strategies



Test-Prep Classrooms

- Launching new Test-Prep products and expanding distribution network through franchisee and SIP
- Reaching new market through Hybrid (Physical + Digital) model

TAM: 20 mn Students
Market Size: \$8 bn
Growth Rate: 15% y-o-y



eLearning

- Offering new products of eBooks, Videos, Online Assessments etc
- Expansion more courses offering – Govt. Exams, UG/PG etc.

TAM : 60 mn Students*
Market Size : \$4 bn
Growth Rate : 18% y-o-y



School Education

- Adding new career oriented programs with schools i.e. Overseas Education, CA/CLAT etc.
- Improving capacity utilization along with premium pricing through USPs

TAM : 240 mn Students
Market Size : \$24 bn
Growth Rate : 14% y-o-y



Universities

- New innovative products as per NEP – Dual degree, Digital learning
- Online Certificate & professional courses for continuing education

TAM : 40 mn Students
Market Size : \$12 bn
Growth Rate : 11% y-o-y

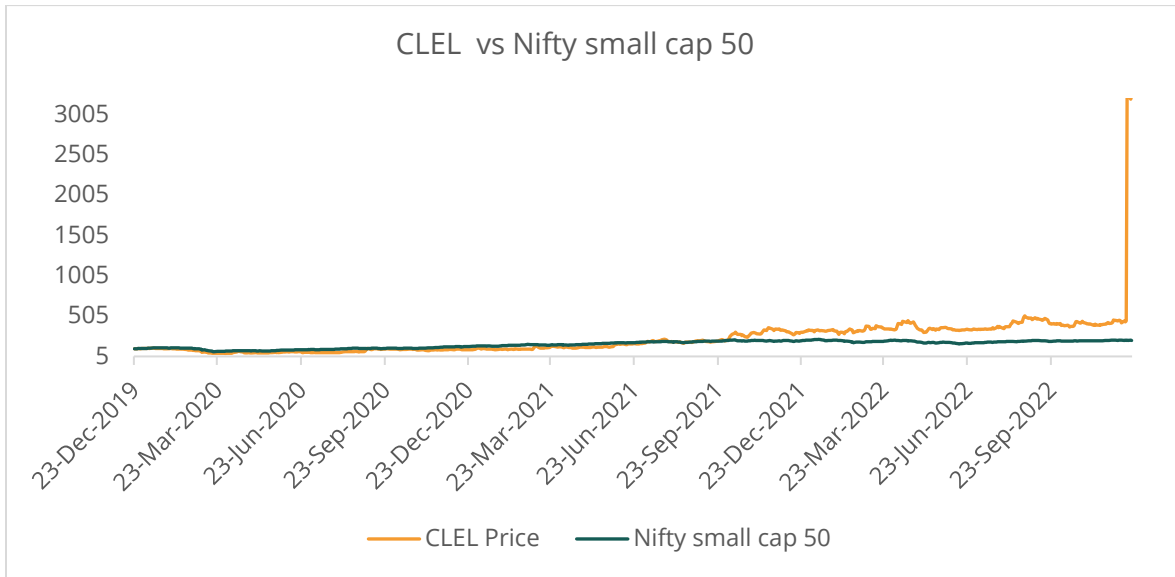
Competition with CL Educate

Career Point Ltd will be directly competing with CL Educate in CUET Test-prep offerings.

FINANCIAL COMPARISON

	CL Educate Ltd	Veranda Learning Solutions Ltd	Career Point Ltd
TTM Revenues	261	125	67
Latest Quarterly YoY growth	68%	248%	51%
3 yr Sales CAGR	-15%	NA	-19%
5 yr Sales CAGR	-5%	NA	-8%
Q2 EBITDA Margin	11.50%	-38.08%	59.51%
Market Cap	378	1608	243
Price/Sales	1.44	12.9	3.65
TTM EV/EBITDA	10	NA	6.13
No of Customers	5 lakhs+	40000+	6.5 lakhs+
No of Centers	200	150	35

PRICE HISTORY AND PERFORMANCE



FINANCIALS

• PROFIT AND LOSS STATEMENT

(All figures are in crores unless mentioned otherwise)

P & L	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross Sales	218.61	273.53	273.89	263.30	292.85	342.26	309.81	182.31	207.46
Total Expenditure	193.21	236.30	242.02	239.12	279.68	317.48	315.35	192.67	186.97
Gross Profit	142.95	188.02	201.01	197.46	222.29	279.43	257.68	141.09	168.69
GPM (%)	65.39	68.74	73.39	74.99	75.91	81.64	83.18	77.39	81.31
EBITDA	36.50	46.85	42.72	38.61	26.07	42.40	9.88	-0.77	29.20
EBITDAM (%)	16.70	17.13	15.60	14.66	8.90	12.39	3.19	-0.42	14.07
EBIT	29.70	36.82	34.76	31.90	17.53	32.91	-45.63	-9.12	21.13
EBITM (%)	13.59	13.46	12.69	12.11	5.99	9.62	-14.73	-5.00	10.18
PBT	20.41	26.98	27.18	23.48	10.33	26.71	-53.94	-14.75	17.60
PAT	16.34	20.96	21.46	15.81	5.67	19.93	-52.91	-12.72	14.17
PATM (%)	7.47	7.66	7.84	6.01	1.94	5.82	-17.08	-6.97	6.83

Source- Ace Equity, KamayaKya research

• FUNDS FLOW ANALYSIS

(All figures are in crores unless mentioned otherwise)

Sources of Funds	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cash Profit	21.81	28.70	29.42	22.52	14.21	29.41	-38.90	-4.36	22.24
Equity Paid Up	9.42	11.65	11.94	14.16	14.17	14.17	14.17	14.17	14.17
Reserves and Surplus	138.30	192.24	225.80	315.06	307.46	323.76	269.22	232.82	247.48
Net Worth	147.72	203.88	237.74	329.22	321.62	337.93	283.39	246.98	261.64
Total Debt	63.04	62.25	69.71	59.14	53.14	57.74	47.73	42.83	16.94
Capital Employed	213.57	270.06	310.29	389.80	376.53	396.01	331.12	289.81	278.58
Application of Funds	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross Block	130.91	141.66	158.57	98.50	116.41	122.06	142.92	114.79	98.09
Investments	1.72	1.70	1.68	1.61	52.25	84.79	53.95	55.21	56.51
Cash and Bank balance	11.40	19.35	15.87	222.52	44.24	20.21	14.19	29.65	21.03
Net Current Assets	66.04	93.15	114.95	201.07	123.98	135.27	121.21	129.49	167.64
Total Current Liabilities	94.54	103.18	151.10	275.52	154.13	159.72	123.36	90.36	72.76
Total Assets	323.79	368.20	457.41	623.43	493.04	522.54	408.20	339.02	335.87

Source- Ace Equity, KamayaKya research

• CASH FLOW STATEMENT

(All figures are in crores unless mentioned otherwise)

Cash Flow	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cash Flow from Operations	9.83	20.34	4.89	129.03	-125.73	16.55	29.53	26.15	33.39
Cash Flow from Investing activities	-1.13	-124.21	-16.99	-127.19	64.64	-16.45	-3.48	-3.62	-0.65
Cash Flow from Finance activities	-9.40	105.42	14.36	76.57	-12.84	-3.35	-24.87	-16.87	-34.80
Free Cash flow	0.80	-1.20	-9.38	116.36	-144.82	-0.38	-58.22	-7.75	4.01

- QUATERLY P & L

(All figures are in crores unless mentioned otherwise)

P & L	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
Net Sales	54.15	47.03	45.78	45.89	45.30	51.49	52.91	50.16	53.29	69.25	89.12
COGS	-1.78	1.70	2.46	0.61	-1.58	1.42	0.10	1.24	1.66	2.86	2.86
Gross Profit	55.93	45.33	43.32	45.28	46.88	50.08	52.81	48.92	51.63	66.40	86.26
GPM (%)	103.29	96.39	94.63	98.67	103.49	97.25	99.81	97.53	96.89	95.88	96.79
Operating Costs	86.39	41.54	43.01	42.19	64.43	43.86	45.57	45.99	47.53	58.95	78.31
EBITDA	-30.46	3.79	0.31	3.09	-17.56	6.22	7.24	2.93	4.10	7.45	7.96
EBDTAM (%)	-56.26	8.06	0.68	6.74	-38.76	12.08	13.68	5.84	7.70	10.75	8.93
Depreciation	3.36	2.89	2.22	1.69	1.55	2.14	2.13	2.18	1.62	2.23	2.31
EBIT	-33.82	0.90	-1.91	1.41	-19.11	4.08	5.11	0.75	2.49	5.22	5.64
EBDTM	-62.47	1.91	-4.18	3.06	-42.18	7.93	9.65	1.49	4.66	7.53	6.33
Other Income	7.70	3.51	1.58	0.87	3.65	0.72	0.83	3.63	3.52	1.58	1.65
Other Income	7.70	3.51	1.58	0.87	3.65	0.72	0.83	3.63	3.52	1.58	1.65
Interest	1.48	1.71	1.55	1.33	1.04	1.29	1.06	0.76	0.42	0.48	0.64
EBT	-69.10	2.70	-1.89	0.94	-16.50	3.51	4.88	3.63	5.59	18.14	6.66
EBTM (%)	-127.62	5.74	-4.12	2.05	-36.42	6.81	9.22	7.23	10.49	26.19	7.47
Tax	-5.64	1.15	-0.73	1.33	-4.28	0.36	1.58	0.54	0.59	6.22	2.25
Profit after tax	-63.46	1.55	-1.16	-0.39	-12.22	3.15	3.30	3.09	5.00	11.92	4.41
PATM (%)	-117.19	3.30	-2.53	-0.84	-26.97	6.11	6.25	6.15	9.39	17.22	4.95

Source- Ace Equity, Kamayakya research

- QUATERLY P & L Analysis

(All figures are in crores unless mentioned otherwise)

Particular	Q2FY23	Q1FY23	QOQ	Q2FY22	YOY
Net Sales	89.1	69.3	28.69%	52.9	68.45%
(Increase) / Decrease In Stocks	0.4	0.9	-60.70%	-1.1	-131.74%
Cost of Services & Raw Materials	2.4	1.9	25.33%	1.2	111.65%
Purchase of Finished Goods	0.1	0.0	2133.33%	0.1	-12.99%
COGS	2.9	2.9	0.11%	0.1	2787.88%
Gross Profit	86.3	66.4	29.92%	52.8	63.36%
GPM	96.8	95.9		99.8	
	0.0	0.0		0.0	
Operating & Manufacturing Expenses	59.6	43.6	36.62%	33.2	79.30%
Employee Cost	12.2	11.1	9.45%	8.9	36.31%
Operating Costs	78.3	58.9	32.84%	45.6	71.84%
EBITDA	8.0	7.4	6.83%	7.2	9.95%
EBDTAM	8.9	10.8		13.7	
	0.0	0.0		0.0	
Depreciation	2.3	2.2	3.72%	2.1	8.49%
EBIT	5.6	5.2	8.16%	5.1	10.56%
EBDTM	6.3	7.5		9.6	-34.37%
	0.0	0.0		0.0	
Other Income	1.7	1.6	4.89%	0.8	98.56%
Profit On Sale Of Assets	0.0	0.0		0.0	
Other Income	1.7	1.6	4.89%	0.8	98.56%
Interest	0.6	0.5	33.89%	1.1	-39.89%
EBT	6.7	18.1	-63.28%	4.9	36.50%
EBTM	7.5	26.2		9.2	
Tax	2.3	6.2	-63.78%	1.6	42.92%
Profit after tax	4.4	11.9	-63.02%	3.3	33.44%
PATM	4.9	17.2		6.2	

Source- Ace Equity, KamayaKya research

• RATIO ANALYSIS

Financial ratios	2014	2015	2016	2017	2018	2019	2020	2021	2022
Earnings Per Share (Rs)	16.44	18.02	17.97	11.34	4.03	14.08	-37.53	-8.80	4.91
Adjusted EPS (Rs.)	4.11	4.50	4.49	2.84	1.01	3.52	-9.38	-2.20	2.46
CEPS(Rs)	5.79	6.16	6.16	3.98	2.51	5.19	-6.86	-0.77	3.93
DPS(Rs)	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00
Adj DPS(Rs)	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.00	0.00
Book Value (Rs)	158.06	175.08	199.12	232.45	227.04	238.55	200.05	174.35	92.35
Adjusted Book Value (Rs)	39.51	43.77	49.78	58.11	56.76	59.64	50.01	43.59	46.18
Tax Rate (%)	19.94	22.32	21.04	32.66	45.12	25.39	1.91	13.79	19.48
Dividend Pay Out Ratio(%)	0.00	0.00	0.00	0.00	0.00	7.10	-2.66	0.00	0.00
GPM (%)	65.39	68.74	73.39	74.99	75.91	81.64	83.18	77.39	81.31
EBIDTM (%)	16.70	17.13	15.60	14.66	8.90	12.39	3.19	-0.42	14.07
EBITM (%)	13.59	13.46	12.69	12.11	5.99	9.62	-14.73	-5.00	10.18
Pre Tax Margin (%)	9.33	9.87	9.92	8.92	3.53	7.80	-17.41	-8.09	8.49
PATM (%)	7.47	7.66	7.84	6.01	1.94	5.82	-17.08	-6.97	6.83
CPM (%)	9.98	10.49	10.74	8.55	4.85	8.59	-12.55	-2.39	10.72
ROA (%)	5.41	6.06	5.20	2.93	1.02	3.92	-11.37	-3.40	4.20
ROE (%)	11.64	11.92	9.72	5.58	1.74	6.04	-17.03	-4.80	5.57
ROCE (%)	14.40	15.23	11.98	9.11	4.58	8.52	-12.55	-2.94	7.43

Efficiency ratios	2014	2015	2016	2017	2018	2019	2020	2021	2022
Asset Turnover(x)	0.72	0.79	0.66	0.49	0.52	0.67	0.67	0.49	0.61
Inventory Turnover(x)	25.22	28.22	35.69	35.81	36.23	38.45	25.49	12.58	14.09
Debtors Turnover(x)	3.69	3.61	2.68	2.34	2.64	2.80	2.78	2.51	4.05
Fixed Asset Turnover (x)	1.71	2.01	1.82	2.05	2.73	2.87	2.34	1.41	1.95
Fixed Capital/Sales(x)	0.59	0.50	0.55	0.49	0.37	0.35	0.43	0.71	0.51
Receivable days	98.87	100.99	136.33	155.68	138.02	130.52	131.20	145.42	90.10
Inventory Days	14.47	12.93	10.23	10.19	10.07	9.49	14.32	29.01	25.90
Payable days	757.33	640.67	692.73	1007.50	1745.30	3675.32	0.00	7579.35	6216.64
Cash conversion cycle	-	-	-	-	-	-	-	-	-
	643.99	526.75	546.18	-841.62	1597.21	3535.31	145.52	7404.91	6100.64

Source- Ace Equity, KamayaKya research

Growth Ratios	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Sales Growth(%)	9.87	25.12	0.13	-3.87	11.22	16.87	-9.48	-41.15	13.80
Core EBITDA Growth(%)	4.23	28.35	-8.81	-9.63	-32.46	62.60	-76.68	-107.75	3910.99
EBIT Growth(%)	0.96	23.97	-5.61	-8.23	-45.04	87.75	238.65	80.02	331.70
PAT Growth(%)	10.82	28.30	2.38	-26.32	-64.14	251.42	365.48	75.97	211.47
Adj. EPS Growth(%)	6.98	9.63	-0.25	-36.89	-64.49	249.55	366.52	76.56	211.75

Liquidity ratio	2014	2015	2016	2017	2018	2019	2020	2021	2022
Current Ratio(x)	1.70	1.90	1.76	1.73	1.80	1.85	1.98	2.43	3.30
Quick Ratio(x)	1.59	1.82	1.72	1.70	1.75	1.79	1.86	2.27	3.10

Solvency ratio	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Debt/Equity(x)	0.43	0.31	0.29	0.18	0.17	0.17	0.17	0.17	0.06
Interest Cover(x)	3.19	3.74	4.59	3.79	2.44	5.31	-5.49	-1.62	6.00
Total Debt/Mcap(x)	0.00	0.00	0.00	0.10	0.20	0.34	1.08	0.33	0.05

Valuation ratios	2014	2015	2016	2017	2018	2019	2020	2021	2022
Adjusted PE (x)	0.00	0.00	0.00	36.84	46.74	8.54	0.00	0.00	25.38
PCE(x)	0.00	0.00	0.00	26.28	18.77	5.79	-1.14	-29.88	15.89
Price / Book Value(x)	0.00	0.00	0.00	1.80	0.83	0.50	0.16	0.53	1.35
Dividend Yield(%)	0.00	0.00	0.00	0.00	0.00	0.83	3.21	0.00	0.00
EV/Net Sales(x)	0.28	0.20	0.24	1.63	0.94	0.61	0.25	0.79	1.68
EV/EBITDA(x)	1.69	1.16	1.54	11.10	10.57	4.90	7.86	-187.41	11.97
EV/EBIT(x)	2.07	1.48	1.89	13.43	15.72	6.32	-1.70	-15.75	16.54
EV/CE(x)	0.19	0.15	0.14	0.69	0.56	0.40	0.19	0.42	1.04
M Cap / Sales	0.00	0.00	0.00	2.25	0.91	0.50	0.14	0.72	1.70
High PE	0.00	0.00	0.00	36.84	41.32	55.15	9.02	0.00	25.38
Low PE	0.00	0.00	0.00	36.84	19.34	10.01	0.00	0.00	0.00

Source- Ace Equity, KamayaKya research

Cash Flow ratios	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cash Flow Per share	10.43	17.46	4.10	91.10	-88.75	11.68	20.85	18.46	11.79
Price to Cash Flow Ratio	0.00	0.00	0.00	2.29	-1.06	2.57	0.75	1.25	5.29
Free Cash Flow per Share	0.85	-1.03	-7.86	82.16	-102.23	-0.27	-41.10	-5.47	1.41
Price to Free Cash Flow	0.00	0.00	0.00	2.54	-0.92	-111.36	-0.38	-4.21	44.10
Free Cash Flow Yield	0.00	0.00	0.00	0.39	-1.09	-0.01	-2.63	-0.24	0.02
Sales to cash flow ratios	22.25	13.45	56.02	2.04	-2.33	20.68	10.49	6.97	6.21

Du Pont analysis	2014	2015	2016	2017	2018	2019	2020	2021	2022
PATM (%)	2.12	4.39	2.69	3.45	-1.28	5.77	-32.55	-8.44	4.75
Sales / Total Assets(x)	0.63	0.56	0.45	0.29	0.29	0.37	0.38	0.46	0.57
Assets to Equity (x)	1.70	1.55	1.50	1.65	1.54	1.34	1.33	1.35	1.30
ROE (%)	2.26	3.82	1.82	1.65	-0.58	2.83	-16.39	-5.28	3.54

Source- Ace Equity, KamayaKya research

FINANCIAL SHENANIGANS

Positive Negative

Year	2018	2019	2020	2021	2022	CAGR	Remark
Net Sales	292.85	342.26	309.81	182.31	207.46	-7%	
Trade Receivables	114.85	129.92	92.80	52.48	49.95	-15%	
Trade Receivables as % of sales	39%	38%	30%	29%	24%	-9%	Grown slower than sales
Inventories	8.00	9.81	14.50	14.48	14.96	13%	Grown higher than sales
Contingent Liabilities	16.59	15.10	17.88	18.70	21.41		
Equity	321.62	337.93	283.39	246.98	261.64		
Contingent Liabilities as % of equity	0.05	0.04	0.06	0.08	0.08		Negligible
Director's remuneration	1.7	2.43	2.6	1.69	3.7	17%	Renumeration as % of Net profit has been on the increasing trend
PAT	5.67	19.93	-52.91	-12.72	14.17	20%	
Director's remuneration as % of PAT	30%	12%	-5%	-13%	26%		
Auditor fees	0.59	0.47	0.47	0.64	0.56		
Auditor fees as % of sales	0.20%	0.14%	0.15%	0.35%	0.27%		Negligible

Source- Ace Equity, KamayaKya research

VALUATION

P & L	2018	2019	2020	2021	2022	2023E	2024E
Net Sales	292.85	342.26	309.81	182.31	207.46	300.00	360.00
Total Expenditure	279.68	317.48	315.35	192.67	186.97	264.00	316.80
EBITDA	26.07	42.40	9.88	-0.77	29.20	36.00	43.20
EBITDAM (%)	8.90	12.39	3.19	-0.42	14.07	12.00	12.00
PAT	5.67	19.93	-52.91	-12.72	14.17	25.00*	22.50
PATM (%)	1.94	5.82	-17.08	-6.97	6.83	8.33*	6.50

*Note – For 2023E, PAT of Rs 25 Cr. includes one-off other income due to profit from sale of land parcels. 2024E PAT is normalized.

Expected FY24 P/E	20.5
PAT	22.50
Current M-cap	376
CMP	68.4
Expected M-cap	461.25
Target price	83.9
Upside	22.67%

- Going forward, we estimate a 31.72% CAGR in revenues based on return of classroom teaching, increase in the number of centers, added TAM from the CUET Exam and growth in MarTech business till FY24. We expect PAT margins for FY24 to be in the range of 6.5%. Currently, CL Educate is trading at a TTM PE multiple of 15.65x. This multiple is compressed due to Other Income, we assign a FY24E PE multiple of 20.5x which is based on the FY22 PE multiple of 25.38x. We arrive at a target price of Rs. 83.9 which represents an upside of 22.67% from CMP which we believe can be achieved within 12 months.

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