



ANNUAL REPORT  
2016 - 17



**LET THE  
NEW JOURNEY  
BEGIN!**

# CONTENTS

Chairman's Message	..... 005
Financial Highlights	..... 007
Operational Highlights	..... 009
Our Journey of Growth	..... 010
Core Values	..... 017
Management Discussion & Analysis	..... 018
Report on Corporate Governance	..... 037
Directors' Report	..... 060
Annexures to Directors' Report	..... 080
Standalone Financial Statements	..... 106
Consolidated Financial Statements	..... 154
AGM Notice 2017	..... 208

## Forward-looking statement

In this Annual Report we have disclosed Forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



# CAN WE CREATE THE NEXT BLADERUNNER?

Students guided by our youngest and fastest-growing research incubating arm, Accendere, are working on Advanced Materials using Nanotechnology in creating prosthetics for those who may have lost a limb.



## THE PAST IS A WELL LEARNT LESSON

Over 2 decades ago, we embarked on a journey of learning-led growth. From an MBA entrance focused test prep player to a high growth edu-corporate with established diversity in the education industry – it has been a great journey.

## THE PRESENT IS OUR REALITY

The year gone by has been a landmark one – a successful listing, transformative transactions and robust growth.



## THE FUTURE IS OUR MOTIVATION

Our 2020 Vision is focused on asset-light, scalable and technology led accelerated growth.

# LET THE NEW JOURNEY BEGIN!

## CORPORATE INFORMATION

### Board of Directors

Mr. Satya Narayanan .R  
Chairman of the Board & Whole-Time Director

Mr. Gautam Puri  
Vice-Chairman & Managing Director

Mr. Nikhil Mahajan  
Whole Time Director & Group CEO Enterprise Business

Mr. Sridar Iyengar  
Non-Executive Independent Director

Mr. Paresh Surendra Thakker  
Additional (Non-Executive Independent) Director

Mr. Safir Anand  
Non-Executive Independent Director

Mr. Gopal Jain  
Non-Executive Non Independent Director

Mr. Viraj Tyagi  
Non-Executive Independent Director

Ms. Madhumita Ganguli  
Additional (Non-Executive Independent) Director

### Board Committees

#### Audit Committee

Mr. Sridar Iyengar  
Chairman

Mr. Gopal Jain  
Member

Mr. Viraj Tyagi  
Member

Mr. Safir Anand  
Member

Ms. Madhumita Ganguli  
Member

#### Nomination, Remuneration & Compensation Committee

Mr. Viraj Tyagi  
Chairman

Mr. Safir Anand  
Member

Mr. Gopal Jain  
Member

Mr. Paresh Surendra Thakker  
Member

#### CSR Committee

Mr. Safir Anand  
Chairman

Mr. Satya Narayanan .R  
Member

Mr. Gautam Puri  
Member

#### Stakeholders Relationship Committee

Mr. Safir Anand  
Chairman

Mr. Gautam Puri  
Member

Mr. Nikhil Mahajan  
Member

#### Risk Management Committee

Mr. Satya Narayanan .R  
Chairman

Mr. Gautam Puri  
Member

Mr. Nikhil Mahajan  
Member

#### Share Transfer Committee

Mr. Satya Narayanan .R  
Chairman

Mr. Gautam Puri  
Member

Mr. Nikhil Mahajan  
Member

### Bankers

HDFC Bank Ltd. | ICICI Bank | Standard Chartered Bank  
Kotak Mahindra Bank | Corporation Bank  
Axis Bank | Citibank | State Bank of India

### Registered & Corporate Office

A-41, Espire Building, Lower Ground Floor,  
Mohan Co-operative Industrial Area,  
Main Mathura Road, New Delhi – 110 044, India  
Tel: +91 (11) 4128 1100, Fax: +91 (11) 4128 1110  
Email: [compliance@cleducate.com](mailto:compliance@cleducate.com)  
Website: [www.cleducate.com](http://www.cleducate.com)



# CHAIRMAN'S Message



Dear Shareholder,

In each of my few fortunate personal interactions with Dr APJ Abdul Kalam, Education and NPI (National Prosperity Index instead of GDP) were constant features and he always spoke very animatedly about these. Dr. Kalam was the first contemporary Indian who spoke about India as a Global Super Power. He did that when we, as a nation, were still coping with our new identity in the 1990s. He also stressed that India will realise her potential through her knowledge and education. I myself, have been a die-hard believer of this prophecy as well as vision clarity.

In less than two decades, those distant visions have translated into visible evidences - from ISRO to global Indian CEOs to growth of Indian economy, to India emerging as a new innovation destination for companies and entrepreneurs, etc.. If you search for any commonality in each of the top 10 successes of our nation, you will find education as the only factor.

In fact, my story or your own story or the story of our immediate family or closest friends is a testimony to the transformational impact education has had in a short span. Many of us have rocketed ourselves from the bottom of the pyramid to the top by virtue of just one thing - our education.

Simply put, CL is an effort, a journey, a platform, a movement, an organisation that aims at doing the same for millions in India and then, elsewhere in the world. When India rides her way from a USD 2.5 Trillion economy (IMF estimate) to a USD 5

Trillion on the back of education, we would love to not just ride that wave but also contribute our might to that accomplishment. In short, can we be the best coach in the world over the next decade - coach for all kinds of knowledge, skills and attitude. That's CL Educate.

A few thoughts about the macros:

Favourable macros always play an important part as they create the tailwind. The virtuous cycle of wealth and prosperity has begun to move for India now. The core enabler was education that led to improved Gross Enrollment Ratio (GER) in higher education, more jobs, innovations, wealth creation, which now are moving back as re-investments to scale ourselves to the next orbit of education, innovation and prosperity. Of course, there are patches of imperfections, large tracts of effort vacuum in this big picture. However, the big picture itself is truly favourable.

1) Robust Demand and demographics favourable:

Education is culturally valued in India. Every family strives to give her best to the child. You will be aware of how different this is in many parts of the world including the US. The Indian parent looks at education as the core while success or wealth as a by-product. This works as the strongest 'pull' in the robust demand for education at every level and every town. The universities and schools struggling to upgrade their quality standards is a mere testament to the consumer awareness of quality and not compromising with it.





## 2) Integration into world higher education (HE) landscape

One of the uncelebrated policy successes over the past two years, has been the successful implementation of NIRF - National Institutional Ranking Framework. NIRF ranks higher educational institutions including colleges and universities through an independent process which grants over 50 percent weightage to research output and graduate outcomes of the institution. This is the first big step towards integration of Indian higher education with the global landscape.

This creates opportunities as well as the inevitable disruptions in the HE landscape. Over the medium to long term, we will see emergence of 20-25 Indian universities in the top 200 universities of the world (from the current three, as per the latest QS World University Ranking for 2016-17). The positive impact of this step could be nothing short of revolutionary. Bangalore, Hyderabad, Mumbai, etc emerging as melting pots of innovation at par or ahead of Silicon Valley or Tel Aviv is eminently possible. Indian universities will emerge as the hotbed of innovation in the next decade. In a five year perspective, I see India emerge as a powerful education brand along with China and US where the net students coming to study is more than the numbers that travel out.

## 3) Organisations become universities

Skills are paramount in the new job paradigm, not degrees and constant reskilling is inevitable. Organisations and professionals/employees have to be truly focused on reskilling themselves every day in the new paradigm. This opens up a massive super-specialist business opportunity.

The new era recruitment, training, career progression, compensation and rewards are increasingly driven by this new paradigm of skills. This will include on-demand assessments, benchmarking, continuous training, personal coaching, appraisal, reassessment and so on. Technology-led and personalisation driven platforms will enable organisations in this journey. It will be a white label internal university powered by external tech-platform companies. Life long learning, continuous learning, open-loop university are some of the new jargon so that have begun to fly around.

Our Short Term Growth Engines : 12 to 24 months

Now, our entire attention is on excellence in short term execution.

### 1) Test Preparation and Training ("Test Prep"):

Test Prep is an evergreen and continuously evolving, naturally 'pull' business. Moreover, in India, India's Kaplan (biggest Test Prep brand) is yet to emerge; CL is uniquely positioned to emerge as that.

With the addition of ETEN business (acquired from Pearson in

the month of April 2017), CL has added a very potent engine to scale all the knowledge products such as IAS & allied, Chartered Accountancy/ Company Secretarial / Chartered Financial Analyst course and allied, Banking and Allied, and so on. GATE, IITJEE/ Medical addition are on the anvil too. ETEN is time tested and proven. This backbone and product portfolio expansion enables CL to aim and double her geographical reach over the next 2-3 years.

### 2) Research services through Accendere and wainconnect.com:

Accendere has a unique FMA (first mover advantage) in the post NIRF era in India. Our acquisition of Accendere could not have been timed better (We have discussed about wainconnect and Accendere Knowledge Management Services in Management's discussion and analysis section). We will continue to invest in building the technology led platform along with research VAS (value-added services) and hope to build a formidable business over the next two-three years. Moreover, Accendere gives CL her first truly globally monetisable platform and product.

### 3) Scalable Learning & Development services for corporations and Universities:

CL Educate has a strong footing with the corporates and the institutions through its subsidiaries, Kestone and CL Media. Over the past three years, the conscious strategy has been to move from the low margin staffing business to higher margin VAS (value-added services). This effort goes further with the addition of Innovation/research services (Accendere) and scalable training services (Kestone and 361DM) to corporates and universities. CL already holds a small strategic stake in 361DM. We foresee enhancing our integration to enable faster scaling in the immediate future.

### Conclusion:

John Keynes' quote "In the long run, we are all dead" does ring constantly in my head. There is so much to do and yet we have only 24 hours a day. Every moment is precious. We need to seize every moment today so that we deserve the tomorrow. As Allama Iqbal said -

Woh qaum nahin laaya qe hungama e farda

Jis qaum ke taqdeer mein imroz nahin hai

(Those who do not value their today do not deserve the excitement of the tomorrow)

With appreciation

Satya Narayanan .R



# Financial Highlights

## Three year Performance, Standalone (₹ Crore)

In ₹ Cr	FY15	FY16	FY17
Total Revenue	155.0	173.0	156.3
Adjusted Revenue*	123.6	136.9	154.0
Adjusted Revenue Growth	8.7%	10.7%	12.5%
EBI TDA	18.7	17.9	20.8
EBI TDA Margin	12.1%	10.3%	13.3%
PBT	8.9	6.5	10.8
PAT	6.6	4.4	7.2
EPS (In ₹)	6.1	3.7	6.1
Cash & Cash Equivalents	11.3	8.0	214.6
Networth	236.2	256.2	361.9

## Three year Performance, Consolidated (₹ Crore)

In ₹ Cr	FY15	FY16	FY17
Revenue	283	282	279
Adjusted Revenue*	214	228	277
Growth (%) on adjusted Revenue		7%	21%
EBI TDA	44	48	47
EBI TDA Margin (%)	16%	17%	17%
Adjusted EBI TDA*	39	52	53
Adjusted EBI TDA Margin (%)	18%	23%	19%
PAT	21	21	19
PAT Margin (%)	7%	8%	7%
Adjusted PAT*	15	24	25
Adjusted PAT Margins (%)	7%	11%	9%
EPS	19.6	18.2	15.8
Cash & Cash Equivalents	19.3	15.9	222.5
Networth	207.8	240.6	358.1
D/E	0.3	0.29	0.16

\* Adjusted for GVET and Nokia Businesses

Revenue Mix (In Rs Cr)	FY15	FY16	FY17
Consumer	150	151	172
Enterprise	64	77	105
Vertical EBI TDA	FY15	FY16	FY17
Consumer	28	41	46
Enterprise (Adjusted for GVET, Nokia)	10	11	7

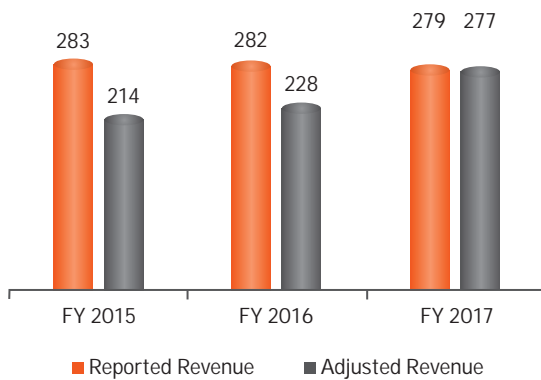


# CL in Charts

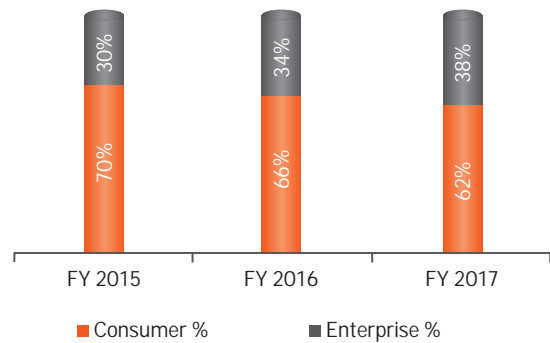
LET THE NEW JOURNEY BEGIN!



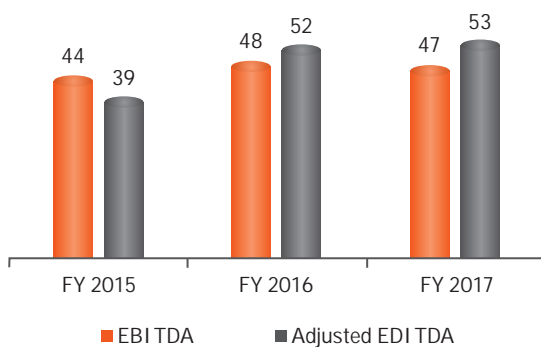
### Total Revenue (` Cr)



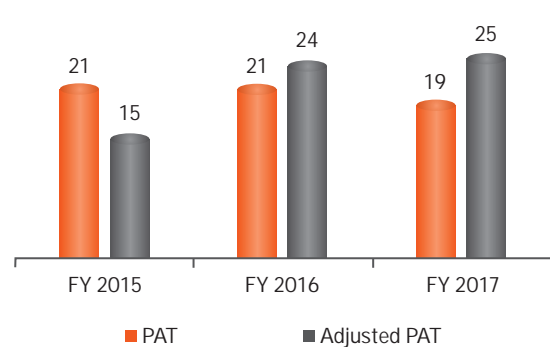
### Adjusted Revenue Mix



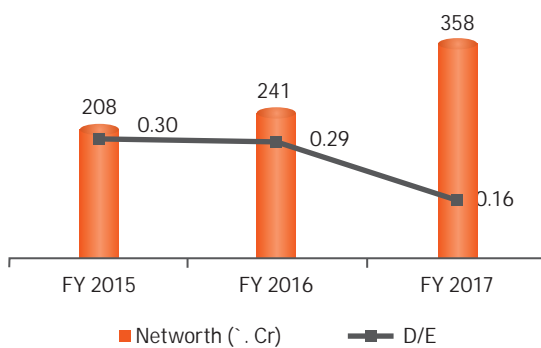
### EBITDA (` Cr)



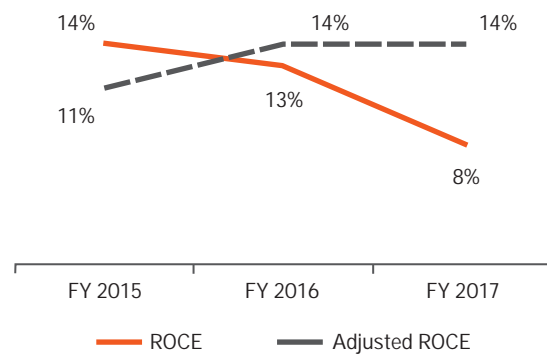
### PAT (` Cr)



### Network & D/E



### ROCE



Note: Adjusted for GVET & Nokia Business

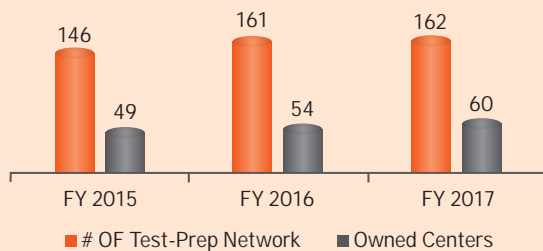


# Operational Highlights

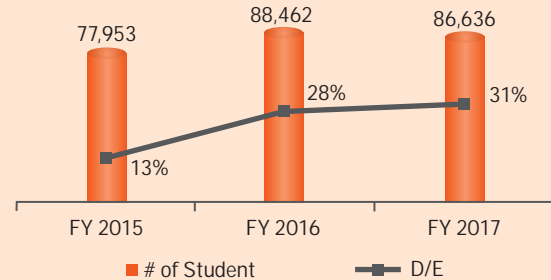
## CONSUMER

Strengthened position as a National Test-Prep Leader

Test-Prep Network

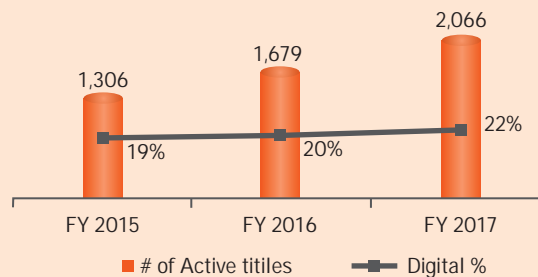


Test-Prep Enrolments



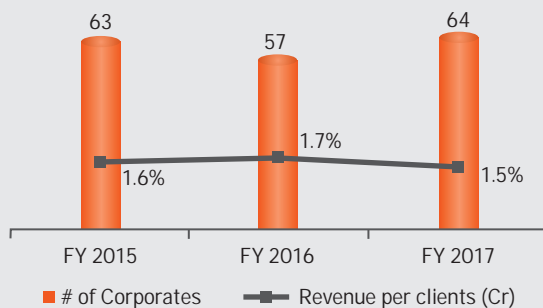
Increasing share of digital publishing

Publishing



## ENTERPRISE

Unique Learning cum productivity DNA in Corporate services



Increasing revenue per University

