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THINK EDUCATION. THINK ZEE LEARN.



Annual Report 2018-19



**INDIA'S MOST
DIVERSIFIED EDUCATION
COMPANY**

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NOTICE





MD's MESSAGE

Dear Shareholders,

It gives me immense pleasure to present to you the 9th Annual Report of your Company. The year under review was marked by major challenges however your company worked diligently to mitigate the headwinds during the year, reporting robust volume and earnings growth across the various brands. With a significant presence across various segments of the education domain and catering to the entire lifecycle of people's learning needs, Zee Learn has now truly become a holistic education services player.

The range of our services has expanded beyond its Core segment of Pre K, K-12 and Vocational courses to the Supplementary segments, as well, like Test Preparation and Tutorials making us a company with a full spectrum of educational services.

I am glad to share that Zee Learn with its associates and subsidiaries, today touches the lives of around 4 lakh students through our 2,500+ operational establishments in 800+ cities with around 50,000+ teachers, trainers and associated staff. These are truly impressive pan India numbers.

With the recent acquisition of MT Educare, Zee Learn has strengthened its position in the Supplementary education sector offering coaching for aspirants appearing for entrance exams like IIT, Engineering, MBA, MBBS and ICAI at pan India level with around 160+ centers.

Our Preschool and Daycare operations under the brand names of Kidzee, Mount Litera Junior, Mount Litera World Preschool and Ankurum have reached a milestone of 2000+ operational Pre K centres becoming Asia's only brand to achieve this stellar feat. Mount Litera Zee School is India's fastest growing chain of K12 schools with around 130+ operational schools in its network.

As we move forward we intend to increase focus on the Training and Manpower segments through our subsidiary Liberium, which are attractive segments to operate in. Zee Learn and MT Educare today also have a significant involvement with various government ministries and agencies for Skilling and ICT projects and will continue to contribute more as we move forward.

ZEE LEARN LIMITED



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We are extremely happy to report that Zee Learn was recently recognized as a "Great Place To Work" for the year 2019-20 and awarded 'Dream Companies to Work For in 2019' in the education sector by World HRD Congress thus establishing itself as an Employer of Choice in the industry.

We are committed to performing well financially and you will be delighted to know that your company has performed exceedingly well in the last 5 years across all the segments that it caters to. If you look at the historical performance of Zee Learn, you will see that from FY15 to FY19, Total Revenue has gone up from Rs 132 Cr to Rs 549 Cr (4.2 times) at a CAGR of 43%. Similarly, EBITDA has gone up from Rs 30 Cr to Rs 158 Cr (5.2 times) at a CAGR of 51%. As a result, today the company is more robust, is bigger and is better placed on financial and business parameters to take its rightful place in the Education world.

The turnaround at MT Educare in FY19 has been truly remarkable. From a negative EBIDTA of Rs 171 crores in FY18 to Rs 28 crores positive in FY19 and from a negative PAT of Rs 131 crores to Rs 9 crore positive in FY19, MT Educare has performed well under the new management.



Modern-day schooling has evolved over the last decade and so have the expectations from all the stakeholders in the ecosystem. Managing schools or a group of schools has never been this challenging and the rapidly changing external environment is forcing us all to continuously adapt, reinvent and execute. Also, Learning methodologies have evolved and the entire process has witnessed a paradigm shift over the last decade. This warrants a change in the pedagogical stimuli that are imperative to create an impact on the student's and teacher's life. You will be happy to know that your Company is at the fore front in leading change in these areas and implementing them with full rigour across its network.

Today, your Company is well advanced with its Digital Education ecosystems. These ecosystems are designed to improve outcomes with a granular approach using a pedagogically robust engine. Our Digital forays like Kidzee App, Kidzee Tab, Robomate, R+ notebook, etc. give our students an innovative learning option with an edge. We believe that this will further strengthen our brand offering and help us in moving ahead.

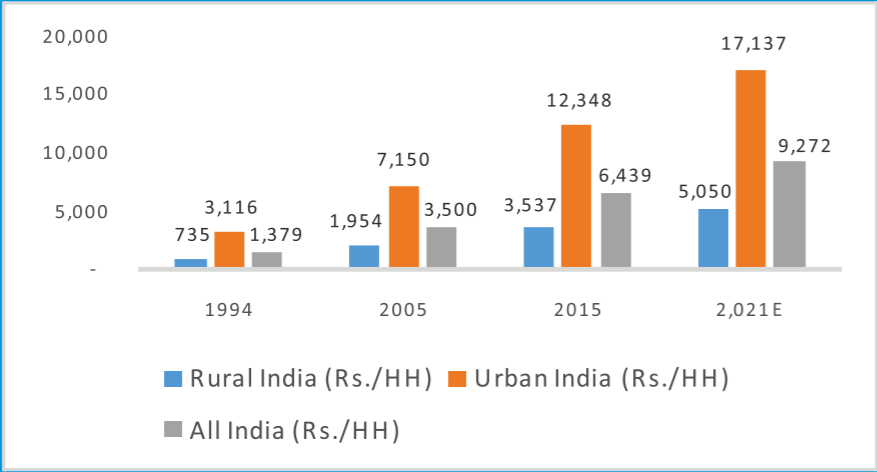
Last but not the least, being the most trusted diversified education company, it is our first and foremost responsibility to ensure the safety of each and every student in our network. Taking the onus head on, we have been successfully running a child-abuse prevention program 'I Care'. The program helps organizations to sensitize people about child abuse, the nature and symptoms of abuse and preventive measures required to vigorously combat this menace plaguing our society. We believe that every child has a right to safety and security and to live in an ABUSE-FREE WORLD. We endeavour to ensure that all who play the role of caregivers at the schools or centres are trained and empowered to protect and safeguard the right of the child and preventing any form of abuse or harm.

Finally, we would like to thank our educationists, employees, partners, students, parents and all our stakeholders for their consistent commitment, engagement and encouragement in our journey. We will continue to keep the child at the centre and keep moving ahead on various developmental outcomes with full rigour.

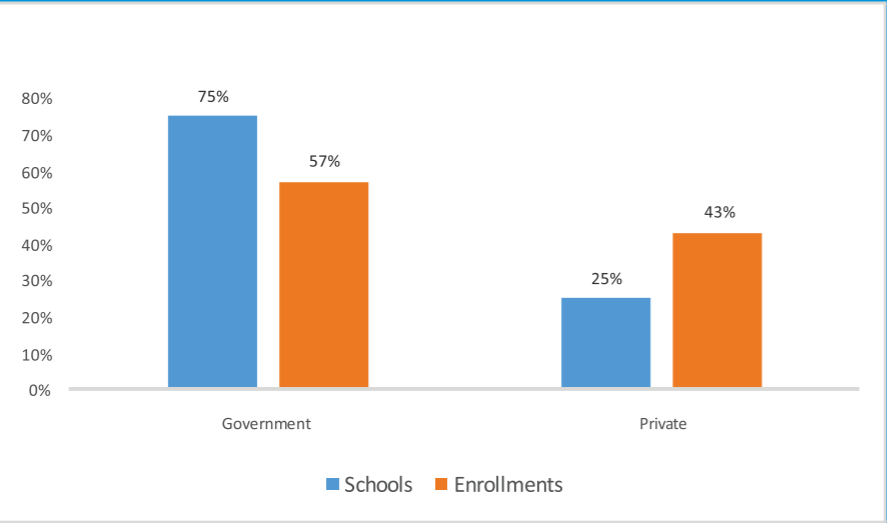
Thank you.

Ajey Kumar
Managing Director, Zee Learn Ltd.

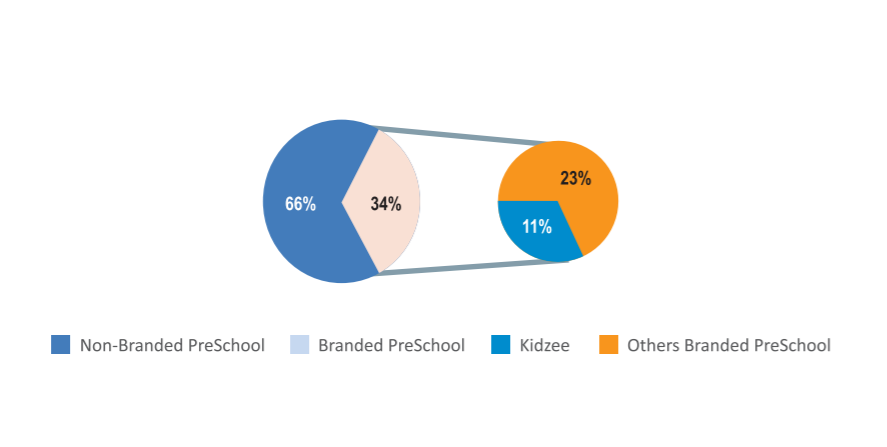
Average Annual Household Real spending on Education



Government vis-a-vis Private



Pre-K Market Share



SECTOR OVERVIEW

India's education sector offers a great opportunity with approximately 29 per cent of India's population being between the age group of 0-14 years. India's higher education segment is expected to increase to US\$ 35.03 billion by 2025. The education sector in India is estimated at US\$ 91.7 billion in FY18 and is expected to reach US\$ 101.1 billion in FY19. As of December 2018, internet penetration in India had reached 46.13 per cent. Increasing internet penetration will help in education delivery.

India has over 250 million school going students, more than any other country. It also has one of the largest networks of higher education institutions in the world. Number of colleges and universities in India reached 39,050 and 903, respectively in 2017-18. India had 36.64 million students enrolled in higher education in 2017-18. Gross Enrolment Ratio in higher education reached 25.8 per cent in 2017-18.

Education sector in India remains to be a strategic priority of the government. The Government of India has allowed 100 per cent Foreign Direct Investment (FDI) in the education sector through the automatic route since 2002. The sector has received cumulative FDI worth US\$ 2.21 billion up to December 2018. Indian education sector witnessed 18 merger and acquisition deals worth US\$ 49 million in 2017. The Government of India is working on the draft of the New Education Policy to address the changing dynamics in the education industry of the country as per the requirement of the population.

(Source: <https://www.ibef.org/industry/education-sector-india.aspx>)

The quality of the learning level bears directly on India's future workforce, its competitiveness and the economy. India's demographic dividend depends on the learning level of students.

(source: <https://www.livemint.com/Education/UIIkNLOsCVkSppf6RW4FbN/What-ASER-says-about-quality-of-learning-in-India.html>)

PRE-K SECTOR

In FY18, preschool education was pegged to be around US\$ 2 Bn and is expected to touch to US\$ 5 Bn by 2022 growing at a CAGR of 26%. Despite of 13 mn childrens who can attend preschools, only 1.4 mn children currently attend a preschool. But With growing awareness among tier 2 / 3 cities, penetration rate for the pre-school segment expected to rise to 25%. Branded Pre-school segment is expected to contribute 33.83% to the total Pre-school industry in India.

Increased propensity to spend on quality education / Rising urbanization / Demand Vs supply gap, Increase in Consumer disposable Income / affordability and Propensity of both parents working is on the increase, Substantial improvement in the quality of pre-schools and ease of entering the segment with low investment can contribute to the growth of this segment.

K-12 SCHOOL SECTOR

As on FY18, the market Size for private player is US\$ 13.44 Bn and is expected to reach to US\$ 32 by 2020 growing at CAGR of 19%. Online learning in Indian education system has changed its scenario, with its reach and economical access. For EduTech, sector is emerging out to be a year full of innovative methods of imparting education. With growing awareness, private Indian players are collaborating with International brands to provide International standard quality education. Increased propensity to spend on quality education / Rising urbanization / Demand Vs supply gap / Increase in Consumer disposable Income /affordability coupled are aiding this sector to grow at a good pace.

VOCATIONAL EDUCATION / SKILL DEVELOPMENT SECTOR

As on FY 14 Market Size US\$ 1.35 Bn and is expected to reach to US\$ 5.1 Bn by 2020. At present, only 10% of the Indian workforce is receiving skill enhancement training as compared to 96% in Korea and 80% in Japan. Demand for skilled workforce increasing with growth in service sector. GOI has estimated 20 sectors that face a skilled manpower shortage of 347 mn people over the next 10 years for which it plans to make skill certification mandatory for public sector jobs soon. With rising internet penetration, vocational training companies are selecting the online channel to offer courses reach nationally, private equity players have also become bullish on the fast growing education sector including vocational and supplementary training.

TEST PREP AND TUTORING SECTOR

Test preparation market is expected to touch to US\$ 11.27 Bn by 2020. Tutoring market is expected to touch to US\$ 9 Bn by 2020. However, in a highly competitive educational landscape where there is high usage amongst target audience, this segment with low capital and high margins, provides good opportunity to grow.

TRAINING AND MANPOWER

Over a period of next 5 years, flexi-staffing industry expected to grow at 25% to 30% CAGR. The sector has high demand for skilled manpower in construction, retail, beauty & wellness, textile, tourism & hospitality, Banking & Financial Services Institutions.

INDIAN EDUCATION SYSTEM - SCOPE FOR IMPROVEMENT

The Times of India on March 30, 2019 published an article saying though India has more schools than China, its quality of school education is far poor than China's. A recently completed survey released by the NITI Aayog that despite a population similar in size, India has approx. 1.3 million primary and middle schools, while China has only about 500,000. Yet nearly 400,000 schools in India have fewer than 50 students each and a maximum of two teachers. The country's primary and secondary education system suffers a shortage of 1 million teachers. The report attributes the poor quality of education in India to the lack of teachers.

According to the data of China's Ministry of Education, in 2016 there were 230,000 primary and junior middle schools and 24,700 senior middle schools and secondary vocational schools in the country, totaling nearly 260,000. Together with universities and colleges, the number can reach the 500,000 mentioned in the Indian newspaper report. It can be seen that the actual number of primary and secondary schools in China is just about 17 percent of that in India. But China has more teachers than its southern neighbor. According to UNESCO data, the teacher-to-student ratio in China is roughly 1:23.65, also the global average, whereas India's is 1:35.22.

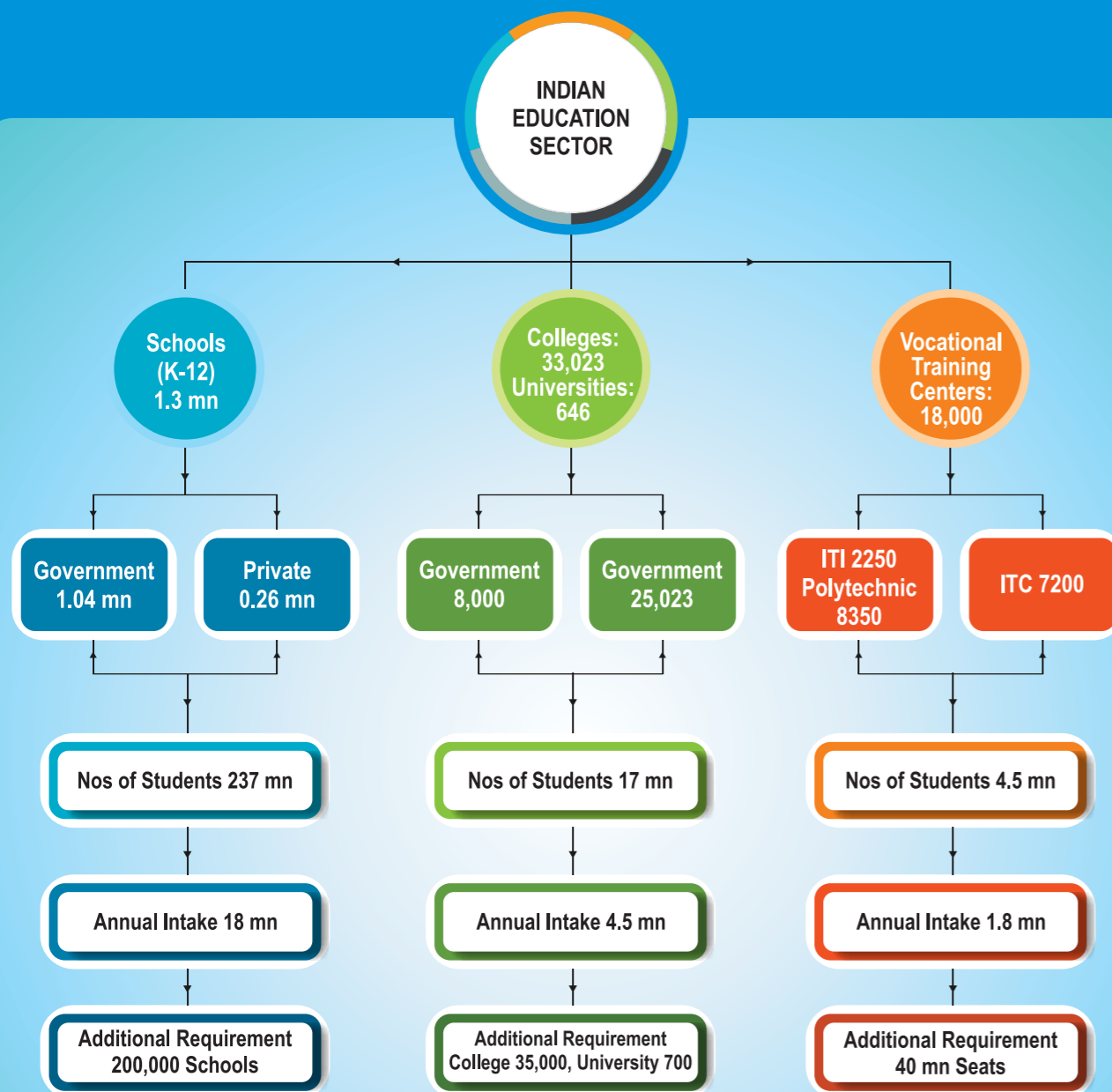
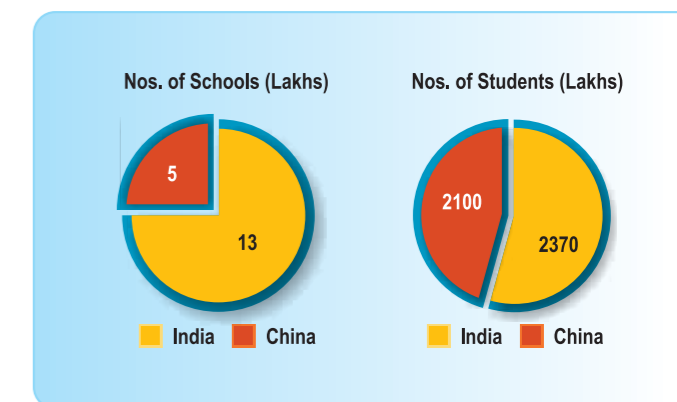
India does suffer a severe shortage of teachers. This makes it impossible for almost half of fifth-grade students to be able to read second-grade textbooks. Despite of a 97 percent enrolment rate in junior schools, only 30 percent completed the 12th grade. It is related to the extremely uneven distribution of teachers mentioned in the report. There is a severe shortage of teachers at schools in rural and remote areas.

The report grasps the key to the development gap between India and China. Behind all the problems that hinder India's development - poor quality of labor force and high rate of illiteracy among women - is the poor quality of education. Indian students, especially those in elementary school (Classes I-VIII), are not learning enough. To cite one metric, only half (50.3%) of all students in Class V can read texts meant for Class II students. There seems to have been some improvement in learning levels, especially among students of Class III and Class V, in 2018 compared with those of the previous five years. However, the improvement is not visible at a higher level, for example among students of Class VIII. The latest report collected data from 596 districts by surveying 546,527 students from 354,944 homes.

So, what part of India's education lags behind China? Obviously it is the primary education. India has been focusing on higher education since its independence and has ignored the importance of basic education.

There are many reasons - teacher shortage, uneven distribution of schools in cities / villages, less diverse vocational schools and the underdevelopment of manufacturing. But comparing it with China, we find that primary education in India is not placed in the utmost important position of the central and local governments.

The difference between Chinese and Indian education is not meant to show China as an example for India to emulate. India can draw upon some of China's practices, but it is important to fundamentally change Indians' views on basic education. Rote learning is even criticized in India, which argues that too much attention is paid to examination scores and nothing is done to hone students' personality and creativity. The difference is that China has already had a comprehensive development of both primary and high education systems. They believe that the further reform of the education system should not focus on reducing the burden but to ensure fairness.



VISION

To become India's largest and most respected Education Company serving the full life cycle of educational needs through digital / offline modes and with a strong social commitment and Indian roots.

OUR PRESENCE-CORE AND SUPPLEMENTARY

Zee Learn, India's Most Trusted Diversified Education Brand has made its presence felt in the areas of core and supplementary education.

CORE EDUCATION:

Our services in core segment range from Preschools to K-12 Schools to Higher education.

Under preschools, Kidzee is Asia's largest preschool network with more than 1900+ centres now offering recently launched Day Care services. Ankurum is the latest preschool offering aimed at providing structured quality education at an affordable cost. Mount Litera World Preschool (MLWPS) is an international standard preschool brand that seeks to create lifelong learners through guided exploration and open expression.

Under K-12, Mount Litera Zee School is the fastest growing chain of K-12 schools with c.130 schools in its network. Mount Litera School International is a co-educational day school, which provides outstanding education through the holistic based curriculum. In the Higher Education area, we are associated with the leading state private university in Dehradun called the Himgiri Zee University.

SUPPLEMENTARY EDUCATION:

The offerings under supplementary education range from vocational to test preparation to tutorials. Mahesh Tutorials helps students with Secondary Education & foundation courses for competitive exams. While brands Lakshya, MT Science, MT Commerce, Mahesh PU College, Sri Gayatri Academy help students with higher secondary education and entrance exams.

In the areas of vocational and skilling, the offerings are towards getting students industry ready.

Zee Institute of Creative Art (ZICA), Zee Institute of Media Arts (ZIMA) and Design Art (ZIDA) are premier Animation, VFX and design Institute with more than 20 years of experience, whereas Zee Institute of Media Arts offers courses in Film Making and TV Journalism helping students achieve success in the world of media and films.

We also offer a Teacher Training Programme that help budding teachers to deliver preschool programmes successfully for desired developmental outcomes.

In the Training and manpower area, our offering Liberium provides innovative and customized solutions to corporates thereby helping them focus on core issues.

OUR FLAGSHIP BRANDS - LEADING THE WAY

PRE - K



A pioneer in ECCE (Early Childhood Care and Education), Kidzee is Asia's largest and most reputed Preschool Network.

- 1,900+ preschools
- 750+ cities
- 9,00,000+ kids educated
- 1 million+ lives touched
- I Care – programme for prevention of child abuse
- Interactive iLLUME, the best research-based pedagogy for Early Childhood Learning
- Over 1,000 women entrepreneurs empowered
- 15,000+ teachers trained



- The Kidzee Day Care programme is based on the philosophy of providing a child a home away from home.
- Well-researched and planned developmental experiences are delivered by loving caregivers in a very safe, secure and engaging environment.



- Latest offering from Zee Learn aimed at providing structured quality education at an affordable cost
- The curriculum has been powered by Kidzee, being a pioneer in Early Child Care and Education



An International standard premium Preschool, MLWPS, prepares kids to take their first step to explore the world.

- multi-cultural experience
- Adopting learn-to-think philosophy
- Ambient learning spaces
- I care for abuse free environment

K-12

Mount Litera Zee School

Great School. Great Future

India's second largest chain of schools in private-unaided category, MLZS is one of the fastest growing chains in India which provides quality school education with value based learning.

- 120 + schools
- Spread across 110+ cities
- Emerging Student Profile (ESP)
- Proprietary pedagogy of Litera Octave



Mount Litera School INTERNATIONAL

Situated at Bandra-Kurla Complex, MLSI is an International Baccalaureate (IB) school, with a mission to provide the best of teaching and learning by making the students future-ready.

HIGHER EDUCATION



- Established to meet the growing demand for trained human resources in various social, educational, scientific, technical and professional organizations so as to channel human energy towards sustainable economic and social development.

*ZLL has a service agreement with Himgiri Zee University

TEST PREP / TUTORIAL



LAKSHYA FORUM FOR COMPETITIONS

SCIENCE COURSES

- Higher Secondary Education • Class XI & Class XII • Engineering Entrance • JEE - Main
- JEE - Advanced • State Level Entrance • Medical Entrance • NEET



MAHESH TUTORIALS COMMERCE

COMMERCE COURSES

- Higher Secondary & Professional Education • Class XI & Class XII • Chartered accountancy
- CA Foundation • Inter CA • Final CA



MAHESH TUTORIALS SCHOOL SECTION

SCHOOL COURSES

- Secondary Education • Class VIII, IX & X • National Boards • CBSE • ICSE • State Boards - Maharashtra • Gujarat • Karnataka • Foundation Courses for Competitive Exams



SRI GAYATRI ACADEMY

- INTERMEDIATE COLLEGE COURSES • Science, Commerce • XI XII • CA Foundation
- Engineering Entrance • Medical Entrance



MAHESH PU COLLEGE

Education at its best

- PRE-UNIVERSITY COURSES • Science • PU 1 & PU 2 • Engineering Entrance
- Medical Entrance



VOCATIONAL



Nation's first full-fledged Classical and Digital Animation Training Academy, Zee Institute of Creative Art trains the youth in Industry ready courses on Animation, Visual Effects, Graphic and Web Design in around 20 centres across the country since more than 20 years.



With more than a decade of experience, Zee Institute of Media Arts (ZIMA) has trained individuals in the area of Film Making & TV Journalism with Professional development Programmes on Acting, Direction, Editing, Sound, Cinematography and many more.



Zee Institute of Design Art is the latest offering from ZICA aimed at industry oriented courses in fashion and interior design

TEACHER TRAINING



- Preschool Teacher Training Programme is an initiative to bridge the gap between preschools and qualified teachers.
- With over 250 signed up centers, the program is already the most sought after course in the Preschool teacher training space.

SKILLING



- UVA offers a combination of University + Vocational + Affiliated Education
- Skill development and Entrepreneurship training is a focus for the MT UVA team

ZEE LEARN LIMITED

[Corporate Overview](#)[Management Report](#)[Financial Statement](#)

DIGITAL



Age-appropriate content | easy access anytime, anywhere | mapped to the Kidzee curriculum | recommended by Kidzee academicians | reinforcement of classroom learning



Award winning learning content : 250+ of the world's best video and games, selected by educators.

Structured learning path : 250 skills covering all essential early learning areas, structured as per age and level.

Completely safe technology : Kids play in a completely safe zone. Strong parental controls including time limits.



ROBOMATE + LEARNING MADE SIMPLE

- School Courses
- Science Courses
- Commerce Courses
- Test Prep Courses



My R+ Book combines the text book, note book and study material - into one.

- No More Misplacing Vital Notes
- No More Forgetting Teacher's Explanation
- No More Referring to Different Study Material

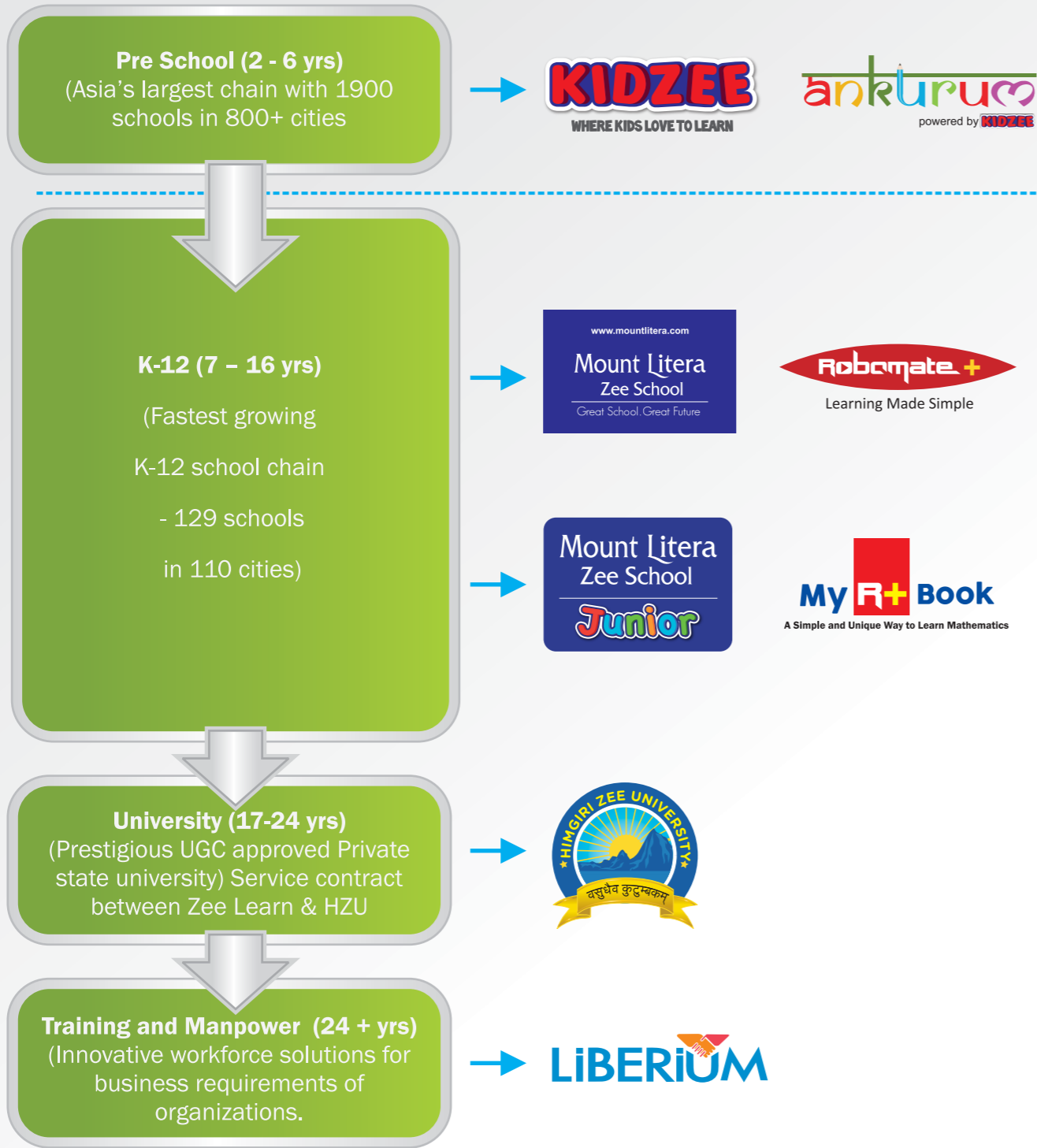
TRAINING AND MANPOWER



- Innovative workforce solutions for business requirements of organizations.
- Recruit the right resources, train them on the required skills as per the client specific need and even place the associates on LIBERIUM rolls to efficiently manage their staves.



ADDRESSING THE FULL STUDENT LIFE CYCLE





FINANCIAL HIGHLIGHTS

Consolidated Records (FY 15 - FY 19)

Particulars	FY 19 #	FY 18 #	FY 17 #	FY 16 \$	FY 15 \$
Results					
Total Revenue	54,925.10	27,254.09	18,427.66	15,354.80	13,161.83
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	15,772.24	10,208.09	5,913.24	4,326.60	3,060.84
Profit / (Loss) before Tax	11,453.31	7,555.63	3,240.97	1,508.33	989.37
Net Profit / (Loss)	8,338.60	4,927.91	3,351.40	1,508.33	989.37
Financial Position					
Equity Share Capital	3,260.79	3,258.95	3,226.42	3,205.54	3,200.01
Reserves and Surplus	39,853.77	32,080.16	26,025.23	21,813.08	20,187.13
Net Worth	43,114.56	35,339.11	29,251.65	25,018.62	23,387.14
Non-Current Assets	126,602.20	85,745.13	65,047.96	62,267.02	61,559.34
Stock Information					
Earnings Per Share (In ₹)	2.33	1.52	1.04	0.47	0.31
Margins					
EBITDA Margin	30%	38%	33%	29%	24%
Net Profit Margin	16%	18%	19%	10%	8%

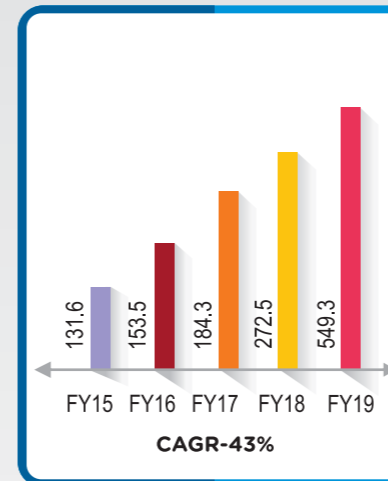
As per Indian Accounting Standards (Ind-AS)

\$ As per Indian GAAP

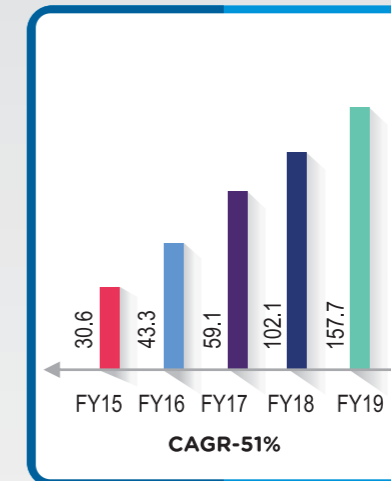


FY 15 to FY 19

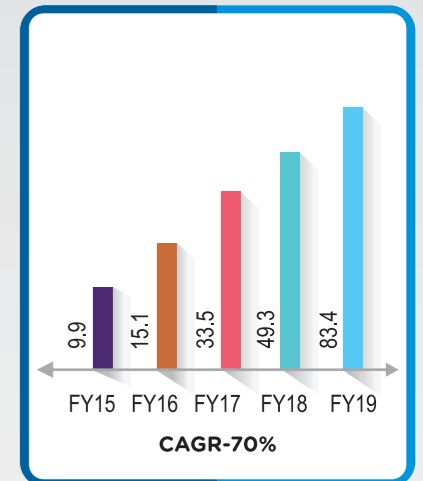
Total Revenue (₹ in Cr)



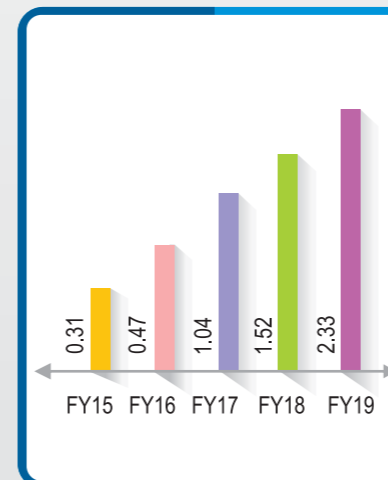
EBITDA (₹ in Cr)



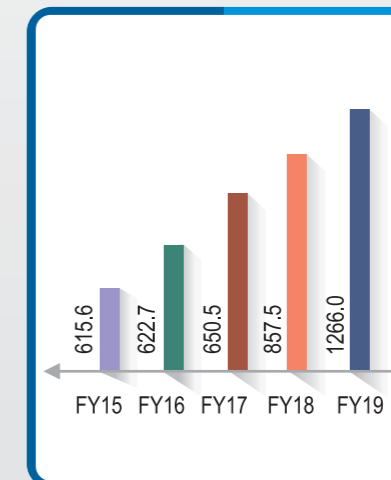
PAT (₹ in Cr)



Earning Per Share(₹)



Non-Current Assests (₹ Cr)



Net Worth (₹ Cr)



Zee Learn Standalone EBITDA Margin reached from 12% in FY 15 to 45% in FY 19