"CL Educate Limited Q2 FY 2025 Earnings Conference Call"

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Management:

Mr. Satya Narayanan R – Chairman

Mr. Nikhil Mahajan – Executive Director & Group CEO, Enterprise Business

Mr. Arjun Wadhwa – Chief Financial Officer

Earnings Call Link: **CL Earnings Conference Call Q2 FY25**

Results Link:

- **Consolidated Results – Q2 FY25**
- **Standalone Results – Q2 FY25**

Investor Presentation: **CL Investor Presentation Q2 FY25**

CL Educate Limited: Earnings Conference Call – Q2 FY2025

Arjun Wadhwa: Good afternoon, ladies and gentlemen, and welcome to CL Educate Limited's H1 FY25 Analyst Call. My name is Arjun Wadhwa, I'm the CFO of CL Educate, and I'll be your host today. Welcome once again to our metaverse platform called VOSMOS, which we have now been using for the last three years for our analyst calls. This call, as always, will be recorded, transcribed, and made available in the Investor Zone on our website within the next 24 to 48 hours.

Should you have any questions, we'd request you to please type them in the chat box in the bottom right-hand corner of your screen. We will address them at the end of the session. Joining me on this conference call today is Mr. Nikhil Mahajan. He's the executive director and group CEO of our enterprise business, and Mr. Satya Narayanan, our founder and Chairman. I'd like to start by inviting Nikhil to take us through the BAU (Business As Usual) side of our business before Satya provides an update on the new initiatives that we are in the process of undertaking. Over to you, Nikhil.

Nikhil Mahajan: Good Afternoon, everybody.

Let me start with the H1 financial update for the first half of FY25. The brief synopsis of that is that we have grown our revenues in H1 to H1 in the current year over last year by about 5%. From last year's 186 crores, we have grown to about 196 crores.

Our revenues in EdTech segment have been slightly muted, but we have been doing well in the MarTech segment where the revenue growth has grown from Rs. 64 Cr to Rs. 78. Our operating EBITDA from business has grown from Rs. 15.6 Cr last year to Rs. 19.3 Cr this year, showing a 24% growth. The cash and borrowing position adjusted for buyback remains at similar levels.

Last year, during the same period, we initiated a share buyback which started in August 2023 and ended in November 2023. So, I think adjusted for the buyback, there is a marginal dip in gross cash, but that is absolutely very marginal.

Now, to the specifics of the EdTech business, in our test prep business, some of you might have seen, there was a news item that this year, there are 329,000 CAT registrations, which is about 7%- 8% higher than last year. The MBA market has been expanding at a slow rate. Our volumes have also been increasing over the last couple of years. In a H1-to-H1 comparison, our volumes this year are up by about 19%.

Our platform and publishing business, which constitute the other half of the EdTech business, has grown by about 19% in the first half, and there has been a significant margin expansion in this line of business, predominantly because all the revenue increase has more or less flowed into an enhanced EBITDA from the business, and the trends for the coming quarters also seem to be positive. We will be able to broadly manage and maintain the margin expansion which was achieved in H1. A brief update on the MarTech business, our top line has increased from last year's 67 crores to about 79 crores this year, which is roughly a 19% increase.

The total EBITDA has increased by about 7%, so yes, the EBITDA growth is slightly trailing the revenue growth, which is predominantly on account of slight pressure on the gross margin because of enhanced competitive environment, and with clients and customers squeezing in or asking for better pricing and our competitors offering better pricing and hence in order to remain competitive, we have also suitably modified our pricing in the short run. As we had seen last year, also international business performance in MarTech business had grown by about 45% in a full year last year. This year also our international business has grown by about 32% in H1, with more or less each international market like Singapore, Indonesia and the US growing significantly over last year.

Now I'll just do a brief deep dive into each aspect of the EdTech business. As I shared earlier, our MBA enrolments are showing an extremely positive trend with our volumes up by about 19% in H1 as compared to the same period last year, which is showing a growth rate at a rate faster than which the market seems to be expanding. The test takers as I shared has increased by about 8-10% over last year.

This board's good for at least this line of business and hopefully they should translate into better enrolment numbers in the coming years. Another critical thing is that ever since the exam cycle has changed in our law program, wherein earlier the exam used to happen in the month of May, post the Class 12 Board exams, now the exam for the last two years has been happening in December. So there used to be a significant segment of students who used to start preparing after the Board exam.

However, because of a diminished preparatory window cycle, we are seeing a greater demand for a two-year program, which is very similar to what is the established practice in JEE and medical segments. However, this is a very slow repivot which we are observing in the market, and which is extremely positive because the two-year programs are significantly aggressively priced at a much higher level as compared to a one-year or a crash program. So as greater and greater number of students pivot to a two-year program, we would see a greater billing and revenue in the law segment.

During H1, we have signed 16 new partners, including Sharjah and UAE. The pipeline for signups in the remaining quarters of this year remains strong. It has its own cycle of conversion, and we are extremely positive about the significant number of conversions and signups of new partners happening in H2.

One critical update in the test prep segment is that we are planning to reintroduce the CSAT program. CSAT program is a sub part of the civil services entrance examination, which basically is an aptitude test as a part of the civil services selection process for which there are about 1 million test takers annually. Ever since CSAT was introduced in 2010 by UPSC, we had made strong inroads and in the five years between 2010 and 2015, we had scaled up this product to about 20,000 students and a revenue of about Rs. 25 Cr.

However, as a result of a policy change by the government, wherein in 2015, CSAT exam was made an optional qualifying paper, you only had to score the passing 33% marks to remain in the selection criteria for the main civil services paper. The situation has remained similar for the last 7-8 years. However, the last couple of years, the degree of difficulty of paper has been upped a notch every year.

So now as the examination paper has become significantly difficult that it now requires serious preparation because the failure rate in the CSAT exam, even at a qualifying level has now gone up significantly. So, to re-enter this market, we are starting with the launch of the purely online product offering along with our study material and the testing platform for the next year's June civil services preliminary examination. And we will take the next steps after the outcome of the next six months.

But based on the reputation which we had built of market acceptance in between the 2010 to 2015 window, we are extremely positive and bullish of this opportunity.

Now coming to Platform Monetization. As I shared, this revenue is up 19%. We have added 30 new clients. Our average ticket size is also increasing on average year after year. Last year, if you recall, in the last quarter of the year, we had launched our Common Application Form (CAF) through the easy apply zone.

And we have now been able to add significantly attractive brand names who have onboarded the platform like MICA, Symbiosis, IMI, Jindal, BITS Law, BITSom. And we continue to add newer and newer clients. And we are extremely bullish about this platform becoming a cornerstone in our EdTech Platform Monetization over the next few years. We'll continue to add customers from the institutional side and continue to drive additional students on the retail side for it to make meaning and sense for both. As shared, this year, early in the part of the year, we had launched a Video Asset Monetization which was a new asset which we have started off. We have got the first initial six customers in the last quarter. It's a new product, new offering, but with a lot of technology evolution and the student crowd in the 16 to 25 age group hooked on to a lot of video content. We are extremely positive that over the next three to five years, this could be a significant revenue contributor with a very high contribution margin. As that is the direction in which the world is moving towards.

Coming to the Publishing business, this also saw a 19% growth in revenue. Our total volume of books sold increased by about 28% in H1. Against 3 lakh books in H1 last year to 3.86 lakhs this year.

We have seen a lot of positive movement in volume uptake in GATE, government exams, especially RRB with a lot of recruitment opportunities in the railway segment coming up. This segment has shown a lot of positive traction. And we have launched new titles in the CAT and CLAT segment in a new form with a lot of embedded video solutions. And those have started taking off. If you see on the right top corner, the book title, GP Ka Funda, which is basically a summary book of 500 tough CAT questions and video solutions of how to crack each and every tough questions in the fastest possible way in a shortcut manner. Physics Galaxy, which is one of our primary selling titles, a new edition is poised for launch in Q3 FY25, that is in the quarter beginning January.

And we are extremely positive of this picking up volumes in the peak sales seasons from Jan to June. So, I think this line of business has been doing pretty well. Our sales are growing, collection rates are good. The sales returns have been up down significantly, and we continue to remain extremely positive with continuous addition of new titles in this space.

Now coming to the MarTech update, Arjun can you move to the next slide. As you can see, this business has grown by about 19% from Rs. 67 Cr last year to about Rs. 79 Cr this year.

The growth in the international revenues is about 32% from Rs. 17 Cr to Rs. 22 Cr. The India business has grown from by about 13-14% from about Rs. 50 Cr to Rs. 57 Cr. The EBITDA has also grown but at a slightly slower rate than the revenue growth at about 7%.

As I explained earlier, the pricing has been slightly under pressure on account of aggressive competitive pressure. But I think we are moderating our offering and adapting it suitably in order to preserve our gross margins. And while the gross margins may not correct themselves upwards immediately, but we are extremely positive that in the next two to four quarters we'll be back at the margins which we were at about 12 months ago.

Arjun, we can move to the next slide. I think with that, I come to an end to the business-as-usual update and I'll hand it over to Satya to give you the corporate updates including the status update of the DEX acquisition and a new initiative which we have launched. So, he will talk about both of them.

Over to you, Satya.

Satya Narayanan R: Okay, Thank you, Nikhil.

Good Afternoon, everybody. The first quick update is about DEX. We are at the fag end of the documentation quite literally knocking off various things which is taking a lot of time as it always happens with an asset of this size and such a long legacy.

We are hopeful of finishing all of that in the next four weeks and the asset will become part of CL Educate in four weeks' time. In the worst case, it will be from the 1st of January in our estimation. At the same time, while the legal and technical parts are being put to rest, I think very productive co-working conversations go-to-market client meetings, all of those have already begun.

And in order to make room for that bandwidth, people, time, etc., even internally, we have done some rejig. For example, entire test prep which was earlier used to be reporting to me. Now that reports to Gautam Puri and I intend to spend a considerable amount of time on DEX.

I'll take the direct reporting of the business leadership of DEX as we move into the role of mentoring and growing that company. That's as far as DEX is concerned. Moving forward, while DEX will be a significant addition and that will perhaps take a whole lot of our bandwidth for its accelerated growth to happen once it gets to the CL's table.

At the same time, we have taken one additional new step. This Kestone Utsav is something that I would like all of us to look at as an extension of Kestone's competency into a very, very exciting adjacency. The only thing that we have done right now is to look at it strategically, look at it from a long-term perspective over the last six months and taken the board approval to create the entity as a 100% subsidiary as this will have, I think, an exciting path including different bunch of perhaps strategic investors, strategic partners, its own roadmap as we move along.

So, keeping that long-term perspective in mind, we have created a 100% subsidiary called Kestone Utsav. I'll just take us through some quick items. In summary, the strengths of Kestone and its team is captured here.

The scale is such that Kestone team executes three events a day across nine geographies and if you take the last one year, they have worked with over 150 large organizations, paid clients. I would like to look at it as large organizations such as Amazon, Google, and all the names that you can think of from FMCG, BFSI, technology, etc. And the events have been attended by very high-quality customers including 30,000 CXOs have been reached out to.

We moved back to the previous slide, Arjun. Can you kindly? Yeah, thank you. And then a whole lot of execution, decor, venue, travel. So, I think the team has tremendous competency, experience, and technology platforms to execute events which got further strengthened by the digital platforms that we built during and post COVID. The idea is, can we go to the next adjacency which is $130 billion opportunity as luxury weddings and social events and start small, look at it as a very good five-to-ten-year long-term opportunity in which there are eight to ten different sub-elements such as venue, planning, decor, travel, stay, all of that. Is it possible for Kestone to bring all her competencies but also get some domain experts including a business head who will singularly focus on this, a few operation teams that will be moved from Kestone into this team, and so on.

I'll move to the next slide, Arjun. Yeah, and we are looking to start at the luxury end of it wherein the spends are upwards of two crores, three crores, almost going to ten crores. Can we focus on HNIs, ultra HNIs, and NRIs? Create the platform, look at benchmarking yourself well with some Indian players who are listed here at the bottom of the slide, as you can see, and there is a global weddings and events markets company very similar to Kestone.

Their social events and corporate events both put together, it's a billion-dollar company - Encore. You could simply Google and find out more. As we move more into our preparation, you see, this will take three to six months for a lot of below-the-radar preparation and we will only be attacking the market aggressively for the next marriage wedding season which is starting September, October of next year, but we will, let's move to the next slide, Arjun, but we are working on a three to five year perspective of this large market even at a one percent market share, the size is quite exciting and quite staggering and in some ways, to me, it's a little bit of a sense of deja vu because when we started off CL, even test prep or coaching was not an organized industry. We were the first guys to bring in concepts of ERP, technology, recruiting from IITs and IIMs, a brand as a concept, franchising as a concept. I think in some ways, we need to do another play in a very different market, in a different era, but I think if we are able to get a few percentage points of market share, we can create a brand that is asset-light, super good in personalization and it brings exclusivity, luxury, selectiveness in its approach.

We will do a little below-the-radar launch events in December and January in a couple of cities, Mumbai, Delhi and Bangalore and we have taken already, signed up the first paid customer for the first pilot wedding in Jaipur on Jan 7, 2025. As you know, weddings are culture, language, geography very specific, so a South Indian wedding will look very different from a Marwari wedding, from a Maharashtrian wedding and so on. All of that, we will build those competencies as we go along.

Yeah, Arjun, kindly move to the next slide. So again, before I sign off, this is something where we have taken in principle approval to incorporate the company. We are having some very meaningful conversations to get some very trusted brands or personalities to also come and join this venture which is 100% subsidiary.

We will share those thoughts as they become executed, agreements, events and so on as we move along. I'll pause there and hand it back to you, Arjun.

Arjun Wadhwa: Yeah, my apologies for the delay. Yeah. While I have you, maybe I'll throw a few questions your way which are on the Kestone Utsav new venture before I go back to Nikhil on some of the BAU stuff.

Sure. So, there's a question from Pradeep Madhwani asking, what is the marketing strategy for Kestone Utsav and how do we propose to reach out to clients?

Satya Narayanan R: Sorry, I didn't register the first name of Madhwani.

Arjun Wadhwa: Pradeep.

Satya Narayanan R: Pradeep, we are working the full details of a detailed business plan, and which is why one of the first things that we are doing once this entity is set up is the research work, etc. has been done over the last six months.

We have a little bit of an idea about what is the best way to go about the first half a dozen weddings. And as you know, we are focusing on the premium to super premium category which means it will be very laser beam below the line friends, families and two degrees of separations database driven. Some you know, you can almost think of it as how would you go to market with a super-premium product? However, today I will kind of pause not get into the details of that and once we get past the business plan approval, execution approvals, etc. with the board maybe in our next board meeting, we will share some relevant parts to you. It may not be the entire strategy of how we will go about doing it, but we have reasonable amount of excitement and clarity about what perhaps could be a good go to market approach for this. We will share some of these.

I'll give you an example for just to kind of let you kno, thought leadership is something that might be needed in this. We can't be the next commoditized guy who will go and fight based on pricing. So thought leadership, technology, end-to-end integrated approach are the first things we need to put in place as far as the product is concerned. And then I think some very focused events, exclusive events, etc that we can do that we are planning.

And the first soft launch is one example of that, an exclusive get-together of select 150-200 families in NCR, Bombay, Bangalore might be the place where we will first let the conversation start, but I'll pause there and wait for another date to go into details.

Arjun Wadhwa: Sure, thanks Satya. Rahul has asked a follow-up question on the OPEX increase in the Kestone business because of the new venture.

I think we shall also hold answering this till we do a formal session post the launch of the event. Rahul, this is obviously a very high margin opportunity business and any OPEX increases, we'll obviously keep that in mind. As I said, we'll address these at a later point in time.

Swati has asked if you can share some sort of market outlook for Utsav and what kind of partnerships would you be looking for in this particular segment?

Satya Narayanan R: What is the market outlook? As it got mentioned, the luxury weddings or weddings and social events is a $130 billion market. The entire segment is growing at about 13% or so, but the luxury part of it is growing at 20%. And for the partnerships, we are looking at two specific kinds of partnerships.

Some might be to do with certain brands which are established, who might want to come in because this brings them very important organized, corporatized service provider. And this partnership could be a B2B partnership, or it could even be an equity at some point in time. The other could be some very respected names, people who will have strong association with this sector, which is weddings and social events.

So, these are the two kinds of partnerships we are looking at. And needless to say, the execution part of it, a whole lot of it comes because of Kestone's experience of running events at the rate of three per day. And these are also very exclusive events.

A lot of events that Kestone does are very exclusive, very premium. They are not run the mill. So, some operating team which is handpicked from Kestone will be moved to Kestone Utsav over the next 30 to 60 days as the team begins to take shape and we start working on various assets, digital assets, apps, websites, go-to-market, collaterals, and so on.

Arjun Wadhwa: Thank you, Satya. I'll move on to questions on DEX. First, let me take up the business ones and then I'll go to more questions on legal and closure related.

So, on the business side, Deep is asking about the revenue index being flat for the last three years. So, he wants to know how it's moving so far this year and what is the competition like in that space and what would we need to do to be competitive in that space?

Satya Narayanan R: Thanks, Deep. I think DEX will be much more sharply in focus from an execution and next two to four quarters revenue impact and profitability impact point of view.

I'm happy to share with you that the first half is going as robust as it has been shared with us since even now the integration has not happened. We have refrained from sharing those numbers here and the building blocks for accelerating the growth has begun to be laid by the teams in terms of reaching out to additional clients, newer clients, capacity creation for 25 and so on. Though your observation is accurate about it being flat for three years and like we have shared in the past call as well; some part of it the teams were attributing it to being in a little bit of a place of indecisiveness.

Hence, they were slightly, I would say, they were not encouraged to go aggressively especially where it becomes a long-term commitment. So, they were in a little bit of tepid mode according to the team, according to the conversations that we have had which has been taken out now. So, people are feeling that they can go, and I have personally also have been to a bunch of conversations with past clients, potential clients.

In fact, we are there in a very leading university and even at the next weekend. I think there's a lot of action that is happening. It makes me feel quite confident that a very healthy EBITDA business with the strengths of technology, good business mode that etc that we have already shared with you in the past call, it actually is coming our way eventually, finally and it is making for a very exciting next four to eight quarters in my own mind.

Arjun Wadhwa: Thanks Satya. If I may just add Deep, Satya and I took a session about a month or so back, the recording of which is available on our investor zone. So, you might want to check that out. We spent an hour walking investors through all that is DEX. So that might be a great place for you to start in terms of understanding that business and what it entails for us going forward.
Satya, I'll just take up a few questions related to the transaction itself.

Neha is asking, when do we start consolidating NSEIT DEX numbers and if we have already started doing so? No Neha, we haven't. That process will only start post the conclusion of the transaction. So as Satya mentioned, we're hoping to conclude it in the next four to six weeks.

Obviously, the sooner the better and we will start consolidating for that stub period which would be anywhere between three to four months from the date of closure of the transaction for this financial year and then obviously from the next financial year onwards, we will have the entire portion. There are also a few other follow-up questions on DEX in terms of what are the timelines and are we on track? Yes, we're on track. We were hoping to consummate it in this calendar year and so far, we are on track for doing the same and there are questions more related to the business and EBITDA and so on.

I would just go back to my earlier suggestion that maybe we can go for the individual who's asked this. Maybe it'll be a good place for you to start to view that investor session that we spoke about and if you still have questions, we'd be happy to address them over email. Let me move on to the EdTech segment now and the MarTech segment, Nikhil, and throw a few questions your way.

There is a first question from someone over email. How many locations apart from the CoCo centers are currently offering student mobility services and please elaborate how you plan to expand this vertical?

Nikhil Mahajan: Arjun, I think the exact number of locations you only will have to chip in and as far as I recall, I think the number of locations other than the COCO locations, I think we have four or five locations outside the COCO network set up which is currently offering IE and study abroad. As of now, our bulk of market outreach and growth strategy is driven predominantly by digital activation and centralized delivery from our team in Delhi and for the next four to six quarters, I think we will continue to push the centralized delivery because it warrants and needs very specialized information, skill set and while it might be easy to provide it in select locations like Mumbai, Calcutta or Bangalore, for a large number of locations, it may not be possible to be able to deliver it locally and hence we'll continue to focus it in a centralized delivery manner.

Arjun Wadhwa: Sure, and Nikhil, I'd just like to add that online remains a key mode for this going forward especially looking at the admissions consultancy program from a premium consultancy perspective and also from a study abroad perspective. Moving forward, there's also questions about the CUET programs, what are our plans for CUET, and the network expansion plans for the same?

Nikhil Mahajan: CUET as we had shared even in the last investor call, hasn't panned out as we had anticipated and planned out two years ago in terms of the market size and opportunity. Yes, there are about 1.5 million students who wrote the last CUET exam across 16 products on the GTA and the English segment. However, keeping in mind that the degree of the paper or the exam is pretty easy, most of the students haven't felt except for certain specialized courses, the need or the necessity to undergo an external or specialized add-on coaching or a training facility. So, it has more or less now morphed out where the admissions are highly competitive like Delhi University or a couple of other central universities where getting a much higher score or a hundred percentile is your gateway into getting premium top-end colleges. We expect that probably it will morph and drive itself more into a smaller band of opportunity, but which is pretty competitive. So yes, it may not pan out that the volumes will grow into a few tens of thousands, but the product has been reshuffled and reoriented to make it more competitive, more personalized and appropriately priced to be able to drive students for higher outcomes.

Arjun Wadhwa: Right, thanks Nikhil. Satya, I'll just come back to you for a minute.

There are some more follow-up questions on Utsav. People are asking about our targeting a one percent market share. If we could please explain what that means.

Are we talking about the 130-billion-dollar opportunity or is there something else specific we're looking at from a market share perspective?

Satya Narayanan R: Yeah, it is. Since the specific question has been asked, we're talking about the one percent of a hundred thousand is what we are talking about here when we say one percent. So, it's a very large number, very exciting number and globally there are billion-dollar revenue companies, not market cap companies.

So, we need to look at it as a decadal opportunity and if we fail a little bit achieving that, we need, we shouldn't be ashamed of, but I wouldn't even be shocked if it's executed well, it kind of beats those numbers. So, since I didn't want to put a thousand crore, since we don't, we refrain from talking too much about the future, I left for you to do the calculations mentally yourself. Yes, but you're right, we're talking about one percent of a hundred thousand.

Arjun Wadhwa: Sounds fantastic, Satya. Another question on Utsav, while I have you, Karan is asking how the logistics and supply chain for that organization would be managed? Again, another Ops question.

Satya Narayanan R: Yeah, that's a very detailed, very exhaustive Ops question, Karan.

Maybe 60-70 percent of those have actually even been sorted, executed and it has become an everyday rhythm at Kestone, but we are overestimating the problem, we are overestimating the challenges of relearning and 20-30 percent will be absolutely brand new, which is different from a corporate event. So, we will figure that out and relevant parts of it will be happy to share. Perhaps it might just suffice for me to say that we are looking at it as something that must be scalable.

It did not look 10-12 years ago that Kestone can scale beyond 3 crores or 5 crores, today it's trying to get to 150, it's doing three events a day. I think in a decade if it does a certain number of a few hundred marriages and a bunch of other social events, large alumni events, there are a whole lot of events that are happening which is considered the fastest growing segment within the events, social events at 20-22 percent.

Arjun Wadhwa: Thanks, Satya.

I will just take a couple of follow-up questions myself. We had mentioned in our slide that funding partners were secured, would this all be borrowings or are we planning to raise equity as well?
From an immediate perspective, we are going to use a mix of debt and internal accruals to fund the first 230 crores of the acquisition. In terms of specifics, one of the reasons we can't raise equity at this point in time is because we had completed our buyback last year around end of November itself. So as per SEBI regulations, there's a one-year cooling off period which is why equity was not an option in terms of funding this transaction, but we will be using a mix of debt and internal accruals. We will share more details in terms of specifics of the same as we come towards the end of concluding the transaction.
More follow-up questions on DEX include the numbers we had shared in our investor session that we had done last month, were they for the stub period or were they pro forma? Those were pro forma numbers. Obviously, from next year onwards, we will be able to take the entire revenue and EBITDA of DEX as part of CL consolidated. For this year, it only pertains to the four months that are left over but what the numbers that we had shared in that session was to give you an idea in terms of what the consolidated entity would look like at a pro forma level.
Nikhil, I'll move back to you now.

There are a few questions on the MarTech business as well. The MarTech business has done exceedingly well to improve its top line but the EBITDA and the margins have not moved in line with the same. Could you give some sort of an outlook in terms of what are the constraints that we are facing on that front?

Nikhil Mahajan: I think I had already shared that because of the slightly overall economic environment the and the competitive intensity has increased a bit which has put pricing pressure in order to win large events and as a result of which if instead of 100 you are able to price it at 95, 97 that is having a cascading effect on my gross margins which are running which have been impacted by about 100, 150 basis points in the first six months.

We are working towards mitigating that thing to an extent what is possible by trying to obviously you will have to adjust pricing in order to remain competitively priced. We are working towards managing our cost, sourcing our goods and services at a more optimal price point so that we are able to reduce our cost of delivery and also trying to pivot to businesses or revenue mix which are able to contribute a greater gross margin so that we are closer to the benchmark gross margin which we started the year at the beginning of the year including higher contribution from the technology and the Vosmos business. So we'll have to wait and see till the end of march how much additional business we could pull out from Vosmos or the other higher margin contributing businesses like digital and content to compensate for the margin loss or contraction in the experiential marketing sector.

Arjun Wadhwa: Thanks Nikhil. Also, a follow-up question on the test prep business that over the last couple of quarters it has been the growth has been a little muted or a little flattish. What is the prospect, what are the challenges we are facing on that front and what is what kind of perspective can investors expect going forward?

Nikhil Mahajan: So, see I'll give two answers to that.

One, our endeavour as was outlined in our last investor call as well is that we are endeavouring to gain market share and push up volumes and that strategy has worked this year in the MBS segment where the market has expanded, and our volumes have also expanded by 19%. Now obviously the expansion of volumes has come because of reorientation of a product mix offering a greater number of lower priced products and also reducing price in order to be able to garner a higher volume, higher market share and volume mix. So while in the short run pricing we will contract pricing or reduce pricing in order to be able to gain a higher volume and a higher market share, I think to be able to pivot from when the pricing contraction is reduced and a pricing expansion introduced is a very subtle change and when as soon as we are confident in terms of that the volume growth we are accreting is sustainable and retainable, I think we will re-pivot to a higher pricing point strategy and I think we will quickly revert back to a faster revenue growth situation in the test-prep side.

It may take two to four quarters, but I think that is the direction, it may not start reflecting immediately in the next two quarters but our core aim for the next two to four quarters is to enhance market share and gain volumes. On other two parts of EdTech business that is the platform which contributes the non-student revenue and the publishing they are growing at least at around 20 percent. We expect those growth rates to sustain with a margin enhancement in that.

I think we are extremely positive that over the next four quarters with the turnaround in the test prep space in terms of an enhanced margin expansion and also the flattening of the pricing reduction, I think that tech business should come back to a growth path with a enhanced profitability over the next two to six quarters. On network expansion we have added as I shared 16 partners, and we have a reasonably solid pipeline for the next two quarters. So, I think as the partner accretion continues those will also start contributing to volume enhancement and volume growth adding to the business outcomes.

Arjun Wadhwa: Thanks Nikhil. I'll just end with one last question that has come up from two three individuals today. Rohit and Rahul have both asked about a higher tax rate in this quarter as compared and especially in comparison with last year.

Just like to update everyone that you know if I do a comparative of last year versus this year. Last year to a large extent we were operating on MAT on account of carry forward losses and unabsorbed depreciation. So that benefit is no longer available to us.

So, because of that number one we are now at a full tax rate of 27.82 percent across the entities in India and number two we had a deferred tax asset on our books which we can no longer carry forward. So that write-off has also accounted for an additional tax expense that has come away this quarter which is why the tax specifically this quarter is a little bit higher over the course of the rest of the year that would to some extent you know average itself out. So, the effective tax rate would come a little bit lower once that happens.

Hope that addresses all your queries. If you still have any questions, we'd be happy to take them-up. You can drop us an email at the address provided at the at the end of our presentation also available on our website.

So, you can write to me, or my team and we'll be happy to come back to you on any questions that you might have. We look forward to seeing you in the new year and wish you guys a very happy end to 2024, and we look forward to meeting you around the end of Jan, early Feb. Thank you so much everyone. Have a good day.

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

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