CL Educate Ltd — Nov 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Revenue) / Beat (Margins) **One-line:** The structural pivot from a legacy B2C "classroom" company to a high-margin B2B "Technology Utility" is accelerating, evidenced by record TCV wins in Assessments and a critical 426 bps margin expansion in Test Prep despite top-line contraction.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	H1 Revenue □127.6 Cr (DEX) shows stable execution; Margin beat targets.	□
Earnings Quality	High	Margin expansion driven by cost rebasing and product mix rather than one-offs.	□
Guidance Confidence	Strong	Delivering on corporate actions (Office shift, NCLT prep) and securing refinancing.	□
Management Credibility	Strong	Obtained □100 Cr NCD term sheet; shifting focus to Mumbai for better capital access.	□
Business Quality Signal	Improving	DEX (Assessments) TCV of □172 Cr provides high revenue visibility for H2.	□
Key Q&A Exchange	Not applicable	No concall provided; PPT only.	□
The Street's Primary Anxiety	B2C Decay	Management addressed by "cost rebasing" to protect EBITDA despite -13% revenue.	□
Capital Cycle Stage	Consolidation	Refinancing □100 Cr debt to clean up balance sheet; nearing merger completion.	□
Margin / Return Ratio Trajectory	Improving	Segment margins expanding across DEX (+171 bps) and Test Prep (+426 bps).	□
Pricing Power	Expanding	Network contribution in Test Prep increased realization per customer.	□
FCF Conversion & Quality	Strong	Positive impact from realization; cost rebase absorbing billing declines.	□
Competitive Moat Signals	Widening	□172 Cr in new multi-year contracts indicates high switching costs in DEX.	□
Balance Sheet Strength	Adequate	Refinancing secured for □100 Cr NCDs to replace existing term loans.	□
Working Capital Efficiency	Improving	Seasonal H2 weightage noted; Q2 managed through cost optimization.	□
Mgmt Guidance Track Record	Reliable	Executing on the Mumbai shift and Merger milestones as promised in Q1.	□
Key Vulnerability / Red Flag	Seasonality	H2 is heavily revenue-weighted, creating high execution pressure in Q3/Q4.	□
Management Tone	Optimistic	Bullish on "Platform Monetization" and "International Expansion" in MarTech.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** The transformation into a B2B-first business is yielding higher quality earnings. The Digital Assessment (DEX) segment secured □**172 Cr in new multi-year contract value**, including marquee wins with IIT-GATE and GPSC. Critically, the Test Prep business, while shrinking in volume, saw **EBITDA margins surge to 21.8% (up 426 bps)** through aggressive cost rebasing and higher realization per customer. MarTech international revenue now sits at **39.9%**, showing successful scaling of digital tools (VOSMOS/VIRSA) in the US and APAC markets. * **Negatives:** Total income in the Assessment segment remains down 8.2% YoY, and Test Prep revenue continues to decline (-13%), confirming that the legacy B2C volume recovery is not the primary growth engine. The business remains highly seasonal, with a significant heavy-lift required in H2 to meet annual targets. * **Street's Main Concern:** Analysts are focused on liquidity and debt servicing. Management responded by securing a □**100 Cr NCD term sheet**, signaling lender confidence and effectively refinancing high-cost term loans. * **Forward Watchpoint:** The successful filing and completion of the CL Educate & DEX merger in the NCLT will be the final step in simplifying the corporate structure for a potential re-rating.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *DATA SOURCE: Concall not available — Mgmt Commentary column reflects data from Investor Presentation slides.*

Metric	Current H1 FY27	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (DEX) (□ Cr)	127.6	↓ 8.2%	↑	□	Impacted by admission cycle changes and seasonality; H2 expected to be heavy.
Revenue (MarTech) (□Cr)	92.8	↑ 14.0%	↑	↑	International revenue up 35%; Salesforce US event delivered.
Revenue (Test Prep) (□Cr)	84.7	↓ 13.0%	↓	↓	Revenue lower but realizations per customer increased due to network mix.
EBITDA (DEX) (□ Cr)	37.3	↓ 2.5%	↑	□	Margin expanded to 29.2% despite lower revenue.
EBITDA (MarTech) (□Cr)	9.3	↑ 26.7%	↑	↑	Operating leverage kicking in; digital business restructured.
EBITDA (Test Prep) (□Cr)	18.5	↑ 8.0%	↑	□	Business-line EBITDA up 12% on aggressive cost rebase.
EBITDA Margin % (DEX)	29.2%	↑ 171 bps	↑	□	Mix reshaped by increased Network contribution.
EBITDA Margin % (MarTech)	10.0%	↑ 100 bps	↑	□	Scaling well with Google, Salesforce, and Dell.
EBITDA Margin % (Test Prep)	21.8%	↑ 426 bps	↑	□	Reached 21.8% vs 17.5% in H1 FY26.
Net Debt / (Cash) (□ Cr)	~74.0*	↓	↓	□	□100 Cr NCD refinancing secured to clear term loans.
New Contract TCV (DEX)	172.0	New Metric	N/A	□	Significant multi-year visibility secured in H1.

**Estimated based on prior 174 Cr debt minus 100 Cr refinancing intent, though exact net debt not explicitly totaled in PPT.*

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Digital Assessments (DEX)	127.6	↓ 8.2%	29.2%	□	Above	□172 Cr TCV; Won IIT-GATE and GPSC contracts.
MarTech (Kestone)	92.8	↑ 14.0%	10.0%	□	Below	Dell Forum & Salesforce US execution; 40% Int'l mix.
Test Prep	84.7	↓ 13.0%	21.8%	□	Inline	Cost rebase absorbed billing drops; realization ↑.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Seasonality	H2 to be revenue heavy due to admission cycle shifts.	Requires ~60% of annual Rev in H2.	Consistent with cycle	Moderate
Guidance	Margins	Digital business restructured for profitability in MarTech.	10% margin achieved; target 12-13%.	Delivered in H1	Low
Strategy	Capital Allocation	Refinancing □100 Cr via NCDs to replace term loans.	Term sheet received; execution pending RoC/NCLT.	In Progress	Low
Strategy	Corp structure	Complete merger of CL Educate and DEX.	INC-22 received; NCLT filing is the final step.	Prior Q1 promise met	Low
Strategy	Growth	Scaling Tech platforms (VIRSA/ VOSMOS).	Requires tech-mix to hit >15% of MarTech rev.	Momentum visible	Moderate
Balance	Debt	Refinance existing term loans to improve cash flows.	□100 Cr NCD term sheet reflects lender trust.	Delivered (Plan)	Low

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1 FY27)	This Quarter (H1 FY27)	Direction
New TCV (DEX)	□34 Cr wins	□172 Cr Multi-year TCV	↑ (Massive visibility)
Corporate Action	NCLT application pending	INC-22 received; NCLT filing to proceed	↑ (Milestone met)
Financing Strategy	Focused on internal accruals	□100 Cr NCD Refinancing term sheet received	↑ (Liquidity profile)
Registered Office	New Delhi	Mumbai (Move completed Nov 02, 2026)	↑ (Strategic shift)
Test Prep Margins	16.6% (Group)	21.8% (Segment)	↑ (Efficiency)
MarTech Mix	Focus on VIRSA pilots	Scaled Salesforce event in US; 40% Int'l rev	↑ (Global scale)
Revenue Timing	Q1 lean quarter	H2 confirmed as "Revenue Heavy" period	→ (Seasonality flag)

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