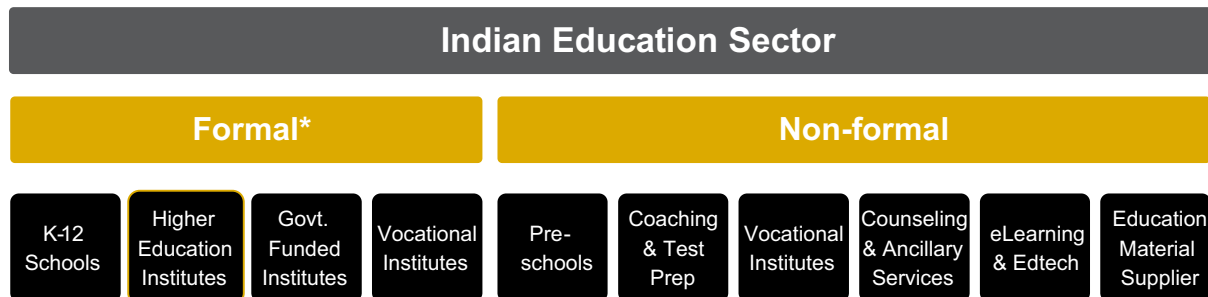


MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The Indian Education Sector leads the world in terms of addressable population in the age bracket of 3 – 24 years making it the largest market in the world in volume terms. The Education sector can be broadly segmented as follows:



* Formal sector includes public and private players

The size and spread of the formal sector across different segments can be understood from the information stated below.

School Segment: The Indian Education Sector has nearly 265 million students and about 10 million teachers across a total of 1.5+ million schools, as per the UNIFIED DISTRICT INFORMATION SYSTEM FOR EDUCATION PLUS report of 2020-21. While the overall enrolment went up in FY2020-21, the COVID-19 pandemic had a muted negative impact on the enrolments at the pre-primary and class 1 level with parents deferring the enrolment.

Higher Education: The country had 1,043 universities as of May 2022. The number of colleges in India in 2021 was more than 45,000, which is a sizeable increase from about 40,000 in 2019 and 42,000+ in 2020. The standalone institutions, i.e., Diploma institutions governed by AICTE and other bodies numbered more than 11,000 in the AISHE survey of FY2019-20.

The Gross Enrolment Ratios in 2020-21 at the various levels of education are provided below.

Level	Total
Primary	103.3%
Upper Primary	92.%
Secondary	79.8%
Higher Secondary	53.8%
Higher Education	26.9%

Non-formal Sector: The country has a vibrant non-formal sector catering to the various needs across Education, Training and Skilling segments. The Education industry in India is projected to grow from US\$ 117 billion in FY2020 to US\$ 225 billion in FY2025.

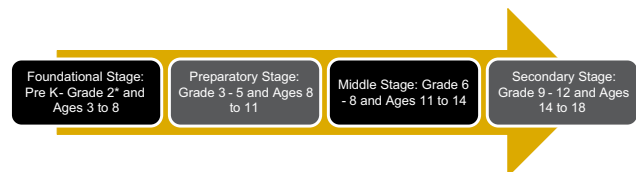
Online/ EdTech Segment: Within the industry, the online education segment is estimated to grow by US\$ 2.3 billion during the 2021-2025 period at a CAGR of about 20%. The Indian Edtech segment is expected to touch US\$ 30 billion in a decade from a size of US\$ 700-800 million in 2021.

National Education Policy 2020

The Government of India introduced the new National Education Policy 2020 (NEP 2020) in July 2020 to reform and bring progressive change to the country's education systems

at all levels. The new NEP is based on four pillars which are Access, Equity, Quality, and Accountability. The Government has set a target of 100% GER up to Higher Secondary and 50% GER for Higher Education under the policy. The major changes included in the NEP are as follows:

- The school structure will shift from K+10+2 to 5+3+3+4 as shown in the following graphic:



*Early Childhood Care & Education (ECCE) segment

- The vocational subjects and internships shall be offered at the middle and secondary stage to bring emphasis on vocational training.
- PARAKH (Performance Assessment, Review, and Analysis of Knowledge for Holistic development) a new national assessment platform will be set up.
- Regularisation of ECCE segment schools vs. unregulated pre-schools sector.
- UG programs will be offered in 3- or 4-year format with exit options and appropriate certification at each level. A certificate will be awarded after 1 year, an advanced diploma after 2 years, a degree after 3 years, and a bachelor with research after 4 years.
- With the Education for All vision of NEP, a New India Literacy Program (NILP) aimed at covering all aspects of education for non-literates of 15 years and above has also been approved.

However, the implementation of the NEP 2020 has lagged due to the impact of the pandemic. The key accomplishments for implementation of NEP 2020 since its announcement are as follows:

- A comprehensive implementation plan SARTHAQ (Students' and Teachers' Holistic Advancement through Quality Education) was released in April 2021 that delineates 297 tasks, identifies the agencies responsible for taking up each one of them, and also specifies the timelines and intended outcomes of these tasks to achieve the objectives set out in the NEP.

- NIPUN Bharat initiative to ensure foundational literacy and numeracy for all children by the year 2026-27.
- A national mission to improve learning outcomes through an integrated teacher training programme called NISHTHA (National Initiative for School Heads' and Teachers' Holistic Advancement) for teacher development.
- An Academic Bank of Credits (ABC), which will allow students to accumulate credits and earn various degrees

over time, has been rolled out for a few institutions by the University Grants Commission (UGC).

Company Overview

The Company is uniquely positioned as a 'Branded Lifecycle Learning Platform' within the Non-formal Education space. It addresses the Skilling, ECCE and Ancillary Services segments within the Non-formal space. The business is classified into two reporting segments, viz. Retail and Institutional.

Retail	Institutional
Catering to individual students through a network of branded learning centres (primarily operated through a business partner/ franchise model) offering 'Phygital' learning programs being digital as well as in-classroom that provide skilling for pre-job, job-oriented, and after-job requirements. Retail business also includes, in addition to the skilling segment, an ECCE offering in the form of a chain of Pre-school and Day Care centres. It also encompasses a newly launched self-paced online learning platform catering to individual students, specifically in the re-skilling and up-skilling space.	Servicing the Assessment, Testing and Corporate Training needs of institutional customers such as Government departments, quasi-government institutions, educational institutions, private and public sector companies, and more.

Retail

The Company offers its training programs directed at different verticals and target customer segments through 6 retail brands. Its learning centres are present in nearly 30 countries worldwide, with a premier position in many markets.

The verticals and skill areas addressed by each of the six brands operated by the Company are detailed below.

Brand	Skill Areas	Industry	Founded	Overseas Presence
Arena Animation	Graphic Design, Web Design, Photography, 2D & 3D Animation, Visual Effects, Gaming	Media & Entertainment	1996	Yes
MAAC (Maya Academy of Advanced Cinematics)	2D & 3D Animation, Visual Effects, Film Making, Gaming	Media & Entertainment	2010 (Acquisition)	Yes
Aptech Learning	Software Development, Hardware Engineering, Network Management, Software Administration, IT Management, English Language Learning, Financial Administration and Accounting	Information Technology and Financial Services	1986	Yes
Lakmé Academy Powered by Aptech	Skin Care, Make-up, Hair Style, Nail Care, Cosmetology, Salon Management	Beauty & Styling	2015 (Partnership with Lakmé Lever Pvt. Limited)	No
Aptech Aviation	Customer Service, Airport Management, Ticketing, Hotel Management, Tourism, Retail Store Management, Merchandising, Distribution.	Aviation, Hospitality, Travel & Tourism and Organized Retail	2006 (Acquisition)	Yes
Aptech International Preschool (formerly known as Aptech Montana International Preschool)	Mother-toddler, Pre-nursery, Nursery, Kindergarten-1, Kindergarten-2, Childcare and Activity centres	ECCE	2016 (Partnership with Montana International Pre School Pvt. Ltd., since discontinued.)	No

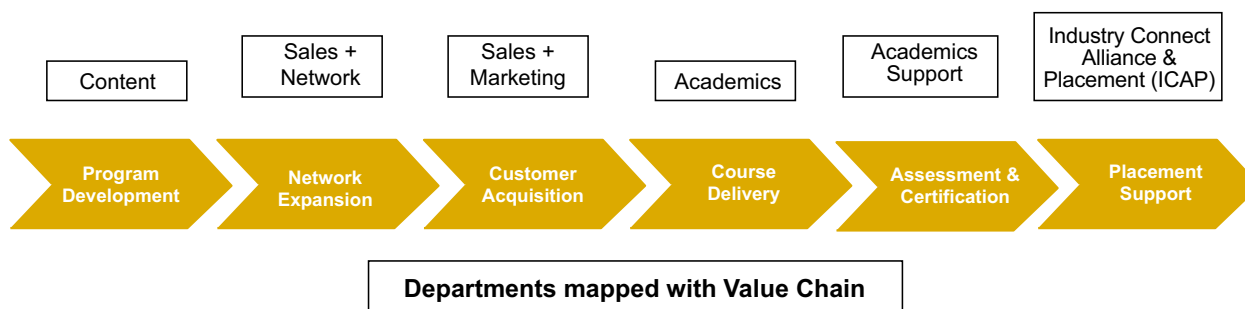
All the brands, except Aptech International Preschool, are focused on job enablement by offering courses ranging from one week to three years in duration.

The key characteristics and organizational structure of the Retail segment are as follows:

- The Company has adopted and mastered the business partner/ franchise model for its Retail brands to achieve wide reach and scale while being asset-light.

- The Company is, arguably one of the few companies across the world that have successfully scaled the business partner/ franchising model for skill-based vocational training across multiple brands and many countries.
- The major revenue streams for the Company from a franchisee are fees paid for sign-up (upfront payment), renewal, ongoing student delivery/ royalty (a percentage of student fees), courseware, exams and events. In addition, there may be additional revenue from other fees and sources.

- The Retail division has an organizational structure that is mapped to the value chain of this business.



- The Company's programs are focused on combating "Unemployability" and it has turned around its strategy from "Enrolment Driven Employment" to "Employment Driven Enrolment" in the last few years. The Industry Connect and Placement (ICAP) team is the nodal department for implementing this strategy.
- The Retail offerings are chiefly addressing the demographic target group of Young Adults with ages ranging from 17 - 23 years, who are looking for their first job.
- The pedagogy adopted involves an equitable distribution between theory classes and lab sessions to focus on developing skills required to fulfil job requirements.
- The Company has developed detailed manuals, faculty aids and other SOPs to ensure that a standard level of consistent quality is maintained in delivering courses across all its centres and there is minimal dependence on an individual qualified trainer's teaching abilities.
- In the reported year, the Company has started moving its Domestic Retail network (excluding the pre-schools brand) to the Student Delivery model, which will further reduce the capital employed. During the transition period, the Company shall have both, the Franchise model based on Royalty Fees and the Student Delivery model in operation.
- There are various proprietary and 3rd party software and web platforms being used by the Company catering to students and business partners/ franchisees.

OnlineVarsity: Online learning platform to access courseware e-books and supplementary out-of-class content by the students.

Aptrack: ERP-like web-based application used by the business partner(s)/ franchisee(s) to manage the complete student lifecycle from a lead to certificate issuance.

Creosouls: A web platform to showcase student projects to peers, business partners/ franchisees, and most importantly, recruiters. All three stakeholders interact with each other for job requirements, events, industry seminars, and social engagement.

- In addition to the Phygital mode of course delivery through its learning centres, the Company has also launched, during the FY2021-22, a completely online platform to deliver courses in Self-paced, Hybrid and Live mode that is branded as ProAlley.

Institutional

The Institutional segment consists of two main divisions, viz. Assessment & Testing and Training Solutions. Under this segment, Aptech offers a comprehensive learning offering to institutional clients such as Corporate (Public and Private), Educational Institutes, Government departments, and quasi-government bodies.

- Aptech Assessment & Testing Solutions**

Computer Aided Assessments and Digital Evaluation for paper-based exams (descriptive Q&A) are the main offerings of this division. The Company also offers Pen & Paper Assessments, Document Digitalisation tool, and Internet-based Evaluation as separate products through this division. Typical use cases of the assessments at the institution level are entrance exams, recruitment and screening exams, semester-end exams, competitive/scholarship exams, and corporate evaluations, which are amenable to multiple-choice answer format. Aptech has the capabilities to offer an end-to-end solution to clients with its proprietary IT platforms.

- Aptech Training Solutions**

The Training Solutions division offers large, multi-location training rollouts for institutional clients. The training programs may cover IT, Soft Skills, and Customer Service training for lower- to middle-management or channel staff. It also offers Learning Management Solutions (LMS) tools.

OPERATIONAL HIGHLIGHTS

Retail

Key Initiatives

ProAlley

Owing to the pandemic, the Company in quick response implemented the "Digital Pivot" for their entire operations to enable business and learning continuity across all its centres in India and internationally, to comply with COVID-19 restrictions and ensure the safety of its students and staff. Over the course of the pandemic, the Company delivered more than 5 million student hours and 1 million tutor hours of online classes thanks to the Company's migration to the Digital Pivot in time. In the course of this delivery, the Company has understood the nuances of delivering job-enablement courses in an online mode. Hence, it decided to enter the Edtech space with the launch in September 2021 of a new brand, ProAlley, that would provide self-paced online courses offering a similar value proposition as

its other job-enablement courses. The courses launched, in the initial period, are catering to the Media & Entertainment vertical. The primary target segment for ProAlley courses is an existing Media & Entertainment professional looking to upskill and/ or re-skill by learning at their own pace to improve their career prospects. By the end of the reporting financial year, the platform had eleven courses in skills across Graphic Design, Visual Design, Game Design, Video Editing and Animation segments of the Media & Entertainment vertical, including one course in Hindi.

Migration to the Student Delivery Model

With effect from April 1, 2021, the Company commenced migration of its franchise centres in the Domestic Retail division (except Aptech International Pre-school) to the Student Delivery model from the Royalty Fee model.

The primary risk-reward relationship vests with the Company under the new arrangement. This key difference requires the income to be recognized on a gross basis and to the extent of course completion by the student under the new model, in comparison to the hitherto royalty share based system. The share of the Business Partner shall be recognized as a cost in the Student Delivery model, which was not part of the Company's Profit and Loss under the Royalty Fee model. The Student Delivery model becomes effective for a centre only from their respective date of migration. Hence, all the enrolments done prior to such date of migration shall continue to be reported on the basis of the Royalty Fee model. Hence, each centre may have income recognition under both models during the transition phase. This migration shall not impact the cash flow and student-level profits. As of March 31, 2022, the number of centres on-boarded to the Student Delivery model was 335. As the centres migrate to the new model over the FY2022-23, the transitional impact on the financials will completely even out over a period of time. The total revenue recognized in FY2021-22 based on the Student Delivery model was ₹ 1,926 Lakhs.

Domestic Retail

The main operational highlights for the Domestic Retail business for the year 2021-22 were as follows:

- The COVID-19 pandemic impacted domestic operations during the first quarter of the financial year. However, the top three brands, viz. Arena Animation, MAAC and Lakmé Academy Powered by Aptech, saw an enrolment growth over the last 9-month period of FY2019-20, i.e., pre-COVID period, in the last 9-months of FY2021-22.
- Lakmé Academy Powered by Aptech showed growth over FY2019-20 in enrolments, bookings and collections demonstrating a near-total recovery from the COVID-19 pandemic.
- On a YOY basis, Domestic Retail showed an enrolment growth of 36.1%, booking growth of 37.5% and student collection increase of 40.3% in FY2021-22.
- The number of new centres signed up in domestic retail was 90 against 79 new centres added during the previous financial year. Given the churn in the network due to the pandemic, the number of centres active and raising receipts during the year increased only marginally.
- The Company put in place plans to launch Gaming courses in a major way under Arena Animation and MAAC brands. It launched Arena Gaming as a sub-brand in April 2022 at GAFX, India's premier event on animation, visual effects and gaming.

- Creosouls platform continued to extend its penetration within the student universe of Arena, MAAC, and Lakmé Academy. The number of registered students jumped from below 50,000 across the three brands to about 90,000 at the end of March 2022.
- Some of the key events/ platforms executed by all brands to keep the students engaged during the financial year were 'Style A Look', 'Backstage Drama' and 'The Cover Girl' by Lakmé Academy, 'Animation Camp' by Arena, 'Career Wings' and 'Take Off' by Aptech Aviation, and '24FPS International Animation Awards' and 'MAAC Creative League' by MAAC.
- 24FPS International Animation Awards was organized in a virtual avatar for the first time and had over 9000 concurrent viewers. There were over 2,600 entries including over 1,000 international entries from 70 countries that participated in the competitions.
- Arena Animation celebrated its 25th anniversary by releasing multiple marketing campaigns and also a film that commemorates its role in transforming the lives of many students over its lifetime.
- The Company tied up with Epic Games to train nearly 100 faculties on Metaverse.

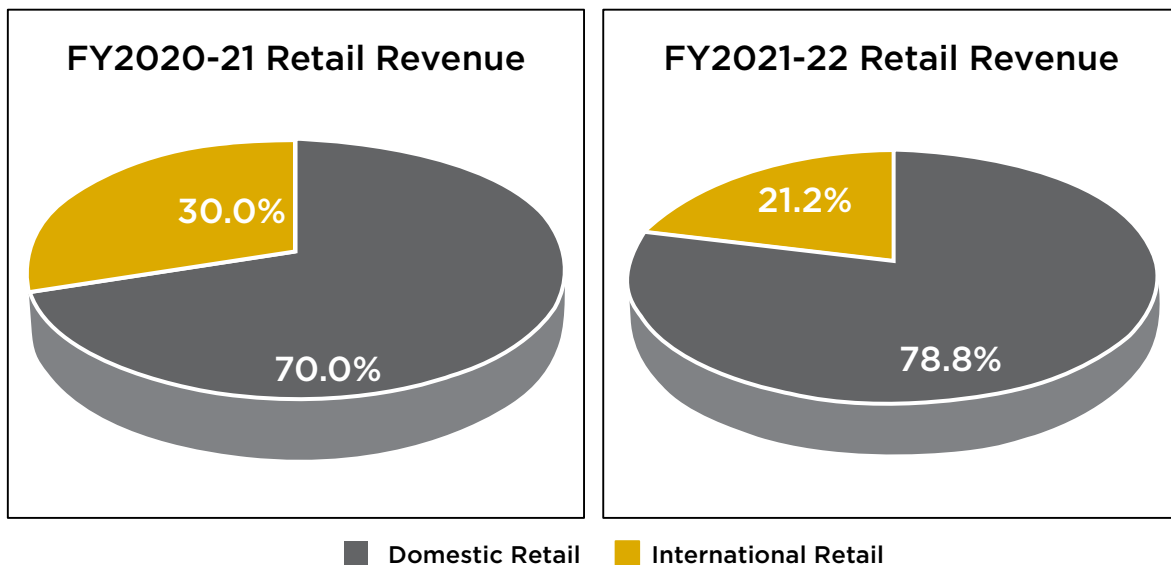
International Retail

Many international markets of the Company that did not see many COVID-19 cases in FY2020-21 saw the numbers rise significantly because of the Omicron variant of the COVID-19 virus in FY2021-22. This meant in some of the key markets, especially Vietnam, the Company's learning centres had to remain shut for extended periods. However, the Company was successful in mitigating the impact due to its Digital Pivot strategy that it mastered in FY2020-21. As a result, the negative fallout of pandemic on the International business was limited and the YOY revenue went up by 2.4%. After excluding a significant one-off item in the form of the Master Franchise (MF) renewal fee that was received in FY2020-21, the growth in the core business was much higher at more than 10%.

Some of the major operational initiatives executed by and achievements of the International Retail division during the reported financial year were:

- Three key markets within the Top 5 international markets showed encouraging income growth. Among the other two, Vietnam also saw growth in the core business after adjusting for the one-off related to the MF renewal fee in the previous year's income.
- The International Retail division recorded an enrolment growth of 13.1%, booking growth of 13.7% and a jump in student collection by 14.5%.
- The total number of new centre sign-ups went up from 3 in the previous year to 9. The income recognized against such sign-up fees went up by 168.4%.
- Aptech Career Quest was once again conducted online this year primarily for the students in Nigeria and Qatar with participation from 2,000+ students.
- Other online events such as TECHWIZ 2, TECHTRONS, and Creative Challengers delivered with engagement of 4,000+ students across 15+ countries.

Retail Revenue Distribution



BJB Career Education (China)

In 2000, the Company entered the IT training market in China through a 50:50 JV (BJB Aptech) with Beida Jade Bird (BJB). This investment was restructured by the Company when it divested the 50% stake in JV and invested ₹ 10,813.21 Lakhs in equity instruments of BJBC-China, the Holding Company of the JV partner, through its wholly owned step-down foreign subsidiary.

In the absence of availability of financial statements of BJBC-China as also considering improper corporate governance, possible gross breaches of fiduciary duties concerning the management of its key assets, and notably a significant reduction in the cash balance, lack of transparency and non-cooperation with officers of the Court (Inspectors) and the Court, etc. the Company was legally advised that its investment in BJBC-China is fully impaired. Based on the legal advice and an independent valuation report, the Company, considering the conditions of uncertainty and having regard to the principle of prudence, had recognised the provision for diminution in the value of the investment as an impairment to the extent of carrying value of the investment in BJBC-China of ₹ 10,813.21 Lakhs in the financials of the year ended March 31, 2021.

Institutional

The Institutional segment saw the following key developments in FY2021-22:

- The Board of the Company has with effect from 23rd February 2022 approved to restore and reclassify the business operations of the Institutional business (Enterprise Business Group - EBG) as "Continued Operations" due to good turn-around performance of EBG, which was earlier approved by the Board in February 2021 as "Discontinued Operations".
- The segment delivered its best-ever year in its lifetime on all financial parameters including revenue, profits, cash collections, and return ratios because of expansion in customer base, diversification in favour of the Education segment, revamp of technology to ensure no cheating, and tight execution resulting in glitch-free deliveries.
- The revenue of the Assessment & Testing division went up by 237.4% whereas the Corporate Training division showed a jump of 195.8% in the top line.

- The segment profitability increased at a higher rate than the revenue because the fixed costs were further rationalized to ensure the breakeven level for the business reduced significantly.
- The Company successfully bagged many new customers during the financial year including a three-year contract to conduct exams for the leading medical sciences institution in the country and a five-year contract from the apex body of the insurance underwriters in India.
- Some of the key deliveries managed by the EBG during the year were:
 - Recruitment exam for a Central Public Sector company that offers consultancy services and turnkey solutions in the Information and Broadcasting space
 - Entrance examination for the Industrial Training Institutes courses of a large state
 - Central educational institutions in the Medical and Electronics & IT spaces engaged the Company to conduct their examinations
 - Multiple exams as an empanelled vendor with the Central Testing Agency
- The Company's exam software now supports 10 unique question types, which is a major distinction for the platform.
- In line with its strategy of creating IP ownership, EBG developed a Typing Test Software within a record time of 2 months.
- The division successfully achieved the CMMI- L3 re-certification during the reported year.

Awards & Recognitions

The Company has been recognised for its exemplary work in the form of many awards and recognitions during the reported financial year, such as:

- The initiatives taken by the Company under its Digital Pivot strategy were recognized for its innovative use of IT to deliver business value through an award under the CXO Innovation category at the CXO Tech Summit 2021.
- Award of the 'Skill Development Company of The Year' from the Mid-day and the Jagran Group at the Business Innovation Conference & Awards 2022.

- Franchise & Retail Awards felicitated the Company as the 'Best Franchisor of The Year' in the Education category at FRO 2021.
- Lakmé Academy Powered by Aptech's Backstage Drama event won the Silver at the 10th ACEF Asian Leaders Forum & Awards under Excellence in the Customer Experience category.

The key achievements of the Company's students and alumni during the year were:

- All the ten films nominated for the Oscar awards in 2022 in the Visual Effects category had Arena Animation and/or MAAC alumni on their special effects, assuring an Oscar win for the Company's alumni.
- An Aptech Learning student, still studying in middle school, won the silver medal at the Maharashtra State Skill Competition in Web Technologies.

Consolidated Financial Performance

The Company's Total Operating Revenue on a consolidated basis for the year ended March 31, 2022, stood at ₹ 22,610 Lakhs, reflecting a growth of 91.5% against the previous year.

Retail segment revenue growth was 45.0% on a YOY basis. The segment PBT margin of the Retail segment dipped from 35.7% to 32.2% primarily due to this migration along with investment in ProAlley and reset to normalcy in terms of employment and travel costs.

At an absolute level, there was a growth of 31.0% on a YOY basis. The Institutional segment posted a profit at the PBT level due to nearly 2.5 times revenue growth. The segment PBT margin for the Institutional business was 16.7% with a ₹ 1,617 Lakhs of segment PBT on a revenue base of ₹ 9,707 Lakhs in FY2021-22. The overall EBIT went up by 317.9% than the previous year. The Other Income grew by 41.4% to ₹ 1,069 Lakhs majorly owing to bad debt recovery and writeback of excess provisions. Profit Before Tax went up by 394.7%. Profit After Tax for the period went up from ₹ 1,226 Lakhs in the previous year to ₹ 4,944 Lakhs, a jump of 303.3%, with consideration MAT credit of ₹ 1492 Lakhs and write back of excess tax provisions of prior year's ₹ 326 Lakhs. Overall basic EPS for the year was significantly higher at ₹ 12.07 as against ₹ 3.03 in FY2020-21. The debt on the balance sheet continued to be zero. Cash, Cash Equivalents, Short-term Investments & Investment in Financial Instruments amounted to ₹ 11,817 Lakhs as of March 31, 2022.

Segment - wise Financial Performance

(₹ in Lakhs)

Segment	FY2020-21	FY2021-22	Variance	FY2020-21	FY2021-22	Variance
	Retail			Institutional		
Operating Revenues	8,896	12,903	45.0%	2,911	9,707	233.4%
PBT	3,173	4,157	31.0%	-861	1,617	287.8%
Capital Employed*	1,565	136	-91.3%	2,570	3,106	20.8%

* as on 31st March of respective financial years

Changes in Key Financial Ratios

Ratios	Description	FY2020-21	FY2021-22	Change	Explanation (for > 25% variance)
Interest Service Coverage Ratio	Earnings before Interest, Tax and Exceptional Items / Interest Expense	6.31	249.14	> 25%	More than 4 times increase in the earnings due to growth in Retail profits and turnaround in Institutional business. Lower interest expense in FY2021-22 due to much lower drawdown on working capital facilities because of robust cash flow.
Debt Equity Ratio	Total Net Debt / Total Equity	Nil	Nil	< 25%	-
Current Ratio	Current Assets / Current Liabilities	2.52	2.17	< 25%	-
Long term debt to working capital	Non-Current Borrowings (Including Current Maturities of Non-Current Borrowings) / Current Assets Less Current Liabilities (Excluding Current Maturities of Non-Current Borrowings)	Nil	Nil	< 25%	-
Current liability ratio	Total Current Liabilities / Total Liabilities	0.95	0.98	< 25%	-
Debtors turnover	Value of Sales & Services / Average Trade Receivables	1.79	3.34	> 25%	Despite the near doubling of revenues, the average receivables increased only marginally due to robust collections. Migration to the Student Delivery Model with a built-in negative working capital structure boosted collections.
Inventory turnover	Cost of Goods Sold / Average Inventories of Finished Goods	1.19	1.50	> 25%	Decrease in inventory levels while the COGS remained the same.

Ratios	Description	FY2020-21	FY2021-22	Change	Explanation (for > 25% variance)
Operating margin (%)	EBIT – Other Income / Value of Sales & Services	2%	14%	> 25%	The turnaround in Institutional business where it delivered operating profit vs. an operating loss in FY2020-21.
Net profit margin (%)	Profit After Tax / Value of Sales & Services	10%	21%	> 25%	The turnaround in Institutional business where it delivered operating profit vs. an operating loss in FY2020-21.
Fixed Asset turnover ratio	Net operating Sales / Average Fixed Assets	5.46	11.58	> 25%	Capital light business model of the Company meant it could nearly double the revenues even when the average fixed assets declined by -10%
Return on Equity ratio	Net Income /Average Shareholder Equity	6%	26%	> 25%	The growth in Retail profits and turnaround in Institutional business meant the net profits of the Company went up by 3 times.
Return on Capital Employed	Earnings before Interest, Tax/ Capital Employed	6%	21%	> 25%	The growth in Retail profits combined with reduction in capital employed combined with the turnaround in Institutional business meant the ROCE for the Company was 3.5 times the FY2020-21 figure.

Material Developments in Human Resources

Aptech has implemented innovative practices and invested in best-in-class processes to develop an enabling environment for its workforce. Aptech's talent pool is the key ingredient to its success as an Education and Training organization. They form the bedrock on which Aptech's robust delivery processes are built. The people processes at the Company are geared toward increasing workforce productivity and have been certified to be at People Capability Maturity Level 5. The Company on an ongoing basis conducts events, employee engagement activities, collaborative CSR campaigns and training programs to succeed in having an engaged and motivated workforce.

The employee strength of the Company as of March 31, 2022, was 458, an increase from the count of 436 recorded on March 31, 2021. The average voluntary attrition for the FY2021-22 was 23.8% as against 13.5% in the previous financial year.

Opportunities and Threats

The key opportunities and threats facing Aptech are as follows:

Opportunities

- The high unemployment rate and mass-scale unemployability offer a huge opportunity for a skilling company such as Aptech. The Company is currently catering only to less than 1% of the total undergrad population, whereas only 20% - 25% of them are considered employable by many surveys making the remaining 75% - 80% the Company's market opportunity. The unemployment rate in India was 7.6% in March 2022 as per data released by the Centre for Monitoring Indian Economy (CMIE). This has reduced from the previous year's levels of 11.8% in May 2021, however, on an absolute basis it was still high, and this decline hides the effects of low-quality employment in a developing country like India. This scenario means the Company's courses have a ready and receptive market especially because it offers to make students a career in some of the most sought-after industries such as Media & Entertainment, Beauty & Styling, Aviation, Hospitality & Retail, and Information Technology.
- Apart from the clear issues of unemployment and unemployability, most developing countries also have a dearth of quality and capacity in formal education, especially in the most sought-after verticals. This translates

into a significant opportunity for Aptech's courses, which can meet this need. Aptech is present only in ~30 countries as against 100+ developing countries that offer a sizeable universe of opportunities for the Company's courses.

- While there is a clear fatigue factor seen with the use of online mode for teaching across different levels after the pandemic forced it as a compulsion on the educational institutions, teachers and students, a fundamental shift in the attitude of people towards the online medium has happened. The Company has adapted to this market reality and used it to its advantage by offering blended delivery models. Online classes as part of the delivery modes give the Company the ability to offer more complex and high-end training programs either completely online or in a combination with face-to-face in-class sessions. Such online sessions also allow for greater industry participation from across the globe.
- The Government initiatives in the Education sector during the last few years have created newer opportunities for Education companies to target. Among the relevant ones for the Company are:
 - New guidelines by the University Grants Commission (UGC) for the introduction of B. Voc. courses by Higher Education Institutes, which can partner with institutes like Aptech to offer such programs.
 - The release of the new National Education Policy (NEP) 2020, which shall be implemented in phases over the next decade has some far-reaching reforms that shall impact the Company. The Early Childhood Care and Education (ECCE) segment has now been brought under the ambit of a regulatory framework. This is likely to push for consolidation and formalization, a trend in favour of companies like Aptech. In addition, a push for vocational orientation in the curriculum from middle school onwards will increase acceptance of courses offered by vocational players such as Aptech and create an opportunity for coaching.
 - Formation of the National Testing Agency to conduct recruitment and related examinations and assessments for all Central Government institutions. The presence of NTA has helped in pushing for the adoption of computer-based testing and also made it easier for companies such as Aptech to secure business from a single central agency. This has also helped in reducing the risk of conducting the exams.

- Governments and multilateral institutions across the world are increasing investments in skill and capacity development for inclusive economic growth in developing countries. With its experience of successfully offering such skilling programs across many developing countries, Aptech is well placed to cater to the demand for replicable and scalable programs that may arise due to the aforementioned trend.

Threats

- Aptech's programs address a gap in skill levels as required by industry in its recruits and those imparted by the formal education sector to its students. Nimble-footed formal education institutes may shape up and bridge this gap themselves to take away this market from Aptech. With their advantage of offering a formal qualification, the formal sector shall remain one of the foremost threats to Aptech.
- The negative impact of the changes in Government regulation is a constant threat to the Company's business. For e.g., Multiple exits and Vocationalization of higher education envisaged in the new structure under NEP 2020 may shift the market away from the Company's offerings. Entry of foreign players in the sector allowed by the NEP can be a long-term threat to the Company.
- EdTech sector has become a major threat with competition from players offering formal undergraduate and graduate level programs online in addition to the direct competition from players in the same space as the Company. The key element of competition from EdTech companies is the freemium model, which makes it extremely challenging for other players to offer a competitive value proposition.

Outlook

The Company was majorly affected by the COVID-19 pandemic in FY2020-21 and FY2021-22. However, the impact of the pandemic was mitigated to a large extent in FY2021-22 with the smooth operations under the Digital Pivot. Going forward the pandemic may have a minor impact on the operations due to the impact on the demand through macro factors, however, at the operational level, the Company is fully prepared. Other major factors that will play a big role in determining the impact of the external environment on the Company are the Russia - Ukraine war and the tightening of monetary policy across many developed countries because of high inflationary pressures. From a surge in economic activity with 2021 being the year of rebound from the pandemic impact which led to a recession during 2020, it is expected that the global economy may see a slowdown in growth in 2022 due to these factors. The global GDP growth numbers published by the International Monetary Fund in its April 2022 World Economic Outlook report show a 3.6% increase in 2022 vs. a 6.1% jump in 2021 and a 3.1% decline in 2020.

Country	% GDP Growth in 2021 (E)	% GDP Growth in 2022 (F)	% GDP Growth in 2023 (F)
India*	8.9	8.2	6.9
Vietnam	2.6	6.0	7.2
Nigeria	3.6	3.4	3.1
Qatar	1.5	3.4	2.5
Kenya	7.2	5.7	5.3
Saudi Arabia	3.2	7.6	3.6

* Indian estimates and projections are on a financial year basis with 2021 (E) corresponding to FY2021-22.

In the domestic market, the impact of the pandemic was expected to become marginal as the entire country has minimal restrictions and educational institutions are allowed to operate offline. With the vaccination coverage achieved in the adults and opened to the younger population, any surge in the COVID-19 cases is not expected to have a major threat to life and the economic fatigue from lockdown and such restrictions shall ensure that any significant restrictions shall not be imposed. While the scenario may be slightly different in each of the international markets of the Company, the impact of the pandemic is expected to wane even in such markets. The key factor that may affect the Company's prospects going forward shall be inflation and the cost of capital that can impact the demand for the Company's courses through a negative effect on the payment capacity of the prospective students.

The outlook for all the major verticals that the Company provides talent to, such as Media & Entertainment, Beauty, Information Technology, Hospitality, Aviation and Travel & Tourism are expected to register growth and show recovery from the pandemic. The recruitment projections for such sectors are extremely optimistic suggesting a favourable external environment for the Company. The IT sector is expected to continue to add 400,000-500,000 jobs in a year. The Media & Entertainment industry is expected to grow at a faster rate of 17% in 2022, which will translate into greater employment opportunities as the country is on track to becoming the content hub for the world.

(Note: GDP data used in this section is based on the Real GDP estimates and forecasts released by the IMF in their World Economic Outlook report of April 2022)

Risks, Challenges and Concerns

In addition to the generic macro risks such as political risk, economic risk, regulatory risk, currency risk, etc., Aptech also faces some specific business risks as an education company operating with a specific business model. A few of such major risks are as follows:

- Business Partner Risk:** The Company is dependent on Franchisees/ Business Partners for business generation, but they are the face of Aptech for the student. Hence, the capabilities, motivation and financial viability of the Franchisee/ Business Partner along with their compliance to processes and directions mandated by the Company are critical to their and Aptech's continued success.
- Demand Risk:** Technological and market evolution keep changing the nature and scale of skill requirements in the verticals serviced by Aptech. Such changes can render the courses offered by the Company obsolete. In addition, employment demand is also driven by the economic prospects of the specific vertical in each country.
- Execution Risk:** Projects, whether of training or assessments, are a significant source of income for the Company. Delivering committed results in time, with quality and within budgeted costs is critical for the success of the Company. In the event of a failure of any kind, it may lead to loss of business, imposition of penalties, loss of reputation, etc. for the Company.

The Company has adopted various mitigation approaches for all types of risks to ensure effective monitoring and resolution. Some of the standard risk mitigation approaches employed by the Company include:

- New strategies such as a change in approach to business from 'Enrolment driven Employment' to 'Employment

driven Enrolment', formation of the ICAP team to address Recruiters, who have been defined as one of the key stakeholders, etc. to ensure market relevance.

- Portfolio diversification from a vertical, brand, product and geography perspective to spread performance risk.
- Continuous increase in adoption of technology in the academic and delivery processes to improve learning outcomes, engagement and value to stay only a step ahead of the market trends.
- Investment in research and development and IP creation, to promote innovation.
- Emphasize advance payments, at least for a part of the project value, in contracts with institutional clients. Deposition of full payment by a student into an escrow account controlled by Aptech and then disburse their share to the Business Partners/ Franchisees.
- Documented process manuals and published guidelines, which are reviewed and updated periodically. Alignment of processes in line with the CMMI standards.
- Stringent standards for business partner selection, and robust Network support and monitoring systems to minimise center-associated risks. This includes extensive use of Aptech's own cloud-based ERP and learning platforms to manage all processes across the student lifecycle.
- Continuous monitoring and control of business performance to ensure faster identification and evaluation of developing risks.
- Disaster recovery and business continuity plan.

Aptech has an institutionalised Risk Management Policy covering the above mitigation approaches to manage all probable and possible risks to the Company.

Internal Controls and Their Adequacies

The Company has a clear organizational hierarchy, documented and published policies, a well-defined authority matrix and adequate internal controls to manage its business operations. The Company invests time and resources to continuously upgrade its internal control systems. The Company has appointed 3rd party internal auditors to conduct regular internal audits of all its business operations and holds regular reviews by management to ensure compliance with policies, guidelines and business plans. The information systems also help in ensuring the reliability of financial and other records to prepare financial statements and operational reports. The

Management Information System reports are designed to provide timely and accurate information for effective control of expenses and monitoring of actual business performance in comparison with the annual budget.

Cautionary Statement

Certain statements herein are forward-looking statements, which involve a number of risks, uncertainties, assumptions, and other factors that could cause actual results to differ materially from those in such forward-looking statements. All statements, other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to the statements containing the words 'planned', 'expects', 'believes', 'strategy', 'opportunity', 'anticipates', 'hopes' or other similar words. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding impact of pending regulatory proceedings, fluctuations in earnings, our ability to manage growth, intense competition in IT services, Business Process Outsourcing and consulting services including those factors which may affect our cost advantage, wage increases in India, customer acceptances of our services, products and fee structures, our ability to attract and retain highly skilled professionals, our ability to integrate acquired assets in a cost effective and timely manner, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, the success of our brand development efforts, liability for damages on our service contracts, the success of the companies / entities in which we have made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property, other risks, uncertainties and general economic conditions affecting our industry. There can be no assurance that the forward-looking statements made herein will prove to be accurate, and issuance of such forward-looking statements should not be regarded as a representation by the Company or any other person that the objective and plans of the Company will be achieved. All forward-looking statements made herein are based on information presently available to the management of the Company and the Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.