

Aptech



Unleash your potential

Corporate Presentation

November 2011

Aptech



Unleash your potential

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Unleash your potential

Aptech – A uniquely positioned global career education company

Aptech - A global career education company with unparalleled reach, strong brand equity and established systems and processes

Leading emerging market career education company with presence across 33 countries (including India and China), with over 800 centers in India and ~450 centers in international markets

Portfolio of strong, trusted brands across several high growth segments; has been amongst the pioneers in informal career education with a leadership position in multiple high growth markets

- Aptech has ~80% market share in the Indian animation and multimedia training and is #2 player in the IT training in India
- Aptech is also the #1 player in the Vietnam IT and Pakistan animation and multimedia training markets; BJBC, Aptech's affiliate in China, is the leader in Chinese IT training space (~40% market share)

Significant operating leverage in the platform; established processes and systems with a track record of replicating success in new brands and complex markets

Best in class content development / customization and consistent delivery

Adaptability of business models for entering new markets

- *Has entered 2 new markets in the last 6 months and opened 21 new international centers in the same period*

Strong mechanisms for operational control; continuing support from franchisees

Experienced management team with a demonstrated track-record of growing the company for over a decade

- CEO, COO, CFO and CSO have cumulatively spent ~4 decades in the company

Strong balance sheet; franchise based asset light business model with attractive returns

- 28% RoCE of mature and continuing businesses (ex China)

Unique emerging markets platform capitalizing on growth in career education market globally and enterprise learning market in India



Started in 1986, Aptech has successfully created a unique multi-vertical, multi-geography, multi-channel career education platform

1

- **1986:** Started as **IT training and education company** by Rajesh and Atul Nishar; headquartered in Mumbai, India
- **1991:** Started franchisee operations
- **1993:** Received ISO 9001 Certification (first Asian training company)

3

- **1996 :** Initiated **multi-vertical strategy** organically; added ARENA multimedia
- **2006 :** Acquired Avalon to gain an entry into the aviation training sector
- **2007 :** Entered hardware and networking training through N-Power (later rebranded as Aptech Hardware and Networking Academy)
- **2009 :** Acquired First English to gain expertise for English language training
- **2010 :** Acquired MAAC to become the undisputed leader in Indian animation and multimedia training space
- **2011 :** Entered the fast growing retail training segment in a tie-up with TRRAIN¹

1986

Started as an IT training company in India

1993

Initiated a multi-geography approach

1996

Started building a multi-vertical presence

2003

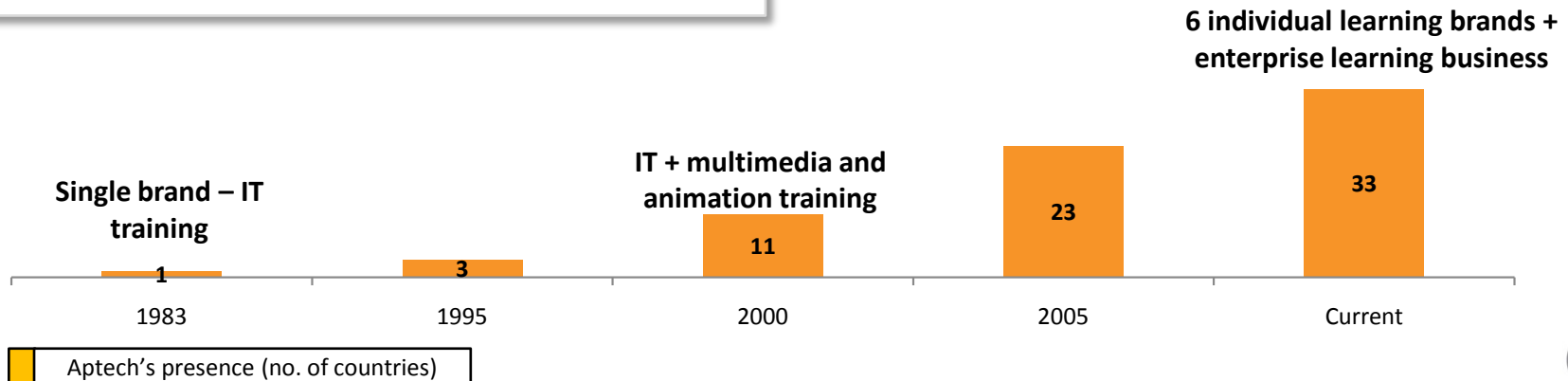
Focused on building presence across multiple segments

2

- **1993: Commenced international operations** - First center at Bahrain
- **1999:** Entered Vietnam; became #1 player in Vietnam in 2003
- **2000:** Entered China through a 50:50 JV with Beida Jade Bird (now known as BJBC); became #1 player in China in 2002
- **2003:** Commenced Indian Technical and Economic Cooperation (ITEC) courses for international students in India

4

2003: Launched **enterprise business** with Aptech Learning Services and ATTEST for assessment and training



1. Trust for retailers and retail associates of India





Aptech was chosen as the 6th most trusted brand in Education category on the basis of high level of quality, price that the brand commands, popularity, uniqueness of the product and pride of ownership

Source: Brand Equity, Economic Times, 28th September, 2011¹

1. With the exception of NIIT, all other players in the list cater to K-12 or professional higher education

Well recognized and trusted brand (2/2)

2010-11

- Ranked among **Global Top 20 IT** training companies by TrainingIndustry.com
- Aptech Learning Services wins 'Apex Awards for Excellence' in two categories
- Aptech Vietnam wins ICT Gold Medal For Highest Turnover (Category: Training) and Top ICT Training Cup from Ho Chi Minh Computer Association (HCA). **Declared No. 1 IT Training company in Vietnam for 8 consecutive years (2003-2010)**

2009

- Aptech BJB wins China's '**Top 10 Outstanding Franchise Brand**' Award, given by Ministry of Commerce, GoC. Aptech was the only education co. to get this award.
- Aptech BJB rated the No.1 IT training provider for 7 consecutive years since 2002
- Wins Franchise India's prestigious 'Hall of Fame' Award for excellence in franchising

2008

- Among 'Top 20 Global Training Outsourcing Service Provider (OSP) Companies' in 2006, 2007 and 2008¹
- Winner of Indira India Innovation Award 2008 for innovation in 'New pedagogy in IT training and Learning solutions'

2007

- Winner of the Indian Global Franchisor of the Year Award and Franchising Partnership of the Year Award
- ARENA Multimedia bagged the Franchise Growth Driver of the Year Award

1. Source: Trainingoutsourcing.com





Unleash your potential

The opportunity in global career education space

Well established models characterize the participation of private players in the tertiary education space

Private tertiary* education industry

Global landscape

Indian landscape

Brick and mortar universities



Globally, and especially in the US, education companies operate large chains of universities offering degree courses



Though stifled by stringent regulations, this space, in the last decade, has seen the entry of several private players, offering a range of graduate and post graduate courses

Online universities



The developed countries have several private “for-profit” institutions which exclusively offer online degree courses in various disciplines



The concept of “online universities” is practically absent in India and providers of online education offer degrees in tie-ups with recognized “brick and mortar” universities. However, India has a number of “distance learning” institutes (eg: Symbiosis) where one can get a degree without mandatory physical attendance

Informal education (own certifications in vocational courses, language training, etc)



Informal education includes vocational courses, language training, etc.



The space has seen participation from several private players, with players like Aptech and NIIT having successfully scaled up

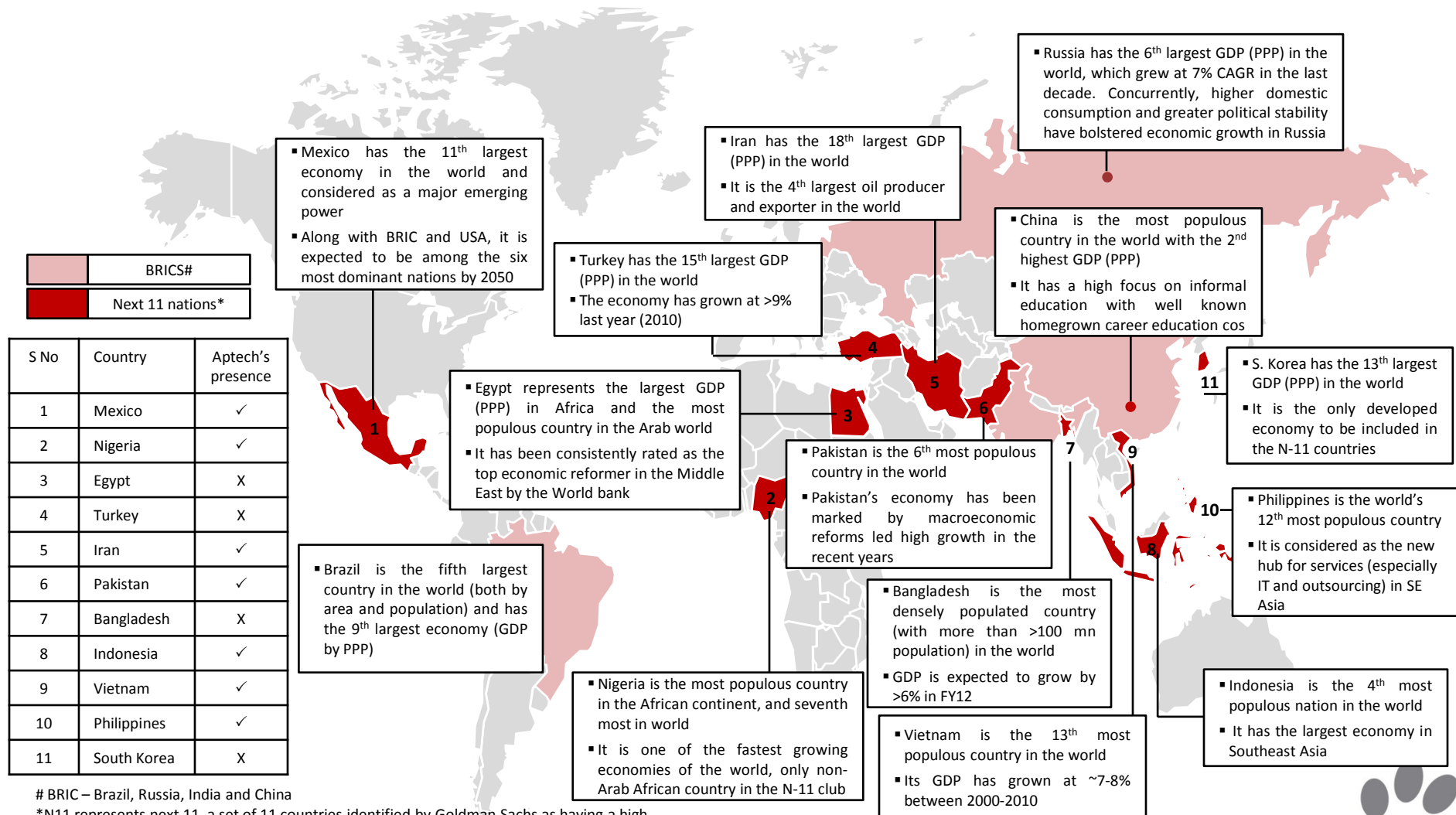
While Indian players in the education space are currently much smaller than their western counterparts, they are catering to faster growing markets (India and other emerging countries)

Formal Education

* Tertiary education refers to post higher secondary education (post class 12 in Indian context)



Opportunity for tertiary education in emerging countries - BRICS and N-11* countries present an extremely attractive canvass for education players



	BRICS#
	Next 11 nations*

S No	Country	Aptech's presence
1	Mexico	✓
2	Nigeria	✓
3	Egypt	X
4	Turkey	X
5	Iran	✓
6	Pakistan	✓
7	Bangladesh	X
8	Indonesia	✓
9	Vietnam	✓
10	Philippines	✓
11	South Korea	X

▪ Mexico has the 11th largest economy in the world and considered as a major emerging power
 ▪ Along with BRIC and USA, it is expected to be among the six most dominant nations by 2050

▪ Iran has the 18th largest GDP (PPP) in the world
 ▪ It is the 4th largest oil producer and exporter in the world

▪ Russia has the 6th largest GDP (PPP) in the world, which grew at 7% CAGR in the last decade. Concurrently, higher domestic consumption and greater political stability have bolstered economic growth in Russia

▪ Turkey has the 15th largest GDP (PPP) in the world
 ▪ The economy has grown at >9% last year (2010)

▪ China is the most populous country in the world with the 2nd highest GDP (PPP)
 ▪ It has a high focus on informal education with well known homegrown career education cos

▪ S. Korea has the 13th largest GDP (PPP) in the world
 ▪ It is the only developed economy to be included in the N-11 countries

▪ Egypt represents the largest GDP (PPP) in Africa and the most populous country in the Arab world
 ▪ It has been consistently rated as the top economic reformer in the Middle East by the World bank

▪ Pakistan is the 6th most populous country in the world
 ▪ Pakistan's economy has been marked by macroeconomic reforms led high growth in the recent years

▪ Philippines is the world's 12th most populous country
 ▪ It is considered as the new hub for services (especially IT and outsourcing) in SE Asia

▪ Brazil is the fifth largest country in the world (both by area and population) and has the 9th largest economy (GDP by PPP)

▪ Nigeria is the most populous country in the African continent, and seventh most in world
 ▪ It is one of the fastest growing economies of the world, only non-Arab African country in the N-11 club

▪ Bangladesh is the most densely populated country (with more than >100 mn population) in the world
 ▪ GDP is expected to grow by >6% in FY12

▪ Indonesia is the 4th most populous nation in the world
 ▪ It has the largest economy in Southeast Asia

▪ Vietnam is the 13th most populous country in the world
 ▪ Its GDP has grown at ~7-8% between 2000-2010

BRIC – Brazil, Russia, India and China

*N11 represents next 11, a set of 11 countries identified by Goldman Sachs as having a high potential of becoming, along with the BRICS, the world's largest economies in the 21st century

Source: World Bank statistics



The importance and the imminent need to strengthen the education infrastructure in emerging economies is acknowledged by all

"My dream is by 2020, the gross (tertiary) enrolment ratio (in India) should be expanded to 30%"

"In next 10 years, we need a policy framework to allow huge investment in the education to meet the demand of the economy"

Kapil Sibal, Minister of Human Resources and Development, India, Nov, 2011

*"NSDC's goal is to contribute significantly — at least 30 percent — to the overall skilling and **upskilling target of 500 million citizens** by the year 2022 set by prime minister Dr. Manmohan Singh, by fostering private sector initiatives in skills development"*

Mr. MS Subbiah— Chairman, NSDC, 2010

*"For a progressive **Pakistan**, we must gear up our efforts to **promote literacy and education** in all cross-sections of the society including women"*

Syed Yusuf Raza Gilani, Pakistani Prime Minister, Sep, 2009

*"In a speech addressed to the Asia Society Texas Center, Prime Minister Nguyen Tan Dung discussed his goal of **improving the higher education system's "quality, efficiency and skills"** to meet the economic and social development needs of Vietnam, where there is currently only one university per 260,000 citizens"*

Mr. Tan Dung, Vietnamese Prime Minister June, 2008

*"We know that over 9 million children are out of school but while we try to build schools for them we must not forget to **improve on the quality of education**"*

Ruqayyatu Ahmed Rufai, Nigerian Minister of Education, June, 2011

*"Education—from basic to higher education—remains a priority of the Aquino administration. It understands the concerns of teachers, students, and their parents, and has proposed the 2011 Reform Budget precisely to ensure that the **education sector will receive the funds they need**"*

Department of Budget and Management, Philippines, Nov, 2010

Several trends are shaping the “growth story” of the informal/career education market in emerging economies

1

Lack of formal education infrastructure

- Most of the emerging countries have severe paucity of higher education institutes, with seats that can cater to a small fraction of the candidates who apply. This is particularly true for African countries
- Even in the institutes offering tertiary education, quality is suspect, leading to low employability of the graduate

2

Increasing post-secondary literacy level leads to larger addressable market

- With almost an universal increase in focus on education by the governments, the population graduating from high school is increasing every year
- This has increased the potentially addressable market for institutes offering vocational courses

3

Increasing capacity and propensity to spend on education

- Many of the emerging economies have witnessed high growth (5-10%) during the last decade, thereby increasing the disposable income
- With higher disposable incomes, education (along with healthcare) have witnessed an increased proportion of spending

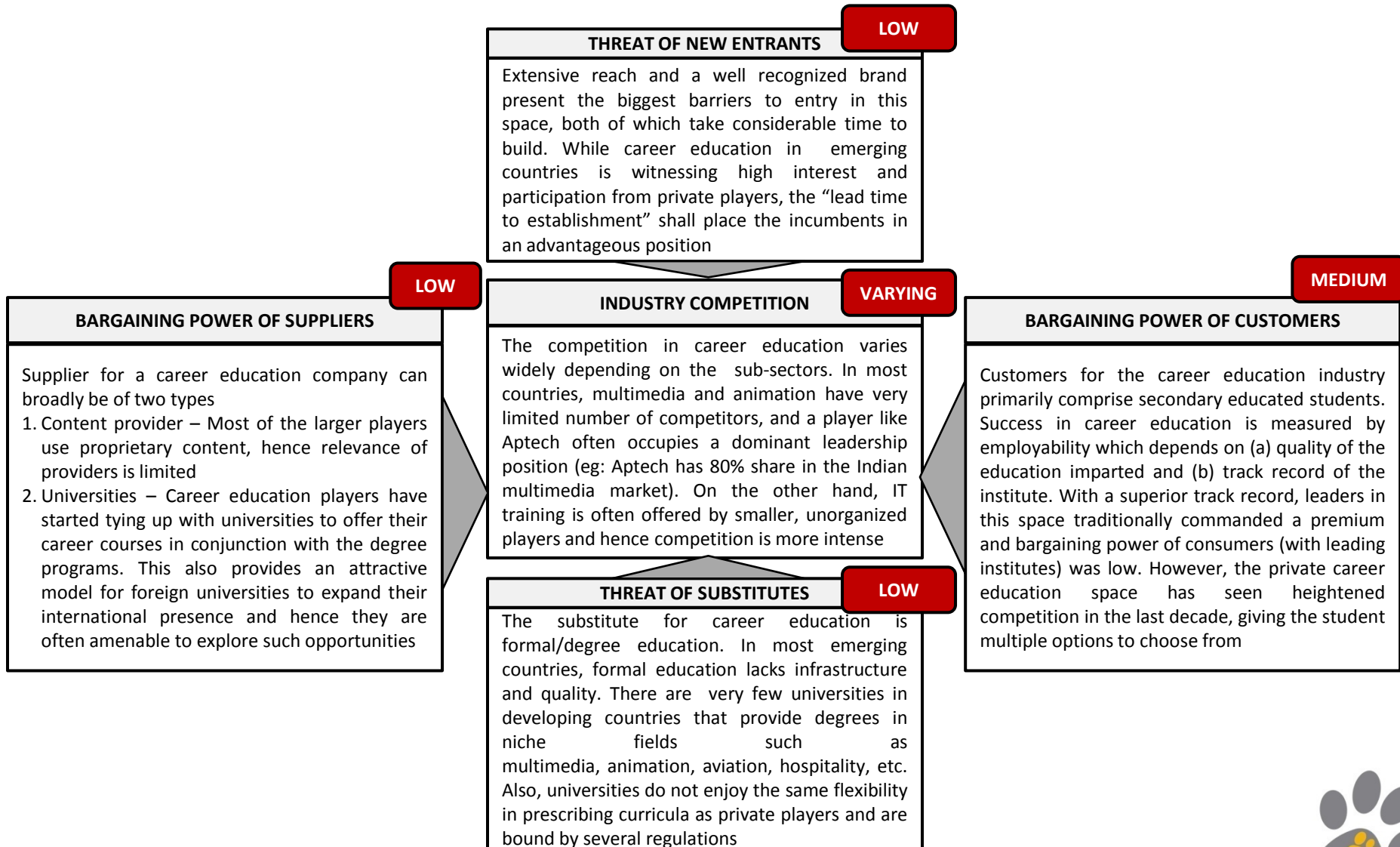
4

Job opportunities increase the marginal utility of skill/vocation education manifold

- Growth in many of these economies has been driven by the services sector, with adoption of technology being a key characteristic of the growth
- This has led to creation of lucrative job opportunities for the trained youth, which makes vocational training a high “return on investment” option

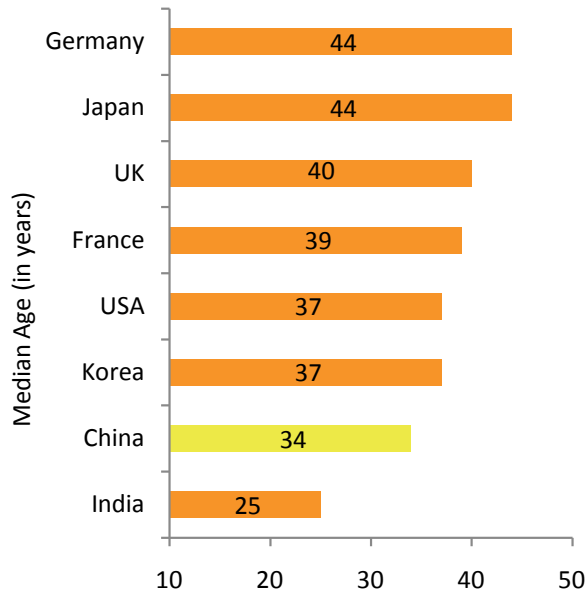
Strong tailwinds drive the growth of career education in emerging economies

Industry dynamics of career education

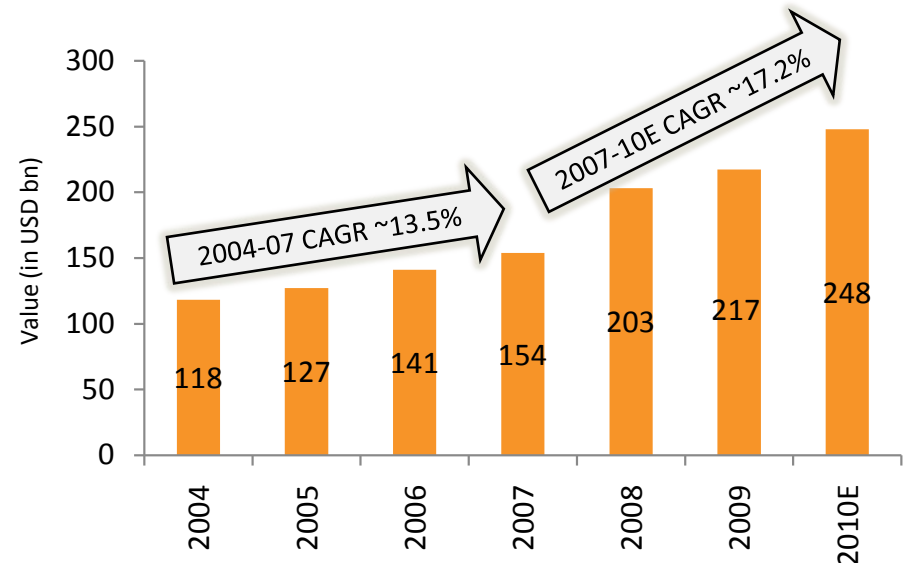


Chinese education space is expected to witness strong traction driven by a relatively young population, high focus on education and increasing spending power

China's demographic dividend



Growth in household spending on education (2004-10E)



Source: Deutsche bank report on Chinese education

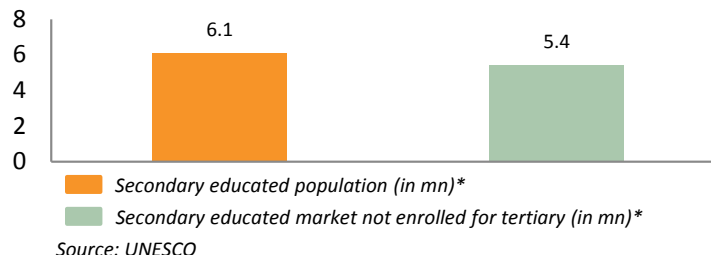
- High priority and cultural values attached to education are reflected in the household expenditure patterns of the Chinese consumer (education, recreation and cultural activities had the 3rd largest share after food and housing in 2008)
- The high emphasis given to education in Chinese culture is more pronounced given the one child policy that has been in place in China over the last 30 years. The income of both parents (most middle-class families in tier-1 and tier-2 cities have a combined monthly income of between USD 800-1,000) and in some instances both sets of grandparents is likely to be devoted to ensure superior education for their only child/grandchild
- The resultant **emphasis on quality education provides a huge fillip** to the sector

Vietnam presents another market in Asia with promising opportunities for career education players



COUNTRY SNAPSHOT

- GDP (PPP): USD 277bn
- Population: 90.5mn
- Median age: 27.8
- Literacy rate: 94%
- Education spend as % of GDP: 5.3%
- Official Language : Vietnamese



KEY GROWTH DRIVERS

Robust macroeconomic drivers	<ul style="list-style-type: none"> ▪ Vietnam is one of the fastest growing economies in Asia, witnessing an average GDP growth rate of 6.61% between 2000 and 2010 ▪ The country is becoming a preferred destination for manufacturing companies because of cheap labor, thereby increasing the need for technologically trained English speaking labor
Large addressable market	<ul style="list-style-type: none"> ▪ Vietnam is a young country with a median age of ~28 years. It has a large population of 6.1 million students who enroll in secondary education every year. 5.4 million of these students do not enter tertiary education institutes. Hence, there is a large population which vocational players can address
Poor tertiary education standards	<ul style="list-style-type: none"> ▪ Opportunities for higher education are limited, as the system can accommodate only a fraction of those seeking admission ▪ Also, majority of the Vietnamese curricula do not meet the needs of the industry ; estimates suggest that ~60% of students who graduate from training establishments need to be retrained for at least 6-12 months after being recruited
Strong growth in the IT/Software sector	<ul style="list-style-type: none"> ▪ Vietnam has an emerging IT/software sector, with several firms developing software for their eastern neighbors like Japan, Korea, etc ▪ The Government has identified software as an important element of growth; Vietnam Software Association (VINASA) was formed in April, 2002 to promote the growth of IT in Vietnam

*Note: Gross Enrollment Ratio (GER) is the ratio of the number of children who are of school enrollment age (school age population) by the number of individuals who are actually enrolled in schools
 Secondary educated population calculated by multiplying the secondary GER with tertiary school age population
 Students enrolled for tertiary education calculated by multiplying the tertiary GER with tertiary school age population

Philippines and Pakistan are strong pillars of support in the “Emerging Asia” story

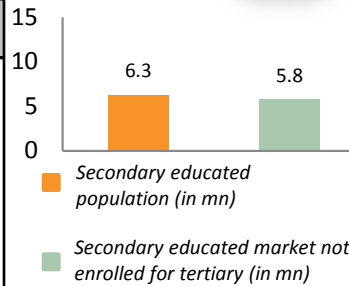
KEY STATISTICS

Pakistan



COUNTRY SNAPSHOT

- GDP (PPP): USD 465bn
- Population: 187.3mn
- Median age: 21.6
- Literacy rate: 50 %
- Education spend as % of GDP: 2.7%
- Official Languages: Urdu (national), English



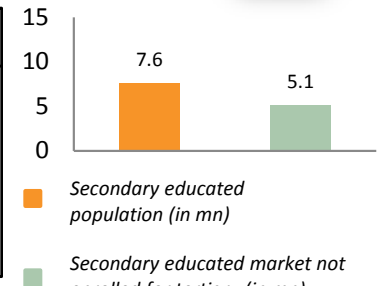
Source: UNESCO

Philippines



COUNTRY SNAPSHOT

- GDP (PPP): USD 351bn
- Population: 101.8mn
- Median age: 22.9
- Literacy rate: 92.6%
- Education spend as % of GDP: 2.8%
- Official Languages: Filipino, English



Source: UNESCO

GROWTH DRIVERS

Large addressable market | Extremely high population (~5.8mn) of students who complete secondary education but do not enroll for tertiary education

Government’s focus on education | Plagued by illiteracy for long, Govt. is currently focusing on education. **(Pak got a USD 1.0bn aid from UK in Apr ‘11 for promoting education)**

Strong growth in the ICT sector | Pakistan is witnessing robust growth in the ICT sector. Pakistan’s exports of IT and ITeS witnessed an YoY growth of 33% in the last quarter

Growth in the multimedia space | Pakistan has a burgeoning animation and multimedia industry, and hence there is a strong demand for multimedia training services

Strong economic growth; high focus on education |

- The Philippines economy grew at 7.6% in 2010 and is expected to grow at ~5% in 2011, and 2012
- **>30% of the government budget (for 2011) has been allocated to education.** The second highest allocation (public works) is at 16%

Large addressable market |

- Philippines is the 12th most populous country in the world
- **~85% of its population enrolls for secondary education,** creating a large pool of secondary educated students who are potential candidates for career education courses

Strong growth in IT-BPO industry |

- Philippines is considered to be the next outsourcing hub of the world (after India). The IT-BPO industry grew 26% in 2010 to USD 8.9bn
- The industry employed a total of 525,000 skilled workers and professionals at the end of 2010, recording 24% employment growth from 2009

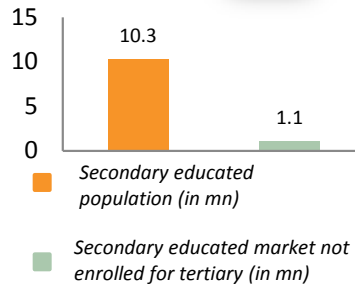
Russia and Nigeria are the fastest growing education markets in CEE and Africa respectively

Russia



COUNTRY SNAPSHOT

- GDP (PPP): USD 2,223bn
- Population: 138.7mn
- Median age: 38.7
- Literacy rate: 99%
- Education spend as % of GDP: 3.9%
- Official Language: Russian



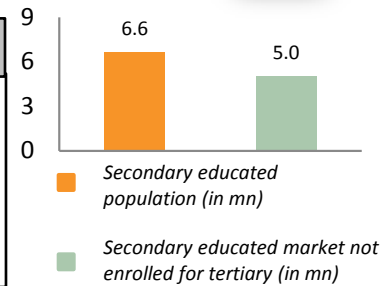
Source: UNESCO

Nigeria



COUNTRY SNAPSHOT

- GDP (PPP): USD 378bn
- Population: 155.2mn
- Median age: 19.2
- Literacy rate: 68%
- Education spend as % of GDP: NA
- Official Language: English



Source: UNESCO

KEY STATISTICS

GROWTH DRIVERS

Robust economy	One of the celebrated BRICs countries, Russia is poised to grow at a robust rate in the coming years
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Growing requirement of trained professionals	<ul style="list-style-type: none"> ▪ Emergence of Russia as an IT destination is creating the demand for trained IT professionals ▪ While Russia has a high % of population attending graduate schools, most of its education is geared towards academic research and there is a large need for job oriented training
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High barriers for entry	Regulations require licenses for all vocational players in Russia. Collaboration with local univs/cos is the preferred mode of entry. Language too presents a significant barrier to entry in Russia, giving incumbents a distinct advantage
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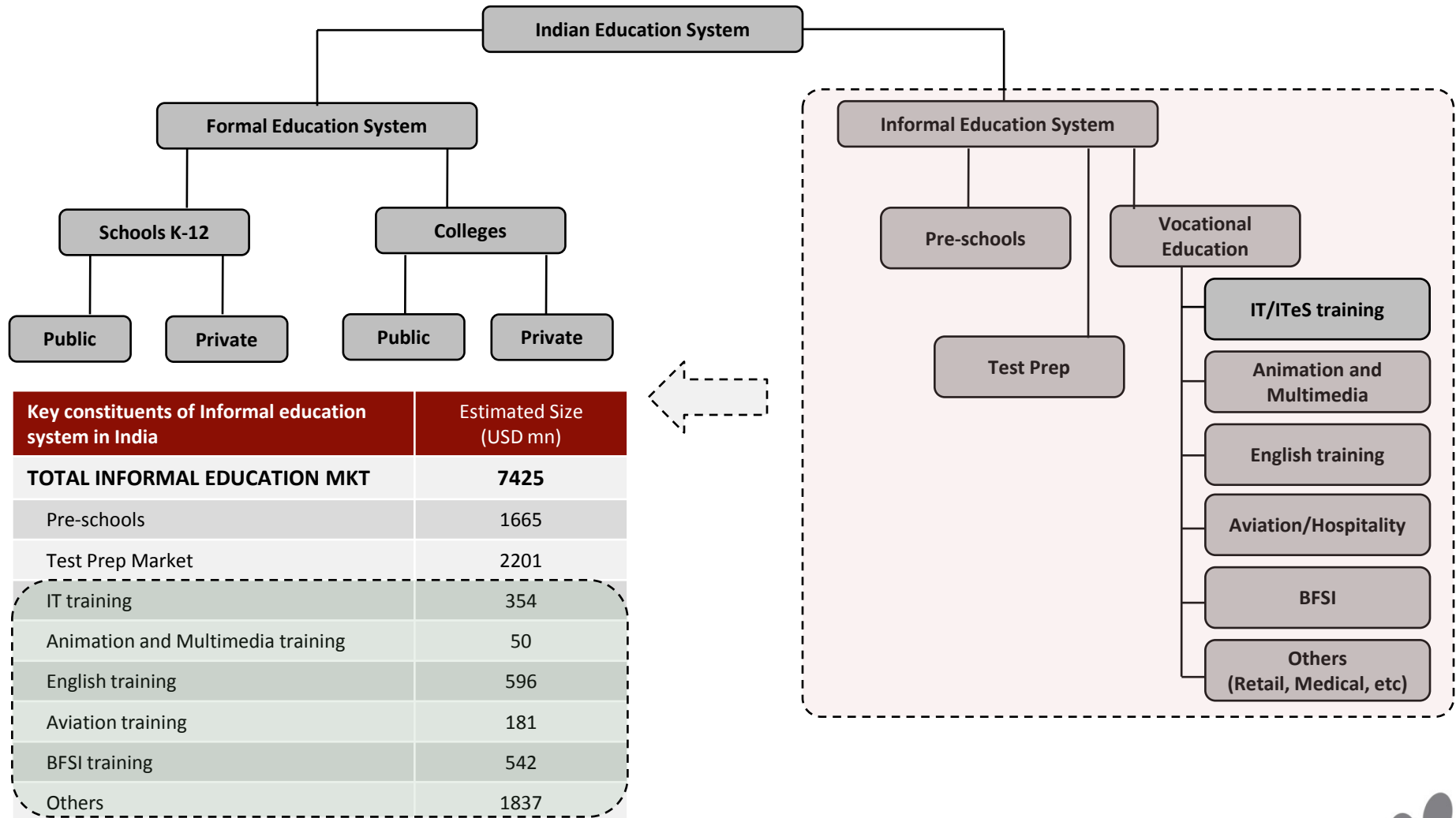
Large addressable market	One of the most populous and youngest nations of Africa, >75% of Nigeria's secondary educated population does not enroll for tertiary education
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Strong focus on IT growth	The President, in 2005, established the Nigeria Software Development Initiative (NSDI) and proclaimed software as a national priority sector
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Poor tertiary education standards	Most universities in Nigeria offer dismally poor standards of education, thereby creating a need for good vocational education
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Strong demand for manpower	Nigeria being the 8 th largest exporter of oil (and the largest in Africa) creates strong demand for technologically skilled manpower
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India represents a career education market that is ~USD 7.5bn in size and growing at a rapid rate

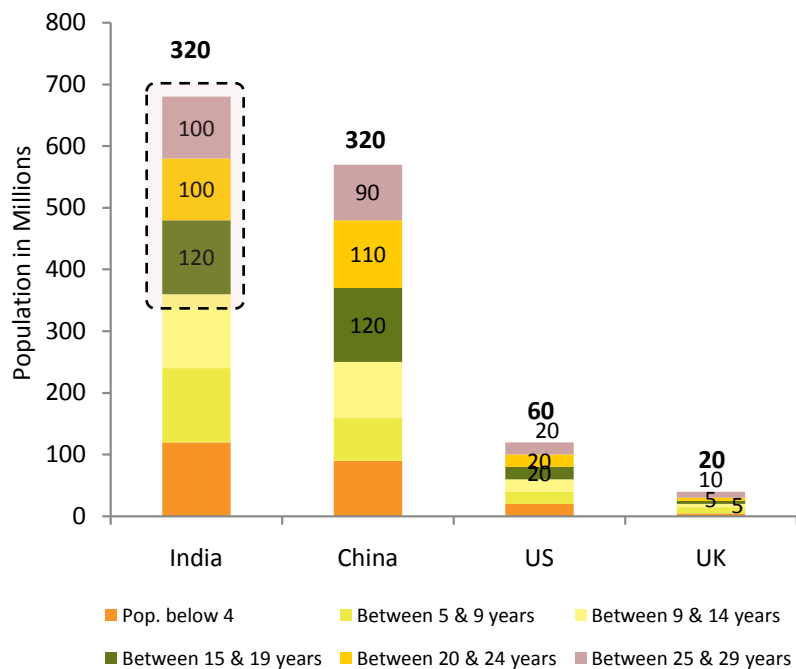


Source: Analyst reports, Dataquest, Company research

Focus areas for Aptech

The growth is underpinned by a favorable demographic profile and a burgeoning middle class

Largest population between 15 and 30 years



Source: HSBC Report on India Education

- Approximately 60% of India's 1.2 billion population is below 30 years (median age: 25 years) – the largest in this age bracket in the world
- Consequently, India is expected to be the largest contributor to the global labor force in the coming decade, **adding ~110 million workers by 2020**
- This presents a large opportunity for players in the career education space

Increasing propensity to spend on education

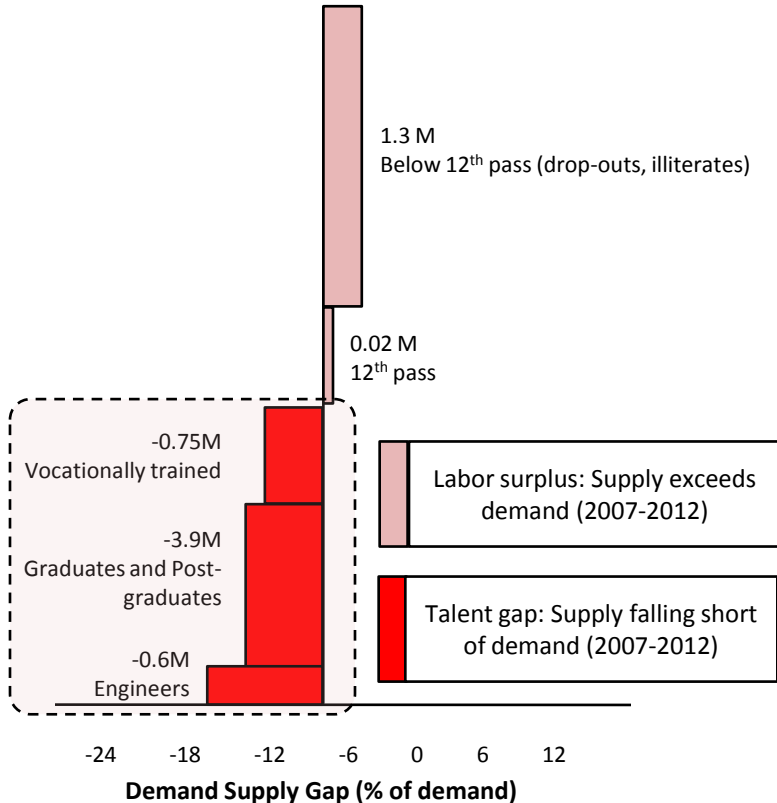
Retail Categories	Size 2009	Size 2014	Growth	Rank in 2014
Food and grocery	260	325	5%	1
Healthcare	34	55	10%	2
Education	28	45	10%	3
Apparel and textiles	32	43	6%	4
Telecom	25	41	10%	5
Personal transport	24	37	9%	6
Jewellery and watches	25	34	7%	7
Travel and Leisure	13	20	10%	8
CDIT	10	17	10%	9
Furniture	10	15	8%	10

Source: Technopak Advisors
Figures in USD bn

- Education is expected to have the third largest share of the "consumption pie" in 2014
- Among all the categories, It is expected to witness one of the fastest growth rates (between 2009 and 2014)

Shortage of skilled labor, coupled with the huge demand for quality manpower in the services sector, makes education a very attractive sector

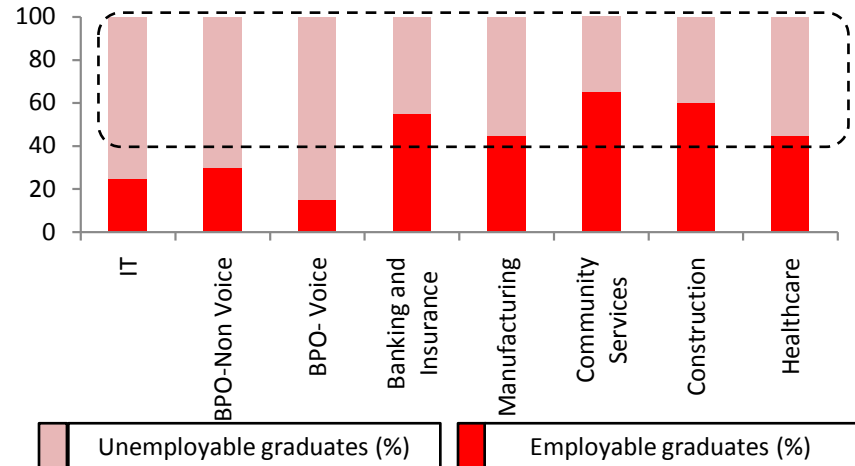
Shortage of skilled labor in India



Source: BCG Report

Concerns on quality of skilled workers

Proportion of graduates that industry finds employable



Source: Kotak institutional equities research report

Companies are able to select only eight or nine people out of 100 who apply and that's a pretty low selection ratio...In my estimate only a third of the pool has the right skilled to be absorbed into the industry right away

Kiran Karnik, Ex-president, NASSCOM

There is huge gap in the specialized skilled front and we are constantly faced with the question as to how we get highly qualified people.

Kiran Mazumdar Shaw, MD Biocon

Indian corporates are facing challenges in recruitment, both in terms of quantity and quality of talent available





Unleash your potential

India – A promising enterprise learning business market

Institutional requirements present a large canvass for well- entrenched players in this space (1/2)

Testing market in academic institutes

- India is witnessing an increasing trend of shifting to computer aided assessment from “paper and pencil” tests. With increasing internet penetration and speed, lot of universities and colleges are adopting computer based tests for **(a) entrance exams** (eg: IIMs) **(b) mid term/semester exams** (eg: Symbiosis)
- Given the logistical challenges and the teething problems often experienced in migrating to online mode, testing players with a proven track-record have a distinct advantage in this market
- An illustrative list of universities that are currently using (or planning to use) online tests for their entrance process is given below

Entrance Exam	Institute	Test Takers	Start Year
AIEEE	Non-IIT Engineering Colleges	1.1mn	2011
JEE	Indian Institutes of Management	0.4mn	2012/2013
CAT	Indian Institutes of Management	0.2mn	2009
BITSAT	Birla Institute of Technology	0.1mn	2005

- Business model
 - Pricing:** ~USD 2.5 per student for conducting the test. Value of the contract might increase if content development is included
 - Delivery:** Proctored tests are executed in centers with proctors supplied by the clients or vendors. Online tests generally can be taken from PCs and are usually unproctored
 - Centers:** Dedicated centers if the volume is sufficiently high or on time sharing basis
- We estimate that the **entrance exams and semester/mid term exams present an opportunity of USD 25mn and USD 725mn respectively**

Education market is a highly sticky market with clients preferring to renew their contracts rather than going for a new vendor

Certification market in India

- Certification tests are taken by individuals looking at enhancing their employment credentials
- Although spanning across multiple verticals, growth in certification market in India is predominantly **driven by IT and ITeS market**
- Growing interest in certification in India is the result of the **increasing “offshoring” potential**. Both MNCs setting up centers in India, and Indian firms setting up offshore locations to service global clients, are investing heavily in IT infrastructure and need skilled individuals to operate efficiently
- More than **1.5mn certification exams** (in volume) are conducted in the country across different sectors.
- Expectedly, IT and ITeS remains as the largest contributor in this space. Enterprise resource planning (ERP) and Financial Services are other areas where certifications tests are commonly taken
- Realization for a testing player is in **~USD 3.0 and USD 15.0 per test for domestic and international tests** respectively

Illustrative list of popular certification courses in India

IT/ITeS	Enterprise Resource Planning (ERP)	Financial
Microsoft	SAP	NCFM ³
Java	Siebel (for CRM) ¹	CFA
Red Hat	Peoplesoft (for HRM) ²	AMFI ⁴

- Customer relationship management
- Human resources management
- National Stock Exchange’s certification in financial management
- Association of mutual funds in India

Institutional requirements present a large canvass for well- entrenched players in this space (2/2)

Corporate testing market

- With the prospective employee pool growing at a rapid rate, corporates have increasingly started conducting preliminary screening tests to select candidates
- Many of the companies are gradually moving from paper based tests to computer based tests
- Pressure to recruit quickly and objectively, coupled with shortage of quality skilled labor and high attrition, has driven the growth of external skills assessment. Outsourced assessment ensures more effective screening, optimizes interview time and hiring, and also enables the use of research and analytics
- There are three points where assessment can be outsourced

RECRUITMENT

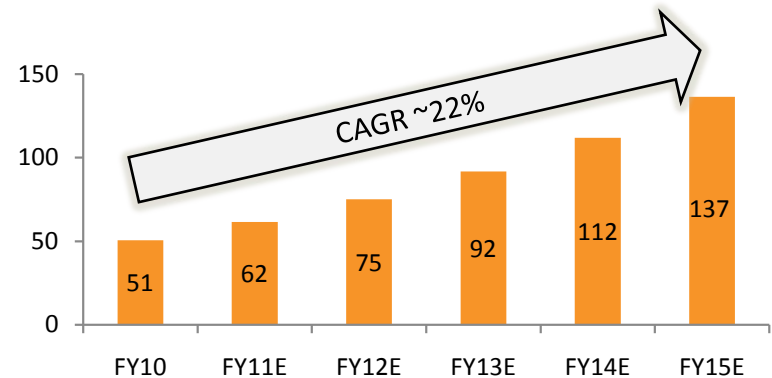
APPRAISAL/
FEEDBACK

SKILL
EVALUATION

- Common testing score for companies are becoming popular with test scores like eLitmus pH¹ score being used by companies for preliminary screening
- Public sector / Government also provides a huge market for recruitment exams: Exams conducted by UPSC² (both civil and defense) **attract application from over 1.5 million candidates every year**

IT training and learning market

- A significant beneficiary of the boom in the IT and IT enabled services (ITeS) sector, the corporate training sector is growing at a robust rate
- By outsourcing training to a specialized firm, IT companies can reduce associated costs. They are able to leverage on the best processes, systems, and solutions with a smaller investment than that required for creating, maintaining, and continuously improving the training process in-house
- The IT corporate training segment is currently at ~ USD 51mn is expected to witness a 22% growth to become USD 137mn by 2015E



Source: Dataquest, Company analysis

1. eLitmus pH test is a widely recognized aptitude test used by over 100 employers in India to hire freshers
2. Union Public Service Commission

Critical success factors for the testing and assessment market

Technology	<ul style="list-style-type: none"> ▪ Real-time: Technology to provide instantaneous results (as in exams like GRE and GMAT) ▪ Flexibility: Ability to take the test at any location including personal laptop ▪ Security: Strong testing software and robust security software ▪ Innovation: Development/acquisition of custom made software tool and allied tools for the exams
Distribution and Infrastructure	<ul style="list-style-type: none"> ▪ Strong distribution reach is imperative for success in this space <ul style="list-style-type: none"> ○ Especially true for Government/PSU clients who require wide distribution reach to conduct recruitment tests ○ Private sector clients with a pan-India presence (eg: large retail players, telcos, banks, etc) also need testing companies with a large distribution reach ▪ Comfortable conditions for test takers (including well-equipped centers, uninterrupted power supply , good hardware, high speed internet ▪ Security through robust identification processes
Track Record	<ul style="list-style-type: none"> ▪ Success in the testing and evaluation market follows a virtuous cycle. Clients go to vendors with proven track record. This results in a high entry barrier for new players against incumbents who already have a healthy clientele and previous experience of conducting tests ▪ Repeat business from clients is a yardstick of high quality of delivery, and provides a strong selling point for this business
Content Development	<ul style="list-style-type: none"> ▪ Development of entrance exams for universities and recruitment tests for corporate clientele' ▪ "End to end" solutions for the client starting from test design to post test analysis

The testing and evaluation market in India is in a growing phase, with only a few players scoring well on all the above parameters



Unleash your potential

Aptech – Company Overview

Aptech – Well positioned to benefit from the exponential growth in the career education space

Corporate Overview

- Aptech is a leading global career education company that provides career training to individuals and assessment and training services to institutions. Aptech has over 1250 centers in 33 emerging countries, including India and China
- It commenced operations in 1986 as an IT training company and entered other segments of career education over a period of time. With over 2 decades of experience in the career education space, Aptech has trained over 6.4 million students till date
- Aptech holds a 22.4% stake in BJB Career Education Company (BJBC), the leader in IT training in China with ~40% market share
- Aptech is headquartered in Mumbai, India and has a total of 481 employees working across the world
- The promoter group cumulatively holds 35.8% in the company

Business Overview

- In the individual learning space, Aptech has 6 brands in animation and multimedia, IT, aviation and English training. It has ~80% market share in the Indian animation and multimedia training space and is the second largest player in the Indian IT training space. It also has dominant leadership position in the Vietnam IT and Pakistan multimedia training markets
- In the enterprise learning business, Aptech offers testing and assessment and training related services to educational institutes and corporates
- Aptech follows an instructor led asset light model. Most of its training centers are franchise owned
- Aptech has alliances with universities in India and abroad which enable it to offer university programs in select centers or provide a progression path to further education abroad
- In 2007, Aptech formed a strategic alliance with Asian Institute of Communication and Research (AICAR). Started in 2002, AICAR is a premiere business school offering AICTE¹ approved full time MBA courses. AICAR is built over a sprawling 35 acre campus at Neral (~80km from Mumbai). AICAR has been rated as an A+ B-school in the “Best B-schools Survey” conducted by Business India²



1. All India Council for Technical Education
2. Source: Business India dated November 13, 2011

Aptech – A uniquely positioned company with multi-vertical, multi-channel and multi-geography presence

Multi-vertical leadership

- Aptech has a presence across the career education space through 6 individual learning brands and 3 enterprise learning businesses

Individual Learning Brands	1	ARENA – Offers animation and multimedia courses; together with MAAC, it is #1 player in India, present in 19 other countries
	2	MAAC – Offers high-end animation and multimedia courses, currently present only in India
	3	Aptech Computer Education – Offers IT (software) training; #2 player in India, amongst leading players in Vietnam, Nigeria and Pakistan
	4	Aptech Hardware and Networking Academy – Provides hardware training
	5	Aptech Aviation and Hospitality Academy – Offers courses in airport management, cabin crew training, and travel and tourism management
	6	Aptech English Learning Academy – Offers language training courses as well as courses for test preparation like IELTS and TOEFL

Enterprise Learning Businesses	1	Aptech Assessment and Testing Solutions – Offers solutions for end-to-end management of tests for corporates and academic institutes
	2	Aptech Training Solutions – Provides outsourced training services, mostly to corporates
	3	Aptech Learning Solutions – Provides web based multimedia content to corporates as well for in-house requirements

Multi-channel strategy

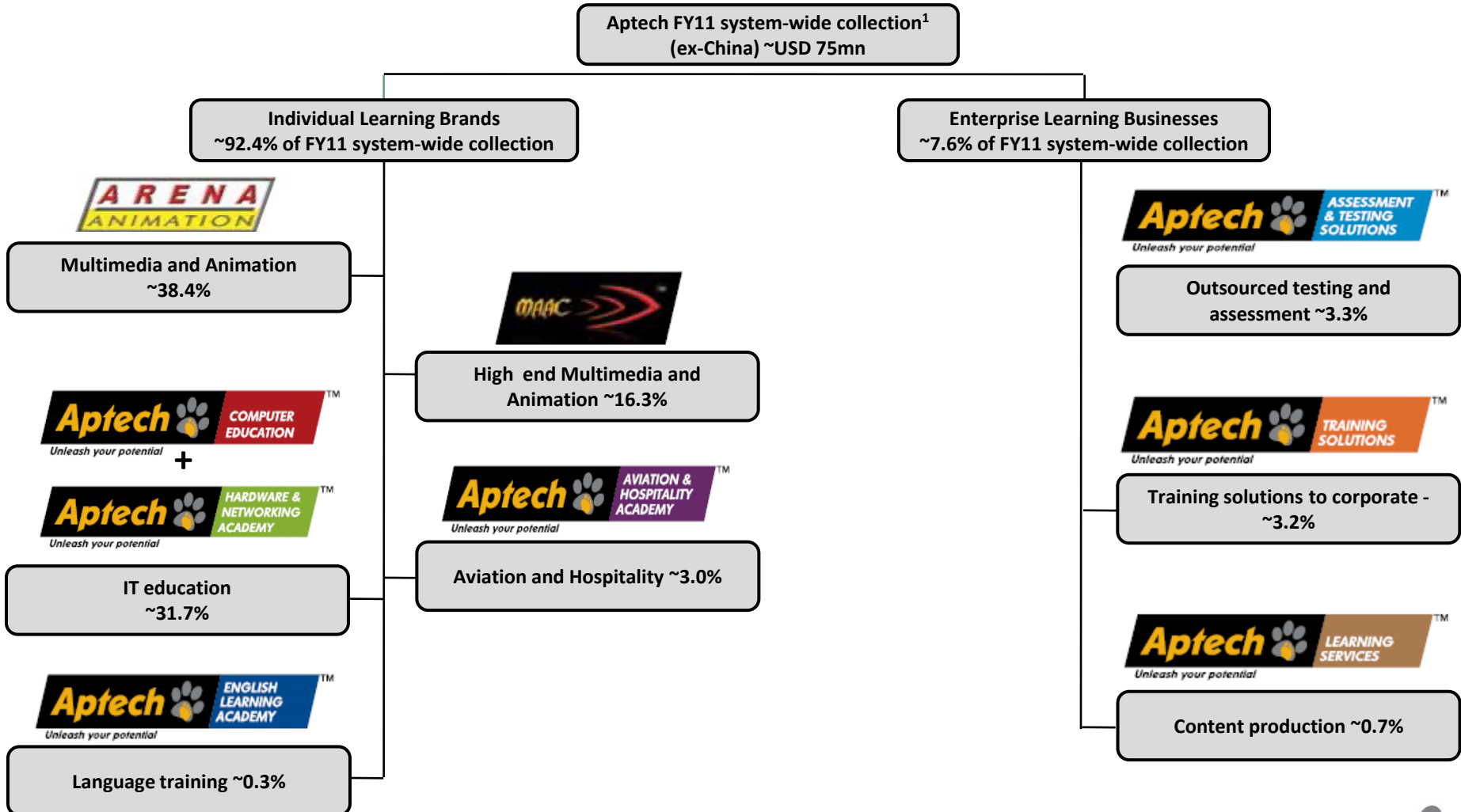
- Aptech uses multiple channels to expand/enter in a market, the most common being the direct franchise route
- The use of a franchise led education model **reduces the capital commitment from Aptech**, and makes the model highly scalable
- Depending on the market dynamics, Aptech might also choose to appoint a master franchise or enter the market through a JV (as in Philippines) or limited investment (as in China)
- Use of multi-channel strategy adds flexibility and helps Aptech adapt best to the market conditions (eg: Aptech's presence in Russia is through an university led system, where large universities are franchises)

1	Direct franchise – eg: India, Nigeria
2	Master franchise – eg: Russia, Vietnam (Aptech Computer Education)
3	Limited investment – eg: China
4	Joint Venture – eg: Philippines
5	Owned centers – eg: India, Malaysia

Multi-geography approach

- Aptech has a **presence in 33 countries** through various channels, and is the leader in IT /multimedia training in many of these markets
- It is successfully capitalizing on the experience of launching and ramping up brands across countries by continuously launching brands in existing markets or expanding into newer markets
- Aptech is a global player committed to its focus on international expansion which is expected to be a major component of its future growth

Aptech - A diversified presence across brands and markets









1. System wide collection includes total fee collected from students at all the centers, both company-owned and franchised (for Individual learning brands) and revenue for services rendered (for Enterprise learning businesses)

Percentages denote the share of the brand in Aptech's consolidated system wide collection

~3.1% of the total revenues are contributed by miscellaneous businesses/projects not categorized under any of these brands

Individual Learning Brands provide a large bouquet of courses customized to the students' needs

← INDIA → ← INTERNATIONAL →

	INDIA	INTERNATIONAL
	<ul style="list-style-type: none"> ▪ Career courses: 23-33 months ▪ Graphics and Web design: 12 months ▪ Game art and design: 15 months ▪ Short term courses: 2 weeks -6 months ▪ 3-year degree course in multimedia and animation in collaboration with MSU¹ 	<ul style="list-style-type: none"> ▪ Present in 19 international markets ▪ Focus is on the long-term career courses
	<ul style="list-style-type: none"> ▪ Career courses: 12-24 months ▪ Short term courses: 2-7 months ▪ MAAC mentor series: Only for MAAC ex-students ▪ 3-year degree course in 3D animation and VFX (visual effects) in collaboration with IGNOU² 	<ul style="list-style-type: none"> ▪ In progress, has signed with a partner
	<ul style="list-style-type: none"> ▪ Career Courses: 1-3 years ▪ Professional and certification courses: 3-12 months ▪ Basic foundation courses: 1-3 months ▪ Specialized short term courses: 2-6 months ▪ Degree courses in collaboration with MSU 	<ul style="list-style-type: none"> ▪ Present in 25 international markets ▪ Focus is on offering career courses to supplement university education ▪ Courses are customized according to the needs and dynamics of the country
	<ul style="list-style-type: none"> ▪ Career Courses: 6-22 months ▪ Professional courses: 1.5-3 months ▪ Foundation courses: 4- 8 months ▪ In addition to its own certification courses, it offers programs in collaboration with internationally known brands like Microsoft and Red Hat ▪ It also offers a 3-year degree program in collaboration with KSOU³ 	<ul style="list-style-type: none"> ▪ Currently offered in Vietnam and Philippines, company plans to launch it in a few other countries
	<ul style="list-style-type: none"> ▪ Diploma in airport management, hospitality management ▪ Certification in travel and tourism, ground Staff services and cabin crew services ▪ MBA, BBA degrees in aviation in collaboration with KSOU and VMU⁴ 	<ul style="list-style-type: none"> ▪ Have set up their first center in Malaysia
	<ul style="list-style-type: none"> ▪ Spoken English, Accent Training ▪ Foundation course ▪ Test preparation (TOEFL and IELTS) 	<ul style="list-style-type: none"> ▪ Present in Saudi Arabia and Sudan ▪ Significant demand for language training courses, expected to be a major growth driver for the company

1. MSU – Manonmaniam Sundaranar University
 2. IGNOU – Indira Gandhi National Open University

3. KSOU – Karnataka State Open University
 4. VMU – Vinayaka Mission University

Enterprise learning businesses cater to assessment and training needs of corporates



- This division provides end-to-end management of assessment/testing needs of Corporates, public sector companies, and academic institutions
- It provides services starting from need analysis for a particular test to post-test analytics
- The division was started in 2003, and over the years, has built an enviable list of marquee clients
- It adheres to the global standards of Computer Adaptive Tests (CAA) and is an ISO 27001 certified organization



- Aptech Training Solutions was started in 1996
- The division customizes training content and provides training services to customers across automotive, BFSI, retail, telecom, IT, BPO, hospitality, and education spaces
- It provides training modules in sales, customer services, soft skills, IT, and various technology products and processes
- The division boasts of well-known clients like Cognizant, HDFC Standard Life, LIC, Future Group among others

Illustrative list of clients of Assessment and Testing Solutions

Government companies



Large Private Companies










Academic Institutions



Illustrative list of clients of Training Solutions



Aptech is best positioned to capitalize on the “emerging markets opportunity”

Company	Focus areas for large global career education players								No. of centers		Size (Rev in USD Mn)
	Country	IT Training	Multimedia and Animation	Language	Hardware and Networking	Aviation/ Hospitality	BFSI	Others (Retail, Telecom, etc)	India (centers, cities)	International (centers, Countries)	
	India	✓	✓	✓	✓	✓	✗	✓	~800(>250)	~450 (33)	~34 ¹
	India	✓	✗	✗	✓	✗	✓	✓	599(116)	351(40)	100 ¹
	China	✗	✗	✓	✗	✗	✗	✗	NA	487 (1)	544 ¹
	Philippines	✓	✗	✗	✗	✗	✗	✗	NA	267 (53)	27
	USA	✓	✗	✗	✗	✗	✗	✗	10(10)	300 (60)	34
	USA	✓	✗	✓	✗	✗	✗	✓	NA	150 (25)	23 ²
	UK	✓	✗	✗	✗	✗	✗	✗	NA	200 (45)	8

1. Represents the Individual learning solutions revenues of the company
2. All of Executrain’s revenues is from enterprise learning business

Source: Company filings, Onesource.com

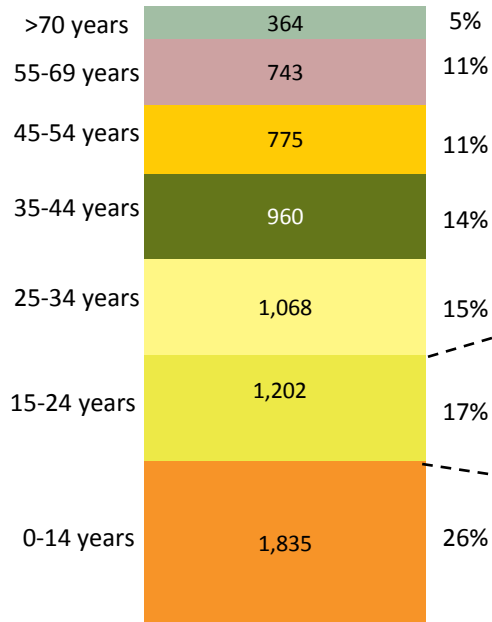


Unleash your potential

**Leading emerging market career education
company with a presence across 33 countries**

Aptech's geographical presence enables it to reach ~63% of the world population between 15-24 years of age

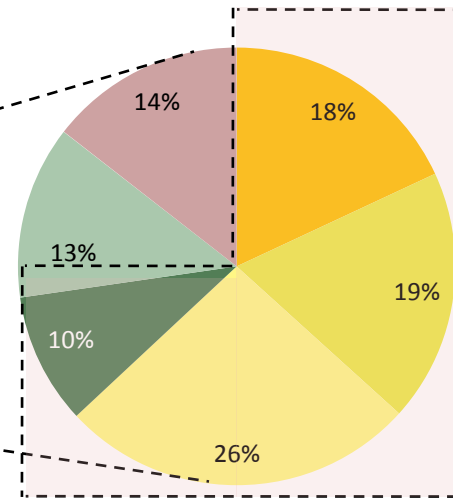
Age-wise distribution of world population



2011 World Population by age

0-14 15-24 25-34 35-44 45-54 55-70 >70

Distribution of population between 15-24 years of age



India

China

31 emerging countries (where Aptech is present)

Other emerging countries

Developed countries

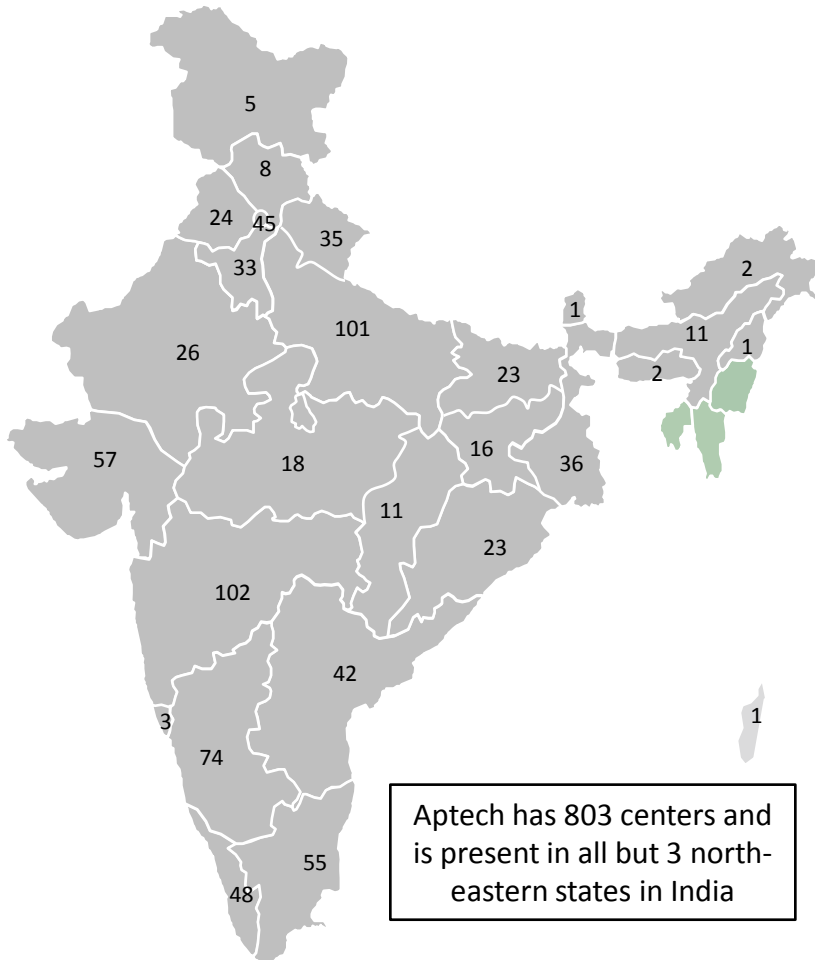
Underdeveloped countries

Source: US Census Bureau

- The target population for career education (age 15-24) comprises 1.2bn people and represents 17% of the world population
- Aptech, through its presence in 33 countries, reaches to ~63% of the total target population (650mn people)







With over 800 centers across all but 3 states in India, Aptech has one of the largest domestic networks among its peers

State-wise distribution of centers



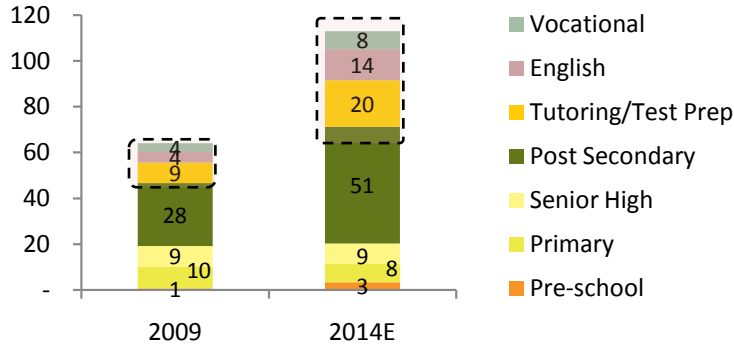
Aptech has 803 centers and is present in all but 3 north-eastern states in India

Brand-wise distribution of centers

Brands	No. of centers
	214
	76
	363
	72
	33
	45
Total	803

Investment in BJBC (China) provides an exposure to one of the fastest growing IT education markets in the world

Potential in the Chinese career education market



- The Chinese private education market is expected to witness a 12% growth till FY14E to USD 113bn, with the informal education market expected to grow at 20% to USD 42bn
- The IT Vocational Education in China is expected to grow to ~USD 2 bn by 2014

Favorable demographic and economic trends

- The fastest growing economy in the world, China has witnessed >10% GDP growth over the past 5 years
- This has been accompanied by rapid urbanization, increasing the potentially addressable market

Significant growth of IT Industry

- Significant growth in the Chinese IT market (10 yr CAGR ~25%) has created strong demand for trained students
- Govt. entities and corporations are also building out their IT infrastructure at all levels, bolstering the demand

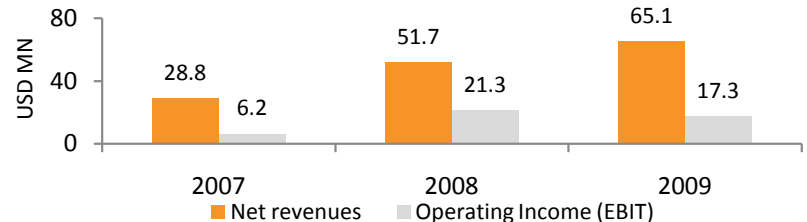
Government support for IT education

- Strong demand for IT engineers, coupled with the limitations within the traditional Chinese educational system, has led the government to increasingly support third party vocational IT education

BJBC – A leading player in the Chinese market

- In 2000, Aptech entered the IT training market in China through a 50:50 JV (BJB Aptech) with Beida Jade Bird (BJB)
- In 2009, it divested its 50% stake in the JV and invested the proceeds in the holding company, BJB Career Education Company (BJBC) for a 22.4% stake
- BJBC is currently the largest vocational IT education provider in China, with a **market share of ~ 40% and ~300 centers across China**
- A robust business model, backed by a conducive macro environment is expected to yield strong growth for BJBC in the coming years

Leading IT education provider in China	<ul style="list-style-type: none"> ▪ As a market leader with a leading national brand, BJBC can price its programs at a premium, receive govt. authorization, and form long-term relationship with IT cos ▪ BJBC's scale and network helps it diversify its revenue stream
Standardized and efficient operating system	<ul style="list-style-type: none"> ▪ BJBC's emphasis on standardization enables it to build a highly scalable operating framework, under which the business model can be replicated efficiently and expeditiously
Proven track record	<ul style="list-style-type: none"> ▪ The management team comprises members who have been pioneers in vocational IT education in China ▪ They have a proven track record of growth, having more than doubled the revenues from USD 29mn in CY07 to USD 65mn in CY09



1 RMB = 0.157USD

Note: Financials are in accordance with US GAAP

2009 EBIT does not include the gain on remeasurement of equity held in BJB-Aptech

Aptech has designed special programs to reach students in the international markets without physical presence in these countries

Indian Technical and Economic Cooperation (ITEC)

- ITEC is a program run and fully funded by the Government of India with the goal of encouraging cooperation and partnership among developing countries
- Under ITEC and its corollary SCAAP (Special Commonwealth African Assistance Program), 158 countries in Asia, East Europe (including the former USSR), Central Asia, Africa and Latin America are invited to share the Indian developmental experience in various fields
- Aptech is empanelled by the Ministry of External Affairs - Government of India, to provide quality IT, multimedia and language training to participants under the ITEC program
- Aptech offers short-term (8 to 10 weeks) courses in English communication, IT skills, web designing and graphic design. All courses are conducted in Delhi
- Officials in Government, public and private sectors, universities, chambers of commerce and industry, etc. from the participating countries can apply for these courses
- Till date, Aptech has trained over 2000 students from over 100 countries in this program
- Aptech's revenues from ITEC in FY11 stood at USD 2.5mn, which constitutes ~ 15% of the system wide international revenues (excluding China)

India Window Program (IWP)

- An exclusively designed program for foreign students and corporate executives, the India Window Program (IWP) provides an excellent opportunity to learn and experience information technology and multimedia in the Indian field
- Under India Window Program (IWP), under-graduates and graduates studying at foreign universities, as well as IT professionals wishing to upgrade their skills, are trained in multiple technologies
- The programs are available in semester or year long options and enable students to study in a professional environment. Students also gain the experience of living in a new country
- Through IWP, Aptech has already trained a number of students from countries like South Korea, Japan, Maldives, Nigeria, UK, Bhutan, Oman, Russia, Egypt, Sri Lanka etc.



Unleash your potential

Portfolio of strong, trusted brands across several high growth segments

ARENA and MAAC cumulatively hold ~80% market share in the domestic animation and multimedia training space

ARENA



- ARENA is one of the largest brands under the Aptech umbrella and contributed to ~38% of its FY11 system-wide collection
- ARENA provides career courses in animation, multimedia, web designing, gaming (12-33 months) and short term courses (2 weeks – 6 months) which train students in individual/multiple tools. In FY11, ~73% of the divisions' domestic enrolments was for long term courses
- ARENA is steadily building up its presence in the international presence. It has centers in 19 international markets currently. International revenues contributed ~ 17% of its total collection in FY11
- ARENA students are placed in companies looking to hire trained animation, web designing or gaming professionals. These include well known animation and film studios, TV channels, media cos etc.

BRAND SNAPSHOT (collection figures in USD mn)	
Number of centers in India	214
Number of centers outside India	50
System-wide collection from the brand	28.9
% of system wide collection from international markets	17%
# of students enrolled in FY11	29,035
% of enrolments in international markets (FY11)	24%
% of enrolments in long term courses (FY11)	73%
Collection/Enrolment (FY11) in USD	997

MAAC



- MAAC (Maya Academy of Advanced Cinematics) was acquired by Aptech in January 2010
- MAAC is a leader in high-end 3D animation and VFX (visual effects) education in India
- It provides a 3-year degree program in 3D and animation, career courses spanning 12-27 months, short courses as well as mentor series. In FY11, 20% of the total enrolments at MAAC was for short term courses
- MAAC currently operates through 76 centers in India and has signed an agreement with a partner to foray into an international market
- Recruiters for MAAC students include leading studios, TV/film content producers, media companies and gaming companies

BRAND SNAPSHOT (collection figures in USD mn)	
Number of centers in India	76
Number of centers outside India	-
System-wide collection from the brand	12.3
% of system wide collection from international markets	-
# of students enrolled in FY11	8,637
% of enrolments in international markets (FY11)	-
% of enrolments in long term courses (FY11)	81%
Collection/Enrolment (FY11) in USD	1,420

ACE and Hardware and Networking Academy : Aptech is #2 in IT training in India and has dominant leadership position in multiple international markets

Computer Education



- Aptech Computer Education is the flagship brand of the company and was started in 1986
- ACE offers IT courses for engineers, for 12th pass/college students, graduates and working people
- Aptech Computer Education offers a mix of career courses (24-36 months) and various short term courses (3-12 months). It also offers degree programs in collaboration with Indian universities and foreign universities. In FY11, ~34% of its student enrolled for career and university courses (long term courses)
- This division has a strong presence in the international markets. In FY11, ~65% of its collection came from international business. Considering Aptech's strong focus on international markets, the share is expected to move up in the coming years
- Aptech Computer Education students are frequently placed in top notch companies like Infosys, Wipro, TCS, Cognizant, Citibank, Reliance Communications, etc

Hardware and Networking Academy



- Aptech Hardware and Networking Academy offers a 3-year degree B.Sc Degree in Hardware, Networking and Digital communication in association with KSOU. It also offers career programs, professional courses and short-term courses in Hardware and Networking, duration of which range from 2 weeks to more than a year
- In addition to its own certification courses, Aptech offers programs in collaboration with internationally known IT brands like Microsoft and Red Hat. The students get official curriculum and course material of these international brands
- Students from the academy can pursue careers in hardware engineer, network engineer, systems engineer, data center managers, etc

BRAND SNAPSHOT (collection figures in USD mn)

Number of centers in India	435 (363 of Aptech Computer, 72 of Aptech Hardware)
Number of centers outside India	76 (72 of Aptech Computer, 4 of Aptech Hardware)
System-wide collection from the brand	23.9
% of system wide collection from international markets	65%
# of students enrolled in FY11	82,487
% of enrolments in international markets (FY11)	22%
% of enrolments in long term courses (FY11)	34%
Collection/Enrolment (FY11) in USD	290

Note: Does not include system wide revenue from Chinese investment

English Learning Academy and Aviation and Hospitality Academy are expected to provide robust growth in the coming years

English Learning Academy



- Aptech English Training Academy was started in 2009 through the acquisition of four centers of Bangalore based First English Education Institutes Limited (FEEIL). Today, the brand has expanded its network to 51 centers across the country
- The academy offers courses to improve communication skills, test preparation courses (IELTS and TOEFL) and corporate trainings
- The academy uses course material from the internationally acclaimed Cambridge English Language Teaching (ELT). Aptech is also in the process of developing its own content
- Aptech has launched this brand in 6 countries in the last 2 years. This brand is expected to witness robust growth in the international markets, given the lack of proficiency in English in most of the South East Asian and East European countries

Aviation and Hospitality Management



- Aptech Aviation and Hospitality Academy is the aviation, hospitality and travel and tourism education brand of Aptech. It was started in 2006
- The academy has unique content, with no comparable published material in the airport management space
- The academy offers MBA¹ and BBA² in Aviation as well as diploma and certification courses in other domains of travel and tourism
- Most of the courses are offered in alliance with universities, education institutes and industry bodies. Hence, Aptech Aviation and Hospitality Academy students receive dual certification at the end of their course
- The academy has a strong focus on long term career oriented courses, and all its courses (except personality development) are for over 10 months
- Students from the academy have been placed in companies such as Jet Airways, Kingfisher Airlines, Saudi Airline, Korean Air, Cambata Aviation, Livewel Aviation services, etc

BRAND SNAPSHOT (collection figures in USD mn)

Number of centers in India	45
Number of centers outside India	6
System-wide collection from the brand	0.3
% of system wide collection from international markets	0%
# of students enrolled in FY11	1,268
% of enrolments in international markets (FY11)	0%
Collection/Enrolment (FY11) in USD	196

BRAND SNAPSHOT (collection figures in USD mn)

Number of centers in India	33
Number of centers outside India	1
System-wide collection from the brand	2.3
% of system wide collection from international markets	0%
# of students enrolled in FY11	1,888
% of enrolments in international markets (FY11)	1%
Collection/Enrolment (FY11) in USD	1,198

Note: Does not include system wide revenue from Chinese investment

1. Master in Business Administration
2. Bachelor in Business Administration

Aptech



Unleash your potential

**Established processes and systems result in
Significant operating leverage in the platform**

A formalized system developed over a long period results in the creation of “best in class” content

Content Management – A key focus at Aptech

- The course content team comprises 25 people and is divided into
 - **Subject matter experts** who design the technical content of the course
 - **Instructional designers** who ensure a logical flow and easy comprehensibility
 - **Content editors** to modify the final content
- A course introduction could be led by (a) technological change or (b) market demand. The sales and the marketing teams are responsible for gauging such opportunities
- Quality of content is a key priority at Aptech; over the last 5 years, Aptech has cumulatively spent ~ USD 32mn on content management

Content customization

- Aptech is present in several non-English speaking countries, and has successfully managed the process of translation of content, which presents a significant entry barrier to new players
- Aptech customizes the course curriculum in several countries depending on the technologies which are more popular in such markets

CONTENT DEVELOPMENT FLOWCHART

MARKET FEEDBACK

Feedback is gathered from

1. **Industry** – Survey based inputs
2. **Prospective students** – Open houses, interaction with counselors
3. **Experts** – ARENA and MAAC also have industry experts as advisors

Industry and student feedback are collated by the placement team and sales team respectively

TRIGGER FOR NEW COURSE/UPGRADATION

Need for introduction of a new course/upgradation is triggered by:

1. **New technology** (eg: change in software versions)
2. **Market demand** (eg: some new area in gaming)

The requirement is communicated by the sales team to the marketing team, who in turn, conveys it to the content team

CURRICULLUM DESIGN

- After the learning outcomes are conveyed by the marketing team, the broad curriculum of the course is designed
- Multiple iterations are required to arrive at a final “table of contents” which can be covered within the desired length of the course

Content head in conjunction with a set of subject matter experts prepares the chapter headings

COURSE DESIGN

- Subject matter experts finalize the content of the material
- Instructional design team modifies the content to optimize the delivery and fit the session plan

Subject matter experts with instructional design team and content producers

Robust processes ensure consistent quality of delivery across centers and brands

Robust selection process for trainers

The company focuses on the following parameters to ensure consistency in recruitment

1. Technical skills

- The candidate is interviewed by the academic head of the center and owner of the franchise
- The candidate should have an Aptech certification/equivalent vendor certifications before he commences teaching

2. Communication skills

- The interview with the franchise head is the first level check in this regard
- Subsequently, the candidate is interviewed by the Aptech academic team

Continuous skill enhancement

- The faculty members are encouraged to add on to their existing skills through external trainings
- The costs for such trainings are borne by either the faculty member himself or the franchise. On certain occasions, it is subsidized by the company
- Such skill enhancements is beneficial for Aptech as the trainer can then handle multiple classes

Internal training platform

- The faculty undergoes a formalized training process which culminates into the Aptech certification
- Exceptions are made if the candidate already has certain certifications (from Microsoft, Oracle and Red Hat), which are considered at par with the Aptech certification
- The trainers are required to constantly upgrade their skills through internal trainings.
- Such trainings are coordinated and arranged by the academic team – a 15 member team responsible for maintaining the quality of delivery

Systems and checks provide for a smooth ramp-up of centers in domestic and international markets

Stringent franchise evaluation criteria

- Applications from franchise candidates are solicited through advertisements, referrals from existing franchises, franchise magazines, and embassies and foreign trade bodies (in case of international franchises)
- The candidate is evaluated by the sales team through an interview. The team also educates the candidate about:
 - Operations of a center
 - Capital outlay
 - Typical P&L of a center for the first few years
 - Time and involvement required from the owner
- The background check is conducted by the Aptech “networks” team
- Once a candidate is finalized, a 3-5 year contract is entered into with Aptech
- A typical franchise in India is a relatively young (25-40) first time entrepreneur funded by family, savings or investors (often acquaintances)
- An international franchise is much larger in size, and could be an individual, corporate house, universities or government bodies. Aptech centers abroad are much larger in size and require higher capital outlay

“Tried and tested” ecosystem for supervision

- Over the years, Aptech has created an ecosystem which enables smooth setting up and running of franchise centers
- The centralized IT portal is instrumental in monitoring the system for any irregularity (eg: a course stretching beyond its due period) and the academic team takes steps in resolving it along with the center
- Additionally, the company carries out financial and system audits for all the centers (which are divided into 3 categories -A, B and C). Category A centers are audited 4 times a year, B twice a year and C once a year
- An audit entails a comprehensive check of the systems in place and could result in any of the following actions
 - Minor non-conformities are resolved over a period of time with the help of the academic team
 - Serious non-conformities warrant warnings to the franchise
 - Very serious non-conformities are rare but could lead to a premature termination of the franchise agreement

Aptech has enjoyed continuing support from a majority of its franchises. Out of the top 20 franchises, 13 have retained the partnership with Aptech for over 10 years

Case study : Aptech's entry into Vietnam and subsequent rise to market leadership

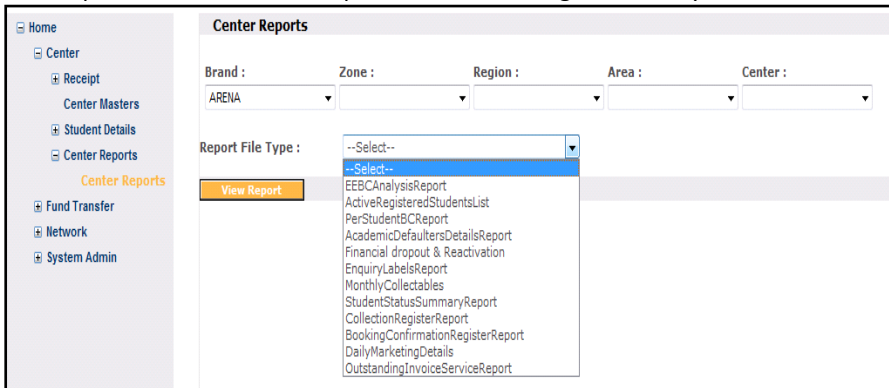
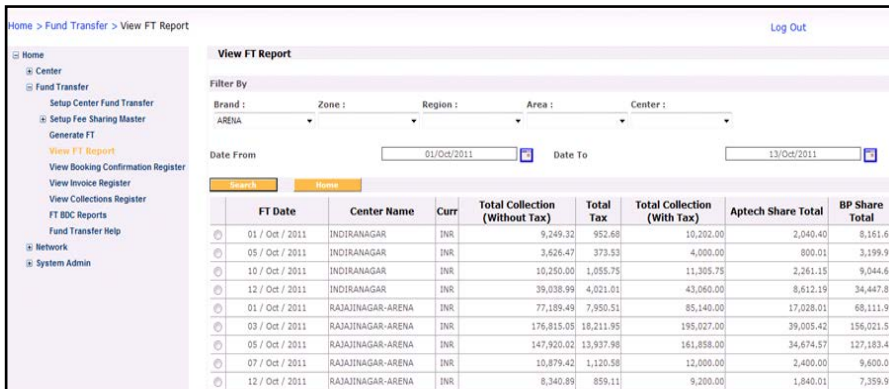
1999	Ideation and identification of opportunity	<ul style="list-style-type: none"> ▪ Vietnam as a potential target was identified from the proprietary market identification model ▪ During that time, Vietnam was opening up to foreign companies. Vietnam's economic development seemed to follow India's growth trajectory with a time lag
2000 - 2002	Launch of ACE - selection of franchisee and starting up	<ul style="list-style-type: none"> ▪ Aptech joined hands with FPT (as its franchise), one of the largest conglomerates in Vietnam, with a presence in software, real estate, education and financial services ▪ FPT's experience in the Vietnamese market enabled a smooth ramp-up of ACE centers in the two major cities - Hanoi and Ho Chi Minh City
2002 - 2004	Expansion of ACE throughout the country	<ul style="list-style-type: none"> ▪ After the concept of career education was popularized by Aptech in Vietnam, they decided to expand by appointing FPT as a master franchise ▪ After launching 6/7 centers in Hanoi and Ho Chi Minh City, Aptech successfully expanded to other cities in Vietnam
2004	Launch of ARENA to capitalize on brand equity	<ul style="list-style-type: none"> ▪ Post the success of ACE, Aptech launched ARENA in Vietnam through the direct franchise route ▪ Aptech's popularity as an education brand (Aptech is the most widely recognized brand in the Vietnamese education space) helped contribute to ARENA's success. ARENA today has 9 centers in Vietnam and is witnessing a 50%+ YoY growth in its collections
2008	Replication of success - Launch of Hardware and Networking Training	<ul style="list-style-type: none"> ▪ Having successfully navigated the Vietnamese market for two of its flagship brands, Aptech launched the Hardware and Networking Training brand ▪ The objective now is to grow the two newer brands (ARENA and Hardware training) and launch new brands (eg : English training) to capitalize on the success in the country

Aptech forays into an international market by launching one brand, ensures that it does well, expands it throughout the country, and then leverages its experience and replicates the success across other brands

Retail portal helps exercise tight control over the quality of delivery, thereby enhancing the credibility of certifications and quality of the student network

Overview of the portal

- The retail portal is a powerful enterprise planning tool that captures information on the franchises and the students
- It is instrumental in continuously monitoring operational and financial parameters of the business
- It was developed after an extensive study conducted by Pricewaterhouse Coopers in 2007 and was implemented in the organization by 2008

FT Date	Center Name	Curr	Total Collection (Without Tax)	Total Tax	Total Collection (With Tax)	Aptech Share Total	BP Share Total
01 / Oct / 2011	INDIRANAGAR	INR	9,249.32	952.68	10,202.00	2,040.40	8,161.60
05 / Oct / 2011	INDIRANAGAR	INR	3,626.47	373.53	4,000.00	800.01	3,199.99
10 / Oct / 2011	INDIRANAGAR	INR	10,250.00	1,055.75	11,305.75	2,261.15	9,044.60
12 / Oct / 2011	INDIRANAGAR	INR	39,038.99	4,021.01	43,060.00	8,612.19	34,447.81
01 / Oct / 2011	RAJAJINAGAR-ARENA	INR	77,189.49	7,950.51	85,140.00	17,028.01	68,111.99
03 / Oct / 2011	RAJAJINAGAR-ARENA	INR	176,815.05	18,211.95	195,027.00	39,005.42	156,021.58
05 / Oct / 2011	RAJAJINAGAR-ARENA	INR	147,920.02	13,937.98	161,858.00	34,674.57	127,183.43
07 / Oct / 2011	RAJAJINAGAR-ARENA	INR	10,879.42	1,120.58	12,000.00	2,400.00	9,600.00
12 / Oct / 2011	RAJAJINAGAR-ARENA	INR	8,340.89	859.11	9,200.00	1,840.01	7,359.99

1. A course is divided into several modules depending on the content and duration

Student information

- The retail portal records all relevant data of the student from the time he enrolls into a course to the time he gets his certificate
- The portal requires minimum manual intervention; only the attendance of a student has to be recorded by the faculty
- The student's progress is closely monitored through proctored evaluative test after each module¹, the results of which are recorded in the portal
- The student should have attended a minimum number of sessions to take the test and qualify for the next module.

Financial information

- The portal records the collection details at each center. The receipt against the collection of fees from a student is generated from the portal, which acts as an additional check point for Aptech
- The portal also carries the fee plan for each course (and each franchise) which shows Aptech's share from each installment paid by a student
- Clearance of all pending installments is a requirement for any student to take the tests, which ensures timely payment of fees

Franchise information

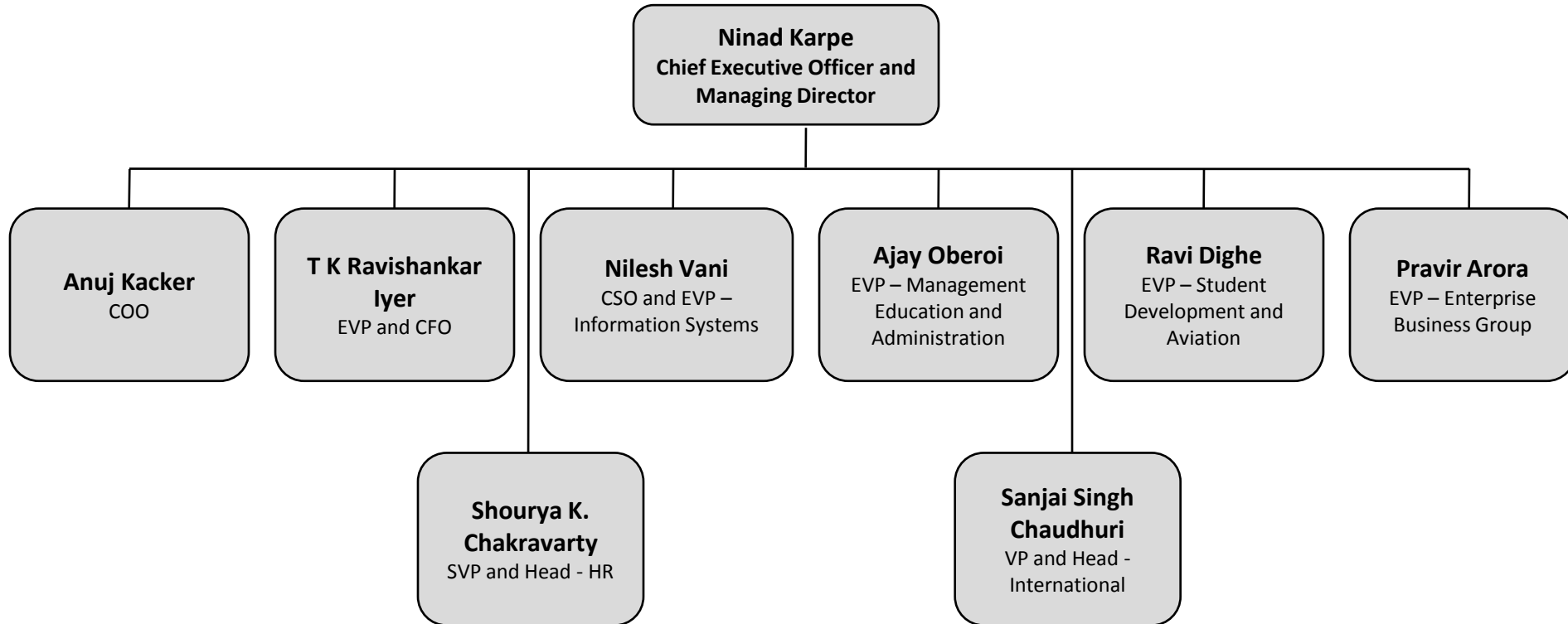
- The portal captures operational details of franchises, thereby helping the company monitor the operational performance of individual centers
- It helps in batch scheduling, tracks the progress of each batch,. It generates "session reports" which helps the academic team modify/optimize the session schedules for future batches
- It carries the profile of all the faculty members and helps identify gaps in skill set and subsequently schedules trainings/certifications for skill enhancement



Unleash your potential

**Experienced management team with a
demonstrated track-record**

Organization Chart



The top management in the company have a long and proven track record with Aptech, with the CEO, COO, CFO and CSO having cumulatively completed >36 years in the organization

Strong leadership team with strategic vision (1/3)



- **Ninad Karpe** joined Aptech in Feb, '09 and is now the CEO and MD, driving the company to become a leading Career Education provider with operations across the world
- He started his working career as a consultant specializing in advising companies seeking to invest in India
- He joined CA (Computer Associates) in 1998 when it started operations in India and was the Managing Director (India and SAARC) of CA for ~7 years prior to joining Aptech



- **Anuj Kacker** is the COO of Aptech heading the Individual Learning Businesses* of Aptech in the domestic market
- During his tenure at Aptech (since 2003), Anuj has successfully driven the company's growth worldwide, developing a business that spans over 30 countries
- Anuj has a total of over 24 years of experience in diverse sectors, having had successful tenures in MNCs like ICI as well as other well known companies like Akai and Jenson and Nicholson
- Anuj is an alumnus of IIT Kanpur (class of 1984) and IIM Calcutta (class of 1986)



- **T K Ravishankar** is the EVP and CFO at Aptech and has been associated with the company as a CFO since 2001
- In a career spanning 30 years, he has worked with marquee names such as BHEL, Vishakhapatnam Steel Project, ITC and Shaw Wallace prior to joining Aptech
- He is a Post Graduate in Commerce with Distinction and Gold medal, and a Qualified Cost Accountant and Company Secretary

* Except Aviation Training Academy, which is headed by Ravi Dighe

Strong leadership team with strategic vision (2/3)



- **Nilesh Vani** is the Chief Strategy Officer and the Executive Vice President of Information Systems at Aptech
- He has spent ~15 years with Aptech, having led different departments like Sales and Marketing, New Products, Strategic Planning, and Internal Audit
- Nilesh is an alumnus of IIT Bombay (class of 1986) and IIM Bangalore (class of 1988)



- **Ajay Oberoi** is the Executive Vice President of Management Education at Aptech. He also heads the administrative function at Aptech
- He has spent ~11 years with Aptech. Prior to joining Aptech, he had spent over two decades with the Tata and Godrej group
- Ajay is an alumnus of VJTI, Mumbai (class of 1980). Ajay has also acquired a Diploma in Financial Management from Mumbai University in 1993 and is currently pursuing Ph.D. in HR with BITS Pilani



- **Ravi Dighe** is an EVP at Aptech and looks after the Student development function covering areas such as content development, academic development, logistics, customer care, systems audits and quality. In addition to this, he also leads the Aptech Aviation & Hospitality Academy brand of Aptech
- Prior to Aptech, Ravi has worked in the Sales and marketing functions of large companies such as HUL, Hawkins and GTL
- Ravi is an alumnus of Jamnalal Bajaj Institute of Management Studies

Strong leadership team with strategic vision (3/3)



- **Pravir Arora** was inducted into the Aptech family earlier this year to lead the Enterprise Business Group
- He has ~18 years of domestic and international experience, having worked at various strategic level roles with leading multinational corporations such as Wipro, Digital Equipment, Compaq, CA and Sun Microsystems
- He is an alumnus of RV College of engineering, Bangalore (class of 1993)



- **Shourya Chakravarty** is a Senior Vice President of the company and heads the Human Resources function at Aptech
- In his over 15 years of corporate career, Shourya has worked with large companies like Aditya Birla Group, General Electric (GE), HSBC and Firstsource Solutions (formerly ICICI OneSource).
- Shourya is an alumnus of Xavier Institute of Social Service (XISS), specialising in Human Resources



- **Sanjai Singh Chaudhuri** is the VP and Head – International at Aptech
- Sanjai has over 22 years of diverse international business development experience, having been associated with a number of MNCs across varied sectors
- He was stationed in Nigeria between 1991 and 2009 and has been associated with the Aptech operations in Africa since 2000
- He is an alumnus of Delhi University and completed his MBA from IMT, Ghaziabad



Unleash your potential

Financial summary

Key Financials – Consolidated Income Statement (Reported)

Particulars (in USD Mn)	FY10*(15 months)	FY11 (12 months)	H1 FY12
Income			
Income from Operations #	32.84	39.75	19.55
Dividend Income	-	6.79	10.59
Total Income	32.84	46.54	30.15
Expenditure	-	-	
Employee Cost	9.48	8.15	3.98
Training & Education Expense	8.60	13.85	6.73
Marketing Expense	2.79	2.75	1.84
Administration Expense	7.58	10.56	4.58
Business EBITDA	4.38	11.23	13.02
Depreciation	3.27	2.65	1.10
Other Income (including Interest income)	1.05	1.19	0.74
Interest Expense	0.75	0.73	0.05
EBIT	1.41	9.02	12.21
PBT	1.42	9.05	12.61
Profit from Exceptional Items	0.67	-	(0.10)
Tax Expense ~	6.85	0.10	0.07
PAT	(4.77)	8.94	12.44
Less: Minority Interest	(0.13)	(0.45)	0.13
Add: Profit share from associates	-	(0.02)	(0.01)
PAT after Minority	(4.64)	9.37	12.29

Note: Conversion rate of 1USD = 48 INR is used

* FY refers to 12 month period representing April to March, except FY10 which corresponds to 15 months ending March, 2010; FY2010 figures doesn't include MAAC financials (MAAC Revenues of ~USD 17 mn in FY11). H1FY12 refers to the 6 month period representing April to September, 2011

Revenue recognition : For franchise centers (except in MAAC), only the Company's share of revenue is recognized on actual collection of fee by the center. For the centers owned by the Company, income is recognized over the period of the training. In case of MAAC (as per accounting policy of the acquired entity), till Q1FY12, gross revenue was accounted on accrual basis (including share of franchisee operation); franchisee share of fees were booked as expense

~ The Company has tax assets (due to past net operating losses) leading to low taxes in FY11 and FY12. In FY10, Deferred Tax Asset was reversed as a matter of prudence (though there are brought forward losses and other timing difference) leading to disproportion Tax expense in that year

Key Financials – Consolidated Balance Sheet (Reported)

Particulars (in USD Mn)	FY10 (31 Mar 2010)	FY11 (31 Mar 2011)	H1FY12 (30 Sep 2011)
SOURCES OF FUNDS			
Share holders funds			
Share Capital	9.70	10.16	10.16
Warrants and Stock Option outstanding	0.56	0.42	0.03
Reserves & Surplus	31.35	46.68	59.59
Loan funds			
Secured Loans	4.96	-	-
Minority Interest	0.04	0.00	-
Total Funds Employed	46.60	57.26	69.78
APPLICATION OF FUNDS			
Goodwill on consolidation	-	14.23	14.23
Fixed Asset			
Gross block	25.29	28.03	-
Net block	8.57	8.08	7.33
Investments	22.53	24.66	27.48
Current Assets, Loans and Advances			
Inventories	0.34	0.71	0.81
Sundry Debtors	5.70	4.07	5.94
Cash & Bank Balances	8.21	9.80	15.85
Loans & Advances	6.68	7.20	6.83
Current Liabilities & Provisions			
Current Liabilities	3.69	7.70	7.77
Provisions	1.74	3.77	0.94
Net Current Assets	15.50	10.29	20.73
Total Funds Utilized	46.60	57.26	69.78

Key Highlights

- Debt free company with a net cash (and cash equivalents) of more than USD 20mn on its balance sheet (including H1FY12 earnings)
- Non funded lending facilities of >USD 2mn available from banks for any PSU tender requirement
- Carry forward tax losses of ~ USD 20mn as on FY2011
- Transparent financial system with effective monitoring and control through SAP



Key Financials – Proforma EBIT and Capital Employed

Particulars (in USD Mn)	FY11	H1 FY11	H1 FY12
Consolidated EBIT (as per Reported numbers)	9.02	1.60	12.21
Less: China Dividend	6.80	-	10.50
EBIT (ex China)	2.22	1.60	1.71
Adjustments :			
Discontinued operations			
Add: EBIT - Brazil (Equity JV being converted into master franchise)	(0.91)	(0.51)	(0.26)
Add: EBIT - IT own centres (being closed)	(0.68)	(0.44)	(0.16)
Businesses in investment stage			
Add: EBIT of Avalon	(1.58)	(0.78)	(0.35)
Add: EBIT of English Express	(0.18)	(0.09)	(0.06)
EBIT (ex China) of mature continuing operations (Proforma)*	5.56	3.42	2.55

Particulars (in USD Mn)	FY10 (31 Mar 2010)	FY11 (31 Mar 2011)
Total Fund Utilized (Reported)	46.60	57.26
Less: Investment in China	22.53	22.53
Less: Cash in hand	8.21	9.80
Total Fund Utilized (Proforma)	15.87	24.94

Note: The adjustments are based on company's internal MIS
Conversion rate of 1USD = 48 INR is used

Aptech's growth strategy involves strengthening its existing market position while concurrently entering newer domains and geographies

	GROWTH STRATEGY	RECENT INITIATIVES
<p>1</p> <p>Increase "DEPTH" - Strengthen position in existing brands</p>	<ul style="list-style-type: none"> One of the key focus areas for Aptech is to strengthen its position in the existing markets by launching new centers, resulting in deeper penetration 	<p>In the last 18 months (ending Sep, 2011), Aptech has added 212 centers in India and 25 centers in its top 3 international markets</p>
<p>2</p> <p>Increase "BREADTH" - Launch new brands in countries where Aptech has a strong presence</p>	<ul style="list-style-type: none"> Aptech has been able to successfully leverage on its strong brand equity to launch newer brands in countries where it has a strong foothold Success of ARENA in Vietnam is an example of Aptech benefiting from its strong presence in computer education in an international market 	<p>In the last 18 months, Aptech has introduced ARENA in 2 countries, English training in 6 countries, and Hardware training in 1 country</p>
<p>3</p> <p>Increase "LENGTH" - Enter new countries by leveraging on past track record</p>	<ul style="list-style-type: none"> Aptech's track record of foraying into 33 countries in 18 years (10 countries in the last 5 years) puts it in a great position to successfully navigate through the teething problems that a market entry entails Aptech sees its entry into other large career education markets as a key growth driver 	<p>In the last 6 months Aptech has entered 2 new markets (Mali and Kyrgystan)</p>
<p>4</p> <p>Enter new areas of vocational education by leveraging on its experience of creating successful brands</p>	<ul style="list-style-type: none"> Global career education space represents a huge opportunity and while Aptech is present in a large number of the sub-segments, entry into other high growth areas (eg: retail, healthcare, multimedia in school, etc) can bolster growth 	<p>Aptech, in conjunction with TRRAIN has already launched a retail training initiative in Oct 2011</p>
<p>5</p> <p>Capitalize on avenues of creating a recurring and sustainable revenue stream</p>	<ul style="list-style-type: none"> Aptech is looking to create recurring revenue streams by strengthening its enterprise learning business, and tying up with institutions to offer solutions 	<p>Aptech is constantly adding to its clientele, especially in its testing business. The testing business has witnessed 25% YoY growth in its income in H1FY12</p>



Unleash your potential

Thank You

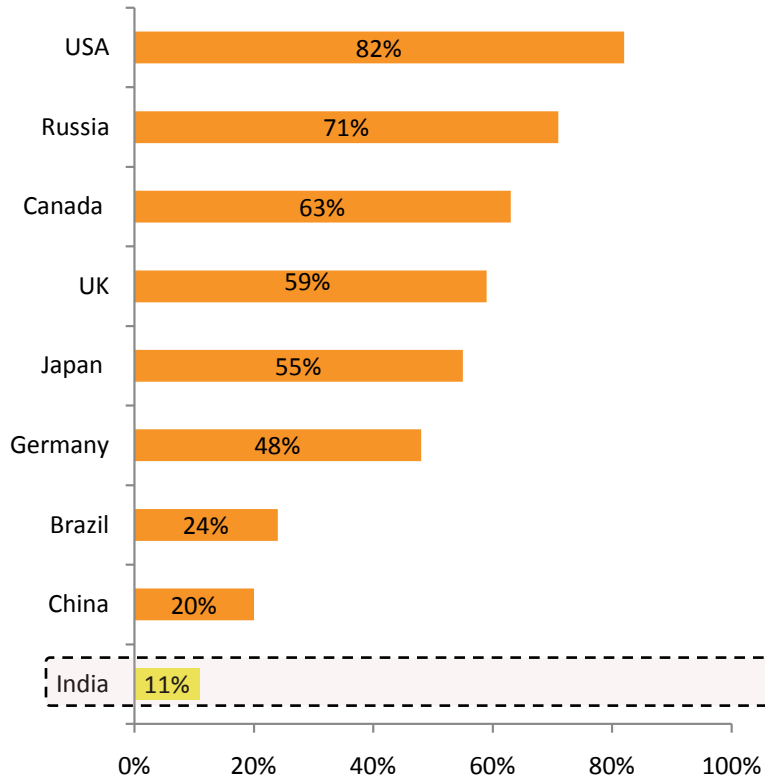


Unleash your potential

Appendix

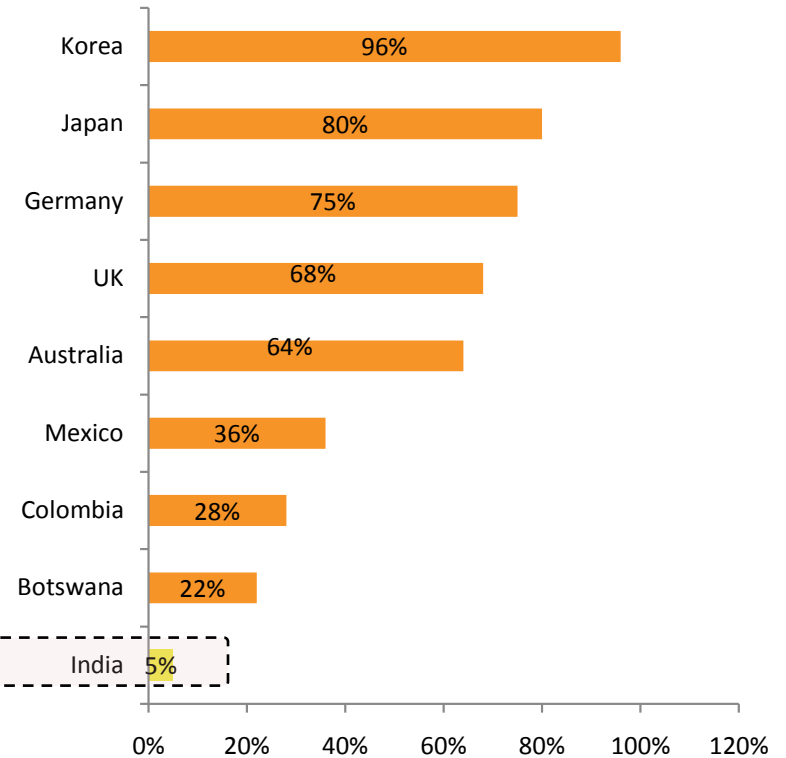
India currently suffers from extremely low level of education and formal training

Gross enrolment ratio in higher education



Source: HSBC Report on India Education

% of population with vocational training



Source: HSBC Report on India Education

India suffers from abysmally low penetration both in formal as well as vocational education

Regulations stifle private participation in formal education, making informal education the only investable space in Indian education

K-12	<ul style="list-style-type: none"> It is mandatory for all K-12 institutes to be affiliated to a school board, with the main ones being CBSE¹, ICSE² and IB³ In order to get an affiliation to a Board, schools are mandated to be established and operated as societies, trusts or educational / charitable / religious societies having non-proprietary and “not-for-profit” character The Board typically mandates infrastructure and teaching staff requirements for a school and outlines the syllabus for each class/ grade Further though fees are not regulated in K-12 (for unaided schools), the regulations prevent distribution of dividends or even investment of “reasonable surplus” in setting up new schools
HIGHER EDUCATION	<p>Governance</p> <ul style="list-style-type: none"> All higher education institutes come under the purview of the central governing body, University Grants Commission (UGC) State governments, 13 professional councils at the national level and 5 professional councils at the state level, the state councils and affiliating universities are the key participants in the system The professional councils act as individual regulatory bodies for specific professional courses, the notable ones being AICTE (for technical education), MCI (for medical colleges), and BCI (for law schools)
	<p>Ownership</p> <ul style="list-style-type: none"> All the higher education institutes must be structured as Trust/ Society/ Section 25 company run on a “Not for Profit” basis In a Trust/Society/ Section 25 company, any profit made has to be reinvested in the same organization and cannot be paid out as dividend to the investors All the real estate required for the institute, which constitutes a large portion of the investment, has to be owned by the trust The governing body also mandates minimum infrastructure requirements for institutes
	<p>Intake and fees</p> <ul style="list-style-type: none"> The intake of students is regulated, and institutes need to seek approval for any increase in the same. Student intake increase is typically approved on incremental basis based on age of the institute, infrastructure provided and operational history of the institute The fees is regulated by the government in order to ensure affordability of higher education (in AICTE approved colleges) The fee is typically regulated by a State level body or a standing committee of the UGC

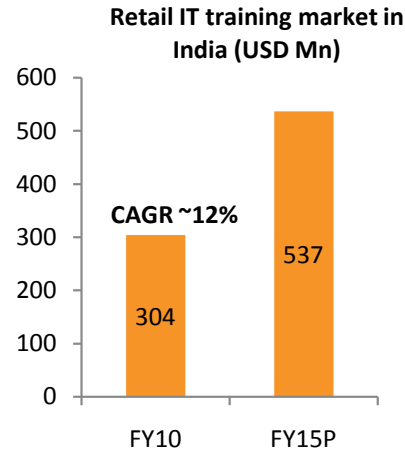
1. Central Board of Secondary Education
 2. Indian Certificate of Secondary Education
 3. International Baccalaureate

The obtrusive regulatory environment creates huge challenges for a “profit making” organization to enter the education space (especially higher education) and operate smoothly without restraints

Several sub sectors of the informal education space are expected to witness robust growth in India (1/2)

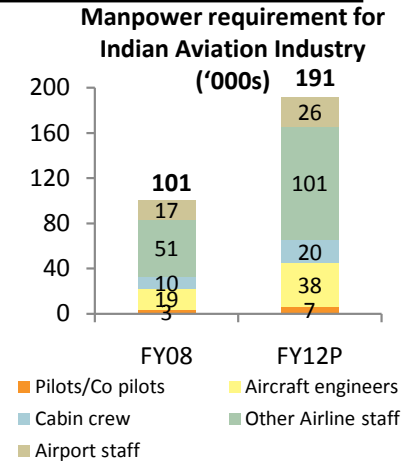
Information technology training

- Indian IT industry, pegged at USD50bn remains a primary driver of the Indian economy
- The robust growth in this sector continue to create demand for skilled personnel
- The IT training industry in India is ~ USD 304 mn and is expected to witness 12% growth till 2015E
- Apart from career courses, focus on domain specific expertise has led to robust growth in the short term courses/certifications as well



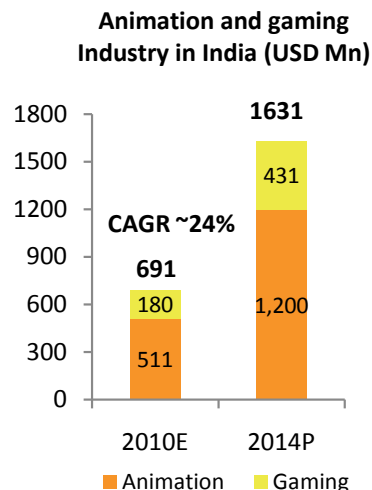
Aviation training

- The demand for experienced pilots and other technical staff is increasing with increasing number of flights
- However, the churn out rate of quality technical grade personnel still remains low, leading to acute manpower shortage in the civil aviation sector
- Also, largely government-owned earlier, the aviation industry is today dominated by privately owned full service airlines and low cost carriers, making it a glamorous and lucrative career choice



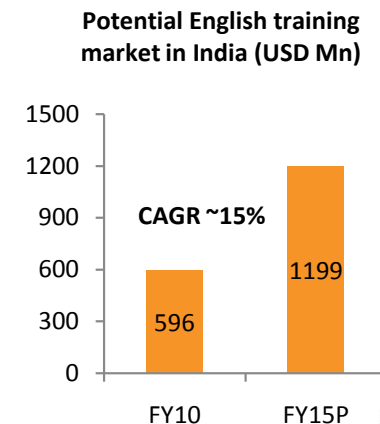
Animation and multimedia training

- Multimedia education in India is driven by the growth in the Indian entertainment and media industry.
- The Indian animation and gaming industry, a primary employer of multimedia technology, is expected to grow to a USD 1.6bn industry by 2014, witnessing an impressive 4 year CAGR of 24%
- Internet and broadband penetration, growing popularity of smart phones, and introduction of 3G would be a boost to the PC and Mobile gaming market
- Increasing use of VFX in films/TV also creates a demand for professionally trained manpower in this sector



English language education

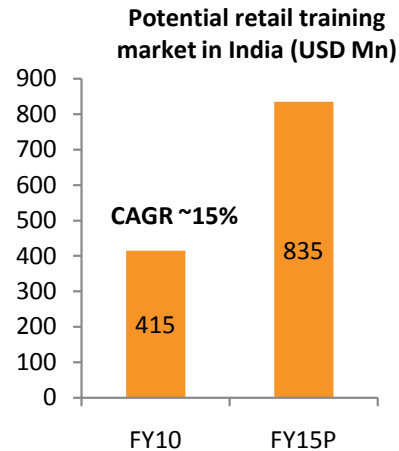
- Service sector today contributes >50% of India's GDP. IT/ITeS, hospitality, tourism retail and aviation generate a large number of jobs which require competency and fluency in English
- Even in schools where English is taught, it is not often taught 'well' due to poor quality/outdated teaching material, old-fashioned teaching methods and emphasis on passing tests rather than real understanding
- This creates massive opportunities for private players offering courses with trained teachers and latest teaching techniques



Several sub sectors of the informal education space are expected to witness robust growth in India (2/2)

Retail training

- India has a large retail industry (> USD 400bn), dominated primarily by unorganized retail stores
- The share of organized retail, which stands at 7% today is expected to go up significantly, led by increasing urbanization, and higher participation from private players
- Robust growth in organized retail would have a positive impact on the growth of retail training, which has already witnessed significant traction in the last decade



Corporate structure of Aptech group

