

**MANAGEMENT:** Anil Pant - Managing Director and CEO  
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**Disclaimer:** The transcript has been edited to ensure readability without any change in the meaning of the text.

**Presentation**

**Moderator:** Hello, on behalf of Haitong Securities, I would like to welcome Dr. Anil Pant, MD and CEO of Aptech. Along with sir, we also have Dr. Anuj Kacker, Executive Director and President, heading the Global Retail Business, and Mr. Saurabh Gada, Consultant – Investor Relations.

I'm also accompanied with my colleagues Urmil and Raunak in the IT sector, Mayank in Corporate Access and Dipesh and Girish in Sales. A very happy Dipawali to all of you.

Now sir, I would like to request you Dr. Pant to kindly take us through the company in detail, following which we can proceed with Dr. Kacker and Saurabh ji. Over to you, sir.

**Anil Pant:** Thank you very much, Siddharth. Belated very happy Dipawali to everybody who's been kind enough to log in here.

Unlike most analyst calls, I thought that we will do this slightly differently. I mean, everybody talks about numbers and we will talk about numbers too. But what I thought we would do before that is give all of you a small glimpse into what I call the soul of what our DNA is, beautifully, in this two minute video. And once you've seen this, you will understand better what Aptech is all about.

And after that, I will take two minutes to briefly talk about what the company does and then we'll go straight into the financials of the company and make it as interactive as possible, if that's okay with all of you. Is that fine Siddharth?

**Moderator:** Sure.

**Anil Pant:** Saurabh, would you please play the video?

[\[Audio-Video Presentation\]](#)

**Anil Pant:**

I understand that there could probably be people who don't understand Hindi. So, this talk is actually about Suraj, who belongs to the LGBTQ community in India, in a city which is in the hinterlands of India. And Suraj today is an extremely successful makeup artist in Bhojपुर cinema earning almost about the INR2 lakh, INR2.5 lakh rupees a month, which is almost I think the equivalent about \$3,000 a month, which is a handsome salary by any standards. At least for India, it's massive.

This is actually the soul of Aptech, where every student at the end of the day finds a job, finds a calling for himself or herself in society. And over the last 35 years, we've impacted close to 7 million lives. Every year, almost about 180,000 students graduate from our 1,000 plus academies across the world, in multiple diverse fields. Aptech started off as an IT Training company about 35 years ago, where we would teach coding, first of all, we would teach software.

With the lapse of time, we've diversified into multiple brands. Today, we are the world's largest media and entertainment school with almost about at any given point of time roughly 30,000 - 35,000 students studying in our 150 centers. We started the beauty training business just about four years ago.

In four years, which is approximately 1,000 days, we've set up more than 150 academies across the length and breadth of India. I think we're present in about 110 cities already. You will appreciate that when I say four years or 1,000 odd days, it's almost a center every 10 days. And this includes the period of the pandemic.

In four short years, we're the number one training brand in the country training more than about 17,000 students every year. We add almost about 2,000 plus students or close to that number every month. We have a lot of other brands, we're in the preschool space, were there in aviation, hospitality and retail, but the one unifying theme about Aptech across all the brands is that we are about creating employability. Now my favorite example that I give to people is about ethical learning, and what I mean by ethical learning doesn't mean other businesses are unethical. But what gives me especially a lot of pleasure, is that I take a look at what's happening to graduates in India. Almost about 80% of graduates in India are unemployable, less than 20% get jobs.

And if I look at engineering, it's probably worse because you end up spending about INR10 lakh over four years, and only about 20% of the engineers actually get jobs. The remaining continue to remain

unemployable. They spent INR10 lakh four years of your time and you find that you don't have a job or even if you have a job, the average starting salaries are in the range of three and a half lakh rupees per year.

But when you look at my students in Media & Entertainment, and I say this with a lot of pride and with a lot of passion, our kids they spend about a year on an average and they spend about a INR1 lakh in terms of fees, but at the end of one year, they get placed in some of the best studios in the country, and at salaries which are comparable with that of engineers.

So on a one lakh rupee investment and in one year of their time they start off with almost INR3.5 lakh in annual salary. So, in engineering where you spend INR10 lakh and four years' time, starting off 'with jobs of INR3 lakh and INR3.5 lakhs it's a return on investment of 0.35. Here, a kid who spent one lakh rupees and one year gets a job which pays almost that of an engineer INR3 lakh to INR3.5 lakhs, and his return on investment is three times. So almost 10x that of what you do in engineering.

That is the value that I believe skilling can add to a person's life in this world. And when I talk about 10x, when I say that, we create 10x value, this is the essence that we're trying to give. We've had ups and downs. But the pandemic taught us a lot of things. It taught us how to completely reinvent ourselves. And in the last 18-months, we have sort of become extremely agile, nimble and completely digital organization.

So today, where our model was a completely physical classroom-oriented model, where students would come to the centers and attend classes and learn, the model has become what I call a "phygital" (physical + digital) model, where a lot of the teaching happens online, with faculty teaching students, and students coming to the centers now that the centers are reopened to actually work as -- work in competitions to work on the hands on learning that they get at these centers in terms of the physically working with the servers on the projects that they have.

My own personal belief is that this digital online training is never going to replace the physical learning, because what you get from physical learning is immense. I mean, your peer-to-peer learning can never be replaced by an online platform or by us going completely digital. So, we believe that the pandemic has really added one very,

very big value that it has enabled us to sort of become completely digital in our approach to training.

Also, it has tremendously helped in terms of trimming costs significantly, both for our franchisees and us. So much so that today, a center capacity has increased by almost close to 60%, 70% without adding any infrastructure. So, I mean, if we had a 5,000 square foot facility, and he could handle 500 students in that in a year, today, the same center can easily handle about 750 to 800 students.

Having said that, the quarter two which we are talking about has been one of the good quarters for us. It's really best in a very long time. And the team feels very good about what we were able to deliver as both top-line and profitability. The presentation has already been loaded on our website, any of you want it, it can be shared with you.

And I'm sure one of the questions that people are going to be interested in is - is this a one-off or is it sustainable? I believe that we are in a phase of sustainable growth now. And nobody can plan for an unseen or an unplanned catastrophe. But if everything remains the same, we are in a phase of sustained growth going forward.

So, this is what I wanted to communicate at the beginning in the first about 30-minutes. Now if anybody has any questions or if the host would like to moderate it differently we'll be very happy to answer questions. I believe an interaction is the best method of explaining about the organization.

**Moderator:**

Thank you, Dr. Pant, for a wonderful introduction. Would you like Dr. Kacker to present some part of the business to the audience?

**Anuj Kacker:**

I think, Anil has laid the foundation of what the soul of Aptech is, and how we are driving employability or attacking unemployability and building employability quotient. I think it may be worth it to just hear a few videos, just a minute or so, which will help build on what Anil is saying, because all the financial numbers are a result of what we are doing in that area.

So, for people to invest in this business, it is key for people to understand what this business is all about today in Aptech. So Saurabh, if you can go to the some of the recruiters' videos that you have on the slide and maybe one or two of them we can play.

[\[Audio-Video Presentation\]](#)

If you go to YouTube and search for our brands, you will see hundreds of such videos. The last one I want to play is if you can go to the 24FPS video, and we'll play a few excerpts there. So, I think that was also an important area I would want to highlight.

But before you start this particular video, which I'm going to show you, while this is six minutes video, we will show you bits and pieces, maybe a couple of minutes is really up. And we used to have pre-pandemics our huge event for our students, which for want of a better explanatory term you can call the Oscar night for the media and entertainment industry and more specifically the animation industry.

And now in the pandemic we converted as part of our digital pivot initiative, even this event from a physical world to a virtual world. And as you would realize that many things changed in the virtual world, it gives you a chance to scale up much more, so have a glimpse at how we did this particular event in the virtual world.

And I say this with some degree of pride that I have not seen any other educational institute in India and let's say outside India to be able to produce an event of this sort in the digital world, probably its more reminiscent of the Facebook's and the Microsoft's and Amazon's of the world. Go for it, I'll cue you on start it.

#### [\[Audio-Video Presentation\]](#)

So, it's an award night and it goes on like this for some time. And really this is has become a -- this was the 18th edition of the show. And it's become the bellwether, or the most sought-after event for the industry itself. And we are very happy that we were able to scale it up with such magnitude just shows not only the resilience that we have, but more importantly shows the resilience in the industries that we operate.

I think you just skip forward now to roughly about five minutes. Yeah play from somewhere there Just pause here, just pause here. (Snapshot of the Jury of 24FPS).

I want to highlight this, forget what's written there. These are practically the who's who of the Indian animation industry, I mean, in fact the international industry itself. So, this is also the jury for us, what it shows to investors like you is the strength which Aptech has built over three decades of history. It is interaction with the industry, they are people who potentially employ our students, that they are equally integrated into every aspect of our business.

Now, this is something which to a finance person would seem as a huge entry barrier, because these are relationships which have been developed over three decades. And many of them actually that you see on the screen, who are occupying the top chairs in various studios and various production houses across the country were once Aptech students.

So obviously, also some of them have a very, very soft corner for us. That apart, so this is a huge thing, which again, I think is a great differentiating factor for a company like us with any possible Edtech venture or university or any other player who may choose to enter the space. So if we have huge entry barriers for anybody seeking to come into this place.

Yeah, I think we'd close here.

**Anil Pant:**

Just stay here for a second. Just on these two things that you saw, the recruitment speak and the event. There are about 2700 recruiters like Cimpres. And to reach a scale of 2700 recruiters and you know get them to hire our students consistently, we've invested heavily in digital platforms. We've got a platform called Creosouls, where our students are able to post their work.

Now, just for the information of people, this is a platform on which students are able to showcase their work. If you could show the work of the kids from LAPA (Slide number 12 of the presentation).

**Anil Pant:**

Now, the question that I asked people is that if a student is able to do work of this quality, right, where you take a look at the model, and you take a look at the finished output. The question that I asked our own board is now you tell me why this child is not employable? And people said is it the quality of work of all your students, logical question.

And I shared with them that out of about 15,000, 16,000 students 1,700 students participated in this particular competition. Everybody's work was of almost similar quality. And that is what I want to highlight that even though we may have 1000 centers across 30 plus countries and churning out almost about 150,000 students every year, we take utmost care to make sure that the learning outcome is in a band of plus or minus 10% for everybody.

Now how is this done, this is done through a very detailed pedagogy that has been developed, it's been done by designing the programs

such that the faculties role in this, while important, minimize to the extent that they follow what is written in the faculty manual, the learning outcome will be achieved.

**Anuj Kacker:**

Anil, with your permission, and with the indulgence of the participants, I know, they are dying to get into the black and white of the humdrum of the numbers. But with their indulgence, if you can just play a minute of the video on the left, it will add a lot of colors to the program. Just one of them, same slide Saurabh.

[\[Audio-Video Presentation\]](#)

**Anil Pant:**

By the way this entry did not win, it only got an honorable mention. And the reason they did not win the prize as per the jury members was because when the model ended the post, she had her hand near her face, and the hand did not have make-up. That is the level of sophistication and that is the level of detailing, which the jury goes into while judging people.

Now, to me, that was probably the best look that had been created by the students. But they only won honorable mention, because of one little detail, which had the model, actually not brought her hand to the face, that that particular entry would have probably been placed first. That is the level of detailing which goes into teaching these children.

So, Saurabh now you should probably put the second quarter highlights, and we'll get into the body and substance of what the numbers which people are interested in. Saurabh will you take this?

**Saurabh Gada:**

I will. Yes, as Anil mentioned, we have done really well in this quarter, and it is the beginning of sustainable growth post COVID. The retail business overall grew by 73% largely due to the more than double growth in the domestic retail top-line, because post the second wave the centers opened as the restrictions were lifted across most parts of the country. So we saw immediate results in terms of enrollment, and it showed in our top-line growth.

We also saw the conduct of exams in the enterprise business, which we have decided to exit from, but that also delivered a good revenue growth of 65% in Q2. And the kind of operating leverage that we have in our business meant that our margins expanded substantially. The PBT for global retail went up from 32% in Q2 of last year to 43%. At the same time enterprise business also the PBT went up from 4% to 15%.



One highlight here is that unallocable expenses, while they have gone up marginally in absolute terms, in terms of percentage of total revenue, they are much, much lower than last year. Because we have, as Anil said, we have become much more leaner and meaner when it comes to our operations. So, the PBT that we have delivered in this quarter is the highest in last little more than a decade. And so it's 16 crores versus 3 crores in Q2. So, this is the details of the financials.

Let's move forward. So, I would like to highlight here I reiterate the fact that the profitability numbers have gone up significantly vis-à-vis Q2 of last year, and going forward, also these are sustainable. Within global retail the distribution between domestic and international, you will see that the domestic business has more than doubled in terms of revenue. At the international level, high single digit growth and that's because in some of our major markets, the second wave or the third wave hit really badly in Q2 of this year. For e.g. Vietnam.

**Anil Pant:**

Saurabh, what is here to actually explain is that despite the pandemic, despite the second wave, the numbers are extraordinary. And in international while it may look like a high single digit growth, it's in a very mature market, it's in the market hit by pandemic and it's in a market which is actually growing at about 40%.

Now most businesses that pandemic had hit, the business would have completely come to a standstill, but because of the digital pivot of the organization, because of the business continuity plans, we've managed to sustain almost about 9%, 10%. That's the important message here.

**Saurabh Gada:**

Yes, I was coming to that. Other markets, we've done really well, especially Nigeria. So which has helped us deliver this growth in spite of COVID. The terms of trade in terms of what our share of the student collection has also been better than last year same quarter.

And now the impact that we see on the ratios, the return ratios, which have improved significantly. So the quarterly ROE for the overall company is up to 7% from 0.7% in Q2 of FY '21. We still have zero debt on the books. The cash declined by about INR8 crores on account of the dividend payout.

The explanation of cash flow related movement, because a lot of the business that we did in the enterprise business happened towards the end of the quarter, and with the previous two quarters having no revenue, you see a decline in cash from operating activity. But as we collect, this will improve a lot. And one reclassification entry shows up in the decline in the cash flow from operating activities, which is



related to bank FD classification, but excluding that, for the continuing business, we generated a cash of 10 crores in the H1 of FY '22.

So, these are just one of the highlights as Anil was speaking out the Creosouls platform, which is kind of social employment platform that we have for our Arena, MAAC and Lakme brands. And this is the statistics that we have as on November 15<sup>th</sup>. We have more than 100,000 users on this platform who have populated more than 150,000 projects on the platform. And there are roughly 9000 jobs available as on 15th November, which are active on the platform.

So as I mentioned before, our centers have opened after the second wave. And this has helped us in delivering this performance. The enrollment numbers are high. And we've also seen significant movement in terms of new center signups as compared to the previous year, which is seen in the numbers that we have signed up 33 centers, including four international in Q2, versus only 19 in the Q2 of FY '21.

**Anil Pant:** Saurabh, let's, let's take a pause here,

**Saurabh Gada:** So we will take the questions now.

**Anil Pant:** The next 22 minutes for Q&A, so that it can be extremely interactive and meaningful.

**Moderator:** Yeah. So since it's a very small group call, we request all participants that in case they have any question, they can just unmute themselves and directly ask a question to the management. If you want you can identify yourself. There is no issue.

So would any of us our participants like to start the Q&A?

### **Question-and-Answer Session**

**Narottam:** Yeah, hi, this is Narottam.

**Anil Pant:** Hi, Narottam, how are you doing?

**Narottam:** I'm doing good. Thanks for the presentation and lovely presentation I must say. And I have this one question I would like to ask. Your order book in retail, or bookings that you have how's that looking compared to the previous pre-COVID peak?

- Anil Pant:** I think, Anuj should take that. But Narottam, it's reaching very close to the best ever that we had in '19.
- Narottam:** So, the recovery is almost in the high 90s that's perfect thing.
- Anil Pant:** But Anuj is the better person to answer that.
- Anuj Kacker:** Yeah, I'll say I think obviously, the two factors we need to consider was that we are as far as fresh order booking is concerned, it is highly seasonal for us. And Q1 Q2, generally the higher months and Q3 Q4 are the relatively lower months. Both of pandemic waves couldn't have been worst times for us, because first of all, again, both during that peak season period.
- But having said that, the last quarter the recovery in the order book has been almost close to vertical, if you see the curve. So, obviously, there is a lot of thirst for our courses, which are there, because if you really see by way what is driving that vertical nature of the recovery.
- It is simple that the underlying industry to which we are catering is extremely strong and growing. And because that is extremely strong and growing and all the awareness measures that we have been doing over the years has spread the message among the potential customers that this is a good area to join.
- So moment that they could join they are coming back. And so we really think the pandemic is behind us now.
- Narottam:** Okay. But bookings are now equivalent to what you were doing pre-COVID right?
- Anuj Kacker:** I will not say it is exactly matches as yet. But we are coming back.
- Narottam:** Okay, great. Thank you so much team and all the best. Thank you.
- Hemal:** Hi, guys. I wanted to ask any questions, I'll ask one by one. So first of all, I want to ask about the institutional business. So last few months back, I had read a report where it was mentioned that we are going to sell our institutional business. But in this quarter, we have seen the sales of institutional businesses come to almost 2019 high levels around 20 crores we made in the revenue part. So are you still looking to sell that business?
- Anil Pant:** So you want to ask all your three questions.

**Hemal:** I'll go one by one, if that's fine with you?

**Anil Pant:** Absolutely. While we have discontinued business you have to appreciate that we would not like to drain the organization, right. So we are obviously looking at creating value even in the discontinued business. So that tomorrow when I get a buyer for that business, okay, at least we get good valuation.

So there is nothing wrong with that business, it's just that it doesn't suit the DNA of Aptech, which is to – our strength is in training. So we've been getting wonderful orders. In fact, the order book in this business is at an all-time high, and nothing has changed about our decision to sell the business at this point of time. And I mean, if it is thriving, it is good for us. It will only increase valuation.

**Hemal:** Okay. So you are still open for the sale. But at this point of time if you get a right buyer, we might consider selling it.

**Anil Pant:** Absolutely.

**Hemal:** Okay. I actually was -- to be very honest, I was surprised to see such a good result for institutional business. I was not expecting that much. It was actually a great jump from last quarter.

My second question is, how was the response to the online platform Proalley?

**Anil Pant:** Anuj, you want to take that?

**Anuj Kacker:** Yeah, it's very initial days for us. We just, -- the good news is that platform is working perfectly or we've had a glitch free test runs, but nothing that we can talk about the numbers so as yet.

I think initial stage, I think we are also looking at it more as a completion of our delivery methodology. See, we were always historically in the ILT business, instructor led training. And over the years, we added a huge dollop of technology to the delivery process, including, doing our courses in augmented reality, and so on, so forth. And then the pandemic led us to do a lot of our courses in the remote manner, which was well, so even going forward in the post-pandemic period, we have a lot of remote course -- portions of our courses happening in the remote fashion, as a plan.

This also the self-based, video-based learning is a completion of our various delivery channels that we can use to reach the potential

audience. We have started with only five or six courses in the media entertainment space, because that's the area space which we understand the best. And therefore we wanted to dip our fingers shallow to see how the temperature is.

**Hemal:** Okay. Fair enough. And the last point is, for me on any television, whenever Aptech comes Dr. Pant is the face of Aptech. So after the result has come last week, I have not seen Mr. Pant on any news channels, a company who's not giving good results are even coming on TV, and we have given a phenomenal result. And still I'm not able to see Dr. Pant on television, I am not able to understand why Dr. Pant is not coming on TV.

**Anil Pant:** That is a question that you should ask the TV channels.

**Hemal:** Okay, I would definitely put a mail right now to CNBC. I follow Sonia Shenoy very closely, I'm going to put that on Insta also that we should Aptech after such a phenomenal results. Because media coverage is very important for companies to show how beautifully they are performing in one quarter.

**Chetan:** Can I ask a question, please?

**Moderator:** Yeah, sure.

**Chetan:** Sir, hi, this is Chetan here. Just one big question. So I was going through one of the recent report by BCG about gig economy in India, and what is the great and big potential we have on this opportunity. So I'm just trying to understand that we have multiple verticals where we do vocational courses for the people across.

Is there any focus area apart from the verticals which we are already working on that we thought that isn't where this next five to seven year time horizon as an option and as an opportunity you know to take it to the next stage or next scale of growth path for the company as a whole? If you can, I am not sure sir, whether you have seen that report. I have it handy to and you can have a look at it that just spoken about big picture India opportunity of the gig economy.

**Anil Pant:** So Chetan, thanks for that question. But, you'll love what I'm about to tell you next. Out of the about one lakh odd students who are enrolled in India, I would say that almost 60% of these students who are there in media and entertainment and in the Lakme Academy. While they are learning itself, they become part of the gig economy. Because as part of their training, they are given a very, very large exposure to all

these platforms actually providing the gig work especially let's say graphic design, multimedia, creating small animation clips.

So these students, a lot of them, and this is something which is a very surprising trend, a lot of them say I don't want a job, I'll earn much more as a freelancer on these platforms, than I would as an employee of even a large studio. Even if they get a job 40,000 45,000 rupees, some of these children, but almost I would say about 20% 25% of these kids are already earning about 60,000, 70,000 rupees a month as gig workers.

So your point is very valid. In all our courses, we actually encourage students to become part of the gig economy.

**Chetan:** Understood, sir. So my whole contention of understanding from your side is that apart from animation and Lakme, or Media and Lakme training, is there any other vertical, which you think can fit our deal for next five to seven years? I can understand that from a competitive angle, you may not want to spell out anything specific, but purely from a strategic or...

**Anil Pant:** Yeah, the short answer is, yes. Our teams are working on at least four or five those opportunities that we have. For any opportunity or for us to get into any space, we set three or four questions. Okay. Does this lead to mass employment? Is it franchizable? Will I be able to add significantly more value than the formal education system?

Will I be able to make students employable in less than a year's time? And is there money to be made here at the price points that we want for the company and franchisee? And will it give the same like I told you the 10x value proposition to the student? And, icing would be if it is fungible across borders, and it can go global. That's another criteria we look at.

So if it answers these four or five questions, then we start looking at very seriously. Right now, the team is evaluating about four or five options. And now that Lakme has become in less than four years, we've got 150 centers, it is now mature business. So obviously what is next? So we are going to get into that now.

**Chetan:** Thank you so much for this detailed information.

**Moderator:** Participants would like to ask questions can unmute themselves and...

**Ashwin:** Yeah, hi. This is Ashwin here from Samatva Investments. Could you spend some time talking about the outlook for Lakme in terms of numbers? Next three years how do you see it shaping up? Because you just mentioned it has become a more mature business. But how should one think about the numbers in the next three, four years in terms of centers and overall volumes?

**Anil Pant:** So Ashwin, as a rule we don't give guidance, but I will answer your question to the best of my ability. Look, today we are at about 150 centers. I believe that this business can scale up to at least about, let's put this way about 250 to 300 centers, that's the potential that India carry keeping in mind the city population, it's a very complex mix that we take in terms of, what is the population size of a city, what are the catchment areas in the city, what is the beauty quotient of it, we've even actually created that beauty quotient thing.

Now, like I told you right at the beginning, for us, it's all about the number of jobs that we can place students in. Today, like I shared with you, we are about 15,000 to 20,000 students range in a year with that we are already the number one player.

But what we realized is that we are in a position to place at least about three times this number at any given point of time. So obviously, potentially, we can grow this business three times both in the media and entertainment and in Lakme space.

**Anuj Kacker:** And if you correlate this to what the question Chetan asked on the gig economy, the freelance work is a very important component of the value aspirations with the kids have in the LAPA space. So that as that explodes that will prove to be another size up.

**Anil Pant:** Anuj, I'd like to share with the investors, that Meerut incident and that incident that the children that we met in Vashi. Actually interesting, I went to Meerut for the 100<sup>th</sup> center opening, there were about 20 enrollments that had already happened before the center opened. About 18 of them were young Muslim girls.

So I asked the student, why are you joining this academy? They say, we're not allowed to work outside, I can't work in a store, I can't work in a shop, I'm not allowed to work in a salon. Three, four times there is this wedding season, which comes in. And traditionally, we do mehendi work. Mehendi work, you earn 3,000, 4,000, 5,000 rupees in a day. So, if we can learn bridal makeup, our ability to earn would grow from -- could go as high as five, six lakhs per year. And Lakme certification we become preferred -- people start calling us much more



easily. Now, this is a much, much bigger workforce than what you could probably put in salons, you get what I'm saying, Ashwin. By calling the person home to do bridal makeup, and I can tell you, it will probably set you back about a lakh of rupees.

**Ashwin:** Got it. Understood. It is helpful. And second question is on the Creosouls platform. Can you talk about the traction there and in terms of the recruitment, and at some point in the past, you mentioned about potentially opening this up to other in students as well and any progress on that, any thoughts would be helpful?

**Anil Pant:** Anuj, would you like to take that?

**Anuj Kacker:** Yeah. For those who are not familiar with Creosouls, sorry, I didn't catch the name of the person who's asking the question.

**Ashwin:** Hi, my name is Ashwin Reddy.

**Anuj Kacker:** Ashwin, I presume you're familiar with the Creosouls, but for the benefit of those who are not Creosoul is an internal platform right now, which is open to the students of our three main brands Arena, MAAC and LAPA. It's a platform which brings together the peer community within the entire student community of those brands, which is pretty large by themselves globally. And they showcase their work and interact just the way you would interact on Instagram, or a Facebook, kind of a scenario, comments, likes and hearts and all those kind of things.

But the other dimension of this platform is the connect between the employers and the students, because being a very visual driven employment, or a work whether it's a project or showcase or a makeup or whatever it is, the employers find it very easy to shortlist people basis, what they see visually, and more importantly, how they see this particular work evolving as the student is going through the education cycle. And now Creosoul, is a very mature product in our system.

All the students of these brands are there or vast majority of our students are there. It's a paid thing. The students pay to be there. And some of the work that we are seeing there are really, really excellent. So we have opened this to I think about 150, 160 odd recruiters right now, to be able to log into this. So right now it's working. The recruitment is happening both through this as well as off it, depending on the comfort levels of the recruiters.

So I think it's enthused the whole space so much. I think today as we speak, I think there was a slide has the numbers, roughly about 4000 odd jobs are live today on that system. And the students are daily applying and daily showcasing their work. So it's an ongoing process for us, which has reached maturity and driving.

Now coming to a second question of whether we will take it to other institutions or not. It is certainly there in our minds, when it comes, we'll certainly let you know.

**Ashwin:** Got it. So right now what proportion of your overall recruitment happened through this platform in terms of percentage?

**Anuj Kacker:** We don't differentiate it like that because right now, we use it as a shortlisting tool and not a completion tool. So, see today for those 150 odd people who are there for them, almost 60% 70% of those recruitments are happening there. But there are a lot of people who are not there, who choose to just reach out offline.

**Ashwin Reddy:** Understand. Thank you and good luck.

**Anuj Kacker:** Thank you.

**Moderator:** Any other questions from participants? Urmil, did you have a question from the client?

**Urmil:** Yes. So, Anil sir, just to the extent it is possible to dissect, we talked about sustainability of the growth. So on LAPA, we have indicated the roadmap available, if media and entertainment in the domestic and international market. If you put further breakdown as to how the next three to five years look, that would be interesting. And also, what is the kind of difference Proalloy can add to that?

**Anil Pant:** So, without getting -- I'm giving you a disclaimer that we're not going to treat it as guidance. Okay. Now, let's look at what's happening today. Today, at any given point of time by industry connect alliances, team has about 100,000 jobs, which are available with them from industry. Against these 100,000 jobs, I'm able to place about 30,000 students only.

Now, why with 100,000 jobs I don't have 100,000 students today that's a good question. And that's a good problem to have in the sense that I know that my business can be three times bigger today, but it's not, for whatever reason, parents not putting that into these programs, aspirations being different, et cetera, et cetera.

But as the awareness of animation industry, media and entertainment industry grows among people, I'm reasonably sure that we will be the prime beneficiaries of this because we dominate this space. I mean, we sort of literally own the space. Now, three years down the line or five years, actually five years is a better horizon. The projection is that this 100,000 jobs a year is going to grow to 350,000 jobs.

So if I just take my normal share of -- I'm providing 30,000 students again 100,000 jobs, which are available to us today, and assume that we see 350,000 jobs also available to us, we should be at about 100,000 students in media entertainment. That's a logical way to look at it.

Your second question was, what kind of value will Proalley active is? The Proalley is a digital tool for us. I mean, it's just one of the methods that we have in our dissemination of trading. There are people today in India, there are children who like to do only online learning, they are very comfortable doing self-based learning, they don't want to come to a center, they're happy.

Now, I have gone on TV and said this that for us, this is not a valuation game. I mean we have not built Proalley just to get a crazy valuation. No. For us, it's something that we strongly believe that we will grow it organically and we will work profitably. So whether I get 10,000 students from that out of 100,000, or whether it is the 50,000 kids, I don't know. I don't know the answer to that. But it's going to be significant in the next three to five years.

It is probably going to take us two, three quarters, to build the right number of courses to make it attractive to a much larger audience. At that point of time, we will start advertising heavily. We're going to start putting serious dollars in terms of promoting the platform.

Today with just about five or six courses like Anuj said, what is the point of my doing a media blitz. There's no point in spending money, no point in wasting money on that. So once I have adequate content on that platform, you've got to invest on promoting it in a big way. But the idea really, I want to make it clear is not to make it a valuation game.

For us, it is a tool, one more tool in our arsenal to build that training outreach. Does that answer your question, Urmil?

**Urmil:** Yes, it very much does, because what we hear from client is given that how the ed-tech market being on where there is a lot of cash burn, and your focus not being on that is very appreciated.

**Anil Pant:** Urmil, I don't have other people's money to burn. I mean, I have my own money. I have very -- I mean, my shareholders are going to ask me, one of the curses of being a listed company. I mean, you can't afford to burn money. People are going to really crucify you.

**Urmil:** Sir, if we can just build up on the growth that the institutional business has seen in Q2, and how there is a scope for it to build it up further. So that as in, when there is a deal on the table, they can be a relatively higher value unlocking, commentary on that also would be helpful. That was my last question.

**Anil Pant:** Yeah, but at the end of the day, the board has taken a decision to discontinue the business. It doesn't mean that I've abandoned it, it doesn't mean that I shut it down. And it's still up and a running concern. I mean, there are employees there, there are customers whom I have, there are exams that I'm delivering. It's not a dead-end buried business. It's a business, which is discontinued, because it does not fit in with the vision of the company for the next three to five years.

Now, we continue to get orders from customers, we continue to have an order book. And I mean, at some point of time, any institutional business is a reasonably complex sale. I mean, we made this announcement only in February of this year, it takes time to find a buyer for this kind of a business because it's a niche business. And we are not in any hurry to make a slump sale. I mean, fortunately that business has turned the corner and is making profit.

So yeah, it's not a drain on the company's resources. So we've continued to grow, and we will continue to run it in a sustained manner. And as long as it's not losing money for me it doesn't do any harm to the company's P&L or balance sheet.

**Urmil:** Absolutely, sir. Thank you.

**Siddharth:** So sir, I also had something on the institutional side only. What is the scope that we're looking at in this business?

**Anil Pant:** I didn't understand the question Siddharth.

**Siddharth:** When we talk about growth potential in the segment so what kind of...

**Anil Pant:** We're not discussing that on this call because we've anyway, taken a call in principle to exit this business. So I mean, I can spend five hours talking about the potential of the institutional business. But we've taken a decision in principle that at some point of time, when we find the right buyer, we want to exit this business. There is no point of talking about something that I'm not going to read. Neither Anuj or I are going to spend time on this. This is being run by a very capable gentleman, he's running that business very sustainably, very admirably.

Obviously, I mean, there's no point wasting time on talking about that. That's not the core of our business.

**Ashwin:** Hi, this is Ashwin here again. Can you talk about the pre-school business? What are the plans there? Because the pandemic has kind of hurt bad, but how you're seeing the pre-school business right now as the world reopens?

**Anuj Kacker:** Yeah, the pre-school business obviously the worst hit, and I would think very justifiably so among all the businesses. And pre-schools are still not open. So we also from the point of view of the health of the safety angle of all the kids involved, we are not opening our schools till the time we are very, very sure across that all safety measures and everything are adequately in place.

But as a segment, I mean, I think it's a segment in which is growing and will continue to grow as more and more, I mean, the drivers for them are well documented and well known across the world, and particularly India as a percentage of working mothers increase and various other drivers to the business are there.

And there will also be a shakeout, in the pandemic has also led to a shakeout of the mom-and-pop shops who have closed shop, whether they will reemerge or not? Your guesses are good as mine. But I've certainly see that consolidation in this business will happen as we move forward, which will stand for people like us in good stead.

**Anil Pant:** Ashwin, one of the biggest gainers of the vaccination drive is probably going to be the pre-school. So I mean, as and when the country reaches 100% vaccination level and as and when the vaccination starts going down to the lower age groups, when they start from, let's say, two years onwards, when they start on this maybe it will happen in the next four or five months. And I really see the move in that business.

**Anuj Kacker:** But if you're interested, and you search for it on YouTube, you will find very, very cute and amazing things that we have done in doing for these kids during the pandemic period. The kids have been thoroughly engaged remotely, and they have loved it. Because these are digital native children they are born in the digital world. They don't have to make any transition into the digital world, unlike people like us. So for them, anything digital comes absolutely naturally.

So this example, we will use augmented reality to create, let's say animal figures, which appear to the kids eye that appear in front of him remotely as if the let's say elephant is standing next to it. They're very good technological tools. They are used to engage the students.

And many of these would really become get imbibed into our pedagogical going forward, as and when the school reopens in full force.

**Ashwin Reddy:** Got it. But are you guys evaluating any inorganic opportunity, given the shakeout that has happened in this business?

**Anuj Kacker:** It's too early to say anything on that. Let the schools reopen, we will have to reassess what the market looks like.

**Ashwin Reddy:** Okay. Got it. Thank you.

**Moderator:** Do we have any questions from our clients? Urmil, have you got any question on WhatsApp or anything from the client?

**Urmil:** No, Siddharth.

**Moderator:** Okay. So sir, in case you feel that we have missed asking you something because you are the experts of Aptech. Do you think we have missed something on your company?

**Anil Pant:** Siddharth, I don't think so. It's just, I tell all the people that don't just look at these credentials, or don't just look at the balance sheet or the P&L of a company. When you invest in a company, look at what the soul and what the intent of the management team of that organization is. And I believe that we play a very important role in this country in terms of creating employment. And if we make money, while doing something that is of significant importance to the society, I think that company is an extremely valuable one.

Today for Anuj and me and the leadership team of the organization is not a job, it's a mission. And our mission is that any child who comes



into Aptech center goes out with a live job, and like Suraj, Siddharth, you've seen that we've had enough time to interact, so I've showed you so many hundreds of videos. There are tens of thousands of live like Suraj that we impact. I see that there are at least about 15, 20 people here, and anybody who's there on this platform, is a reasonably well off person.

So I want to tell you, folks that if any of you know somebody who's talented, and who's poor, invest that one lakh rupees and then send them to an Aptech center and I promise you that, you will transform that person's family forever. We have made this commitment to anybody. I mean, for me that is the biggest take, whenever I talk to people, whether it's a forum of 20 people, whether it's in a forum of 20,000 people Siddharth. This is what I tell everybody, that if you are able to impact even one life, it's really, seriously good stuff that you're doing.

**Siddharth:** Right, I agree with you, sir. And there is no dearth of talented people in our country.

**Anuj Kacker:** And from an investment perspective, long-term investment perspective I might add, it's very important to assess while the new and the cash burners are very sexy. But that apart, if you look at what it takes to build this business, is very different. This is enabling a person to get a job is no easy task. If you were to employ somebody in your own company and say, what did you do, I watched some videos, and therefore please give me a job. You'll say, can you tell me a little more about it?

So it takes a lot of doing, a lot of thinking, a lot of experimentation, to be able to build a value proposition, which actually leads to jobs. And not jobs in a sporadic way, they'll always be some people who are so good that they will get a job. There'll always be that 5% people. But when you're talking about the mass of India, and you're talking to people who are otherwise not employable in any sphere, and that numbers are huge, and that is where we are.

And to be able to build that, we've done it so long, that now we feel it is a sheer entry barrier for anybody else to come and it will take the next 10-years or five years to reach those levels of relationships, by the time they are able to duplicate anything that we have done over three decades that's one.

And second is, because it's so long, and most of our people alumni and today are occupying the highest chairs in various organizations, it has

very indirect benefits, I mean, both Anil and me were in a meeting the day before yesterday, I'll not disclose the name of the organization on the very large companies, well-known companies in India. And the only reason they contacted us for a possible collaboration opportunity is because that person was from Aptech, and he had such fond memories. He believed in what we are doing, and of course, he's been a close watcher of what we do. And that's why we were there in the conference room discussing a possible opportunity. So, believe me, and there are thousands like that across. All our jury members that there is the network, there is a value proposition to our current and future students.

- Anil Pant:** I want to share one thing with you that, one of the biggest beneficiaries of this unlock cred thing that you've been talking about will be Aptech. Increased vaccination, I mean, my firm belief that I don't think, personally, I don't believe that there will be a third wave. It's now reached endemic stage, and we've learned how to live with the COVID. I mean, Anuj and I were in Chennai yesterday and day before yesterday, and we were seeing 70% of these people are without masks. And nobody's bothered about, I mean, I think people have forgotten about -- I wish people did not behave in such a silly manner. But my own belief is that this pandemic thing is behind us. And with this pandemic going on behind us, the numbers for us can only get better and better and better from here. So that's what I want to leave behind.
- Siddharth:** Sir, what percentage of the centers is open now?
- Anil Pant:** Almost 90%.
- Siddharth:** Almost 90, okay. Okay, fine. That's a good thing. And balance is also opening.
- Anil Pant:** Centers that have not opened is primarily because that's really the impact of the pandemic, and I don't think they are going to open. So it's actually done good because just a 10% attrition over two serious waves is a fantastic combo for any franchise-driven business.
- Siddharth:** Okay. Urmil, anything else?
- Urmil:** No, Sidharth.
- Siddharth:** So sir, on behalf of Haitong Securities, I would like to thank Dr. Anil Pant, Dr. Anuj Kacker and Saurabh Gada for another insightful session on Aptech and its growth per se. And also to my colleague



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Mahek, Nitesh, Raunak, Bipish and all the participants of today's call.  
Trust me Dr. it was indeed a huge learning experience for us today.  
Thanks a lot, once again, and waiting for a wonderful new year for all  
of us and to Aptech too.