



*Unleash your potential*

# Corporate Presentation

March 2014



*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 40+ countries (including India and China), with over 820 centers in India and ~480 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 (~35% 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 12 months and opened 34 new international centers in the same period*

*Strong mechanisms for operational control; continuing support from franchises*

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

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

Strong balance sheet with zero debt and more than Rs. 470 mn cash; franchise based asset light business model

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 TRRAIN<sup>1</sup>

1986

Started as an IT training company in India

1993

Initiated a multi-geography approach

1996

Started building a multi-vertical presence

2003

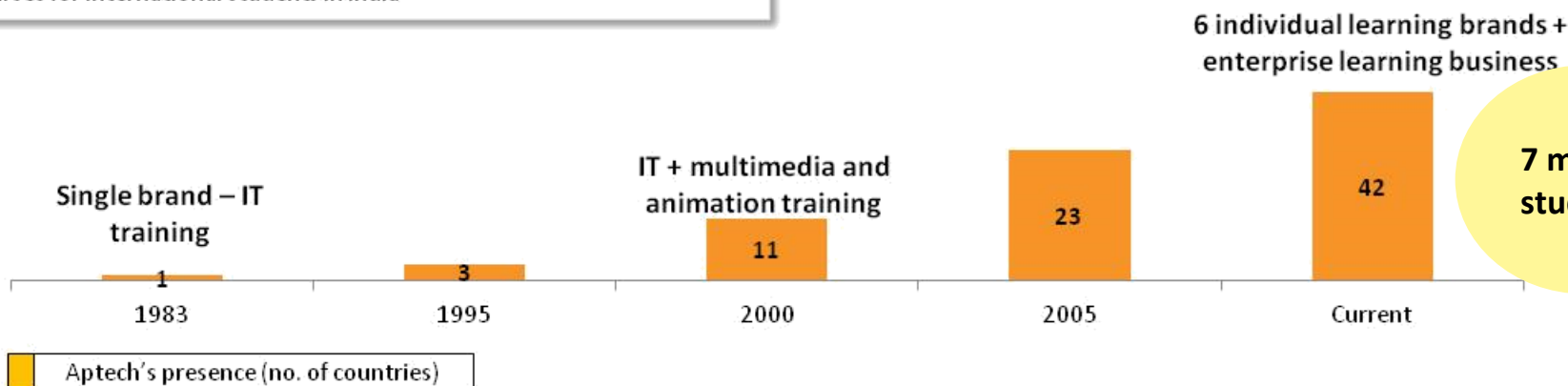
Focused on building presence across multiple segments

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 6<sup>th</sup> 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, 2011<sup>1</sup>*

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



## Consistently acknowledged leadership in many International markets



Aptech Vietnam wins the ICT Gold Medal For Highest Turnover (Category: Training) and Top ICT Training Cup from HCM Computer Association for the 11<sup>th</sup> year in a row (2003 – 2013)

# Best Innovation in Vocational Education and Skills Training – World Education Awards 2012



## Well recognized and trusted brand – Internationally (4/5)



Aptech center of the West Kazakhstan Engineering and Technology University at Uralsk, Kazakhstan was awarded as the best training center in computer technology for the 4<sup>th</sup> year in a row



Aptech received the award of Best Computer Training School of the Year at the 2013 Uganda Responsible Investment awards from the hands of Uganda's PM Amama Mbabazi



## Well recognized and trusted brand (5/5)



- Aptech Beida Jade Bird – China, rated the No. 1 IT training provider for 9 consecutive years since 2002
- Aptech Computer Education was declared as Brand of The Year Award 2013 in Professional Computer Education Category for the 3rd consecutive year by the Government of Pakistan
- Aptech Aviation was awarded the Best Aviation Training Academy 2011 by BIG Brands
- APEX® 2010 – Excellence Awards in two categories, viz. Educational & Training Electronic & Video Publications and Green Electronic & Video Publications





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## 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 1300 centers in 40+ 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 nearly 3 decades of experience in the career education space, Aptech has trained over 7 million students till date
- Aptech holds a 22.4% stake in BJB Career Education Company (BJBC), the leader in IT training in China with ~35% market share
- Aptech is headquartered in Mumbai, India and has a total of 416 employees working across the world
- The promoter group cumulatively holds 47.16% 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 IT and 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 AICTE<sup>1</sup> 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 India<sup>2</sup>



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	<b>ARENA</b> – Offers animation and multimedia courses; together with MAAC, it is #1 player in India, present in 20 other countries
	2	<b>MAAC</b> – Offers high-end animation and multimedia courses, currently present only in India
	3	<b>Aptech Computer Education</b> – Offers IT (software) training; #2 player in India, amongst leading players in Vietnam, Nigeria and Pakistan
	4	<b>Aptech Hardware and Networking Academy</b> – Provides hardware training
	5	<b>Aptech Aviation and Hospitality Academy</b> – Offers courses in airport management, cabin crew training, and travel and tourism management
	6	<b>Aptech English Learning Academy</b> – Offers language training courses as well as courses for test preparation like IELTS and TOEFL

Enterprise Learning Businesses	1	<b>Aptech Assessment and Testing Solutions</b> – Offers solutions for end-to-end management of tests for corporates and academic institutes
	2	<b>Aptech Training Solutions</b> – Provides outsourced training services, mostly to corporates
	3	<b>Aptech Learning Solutions</b> – 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)

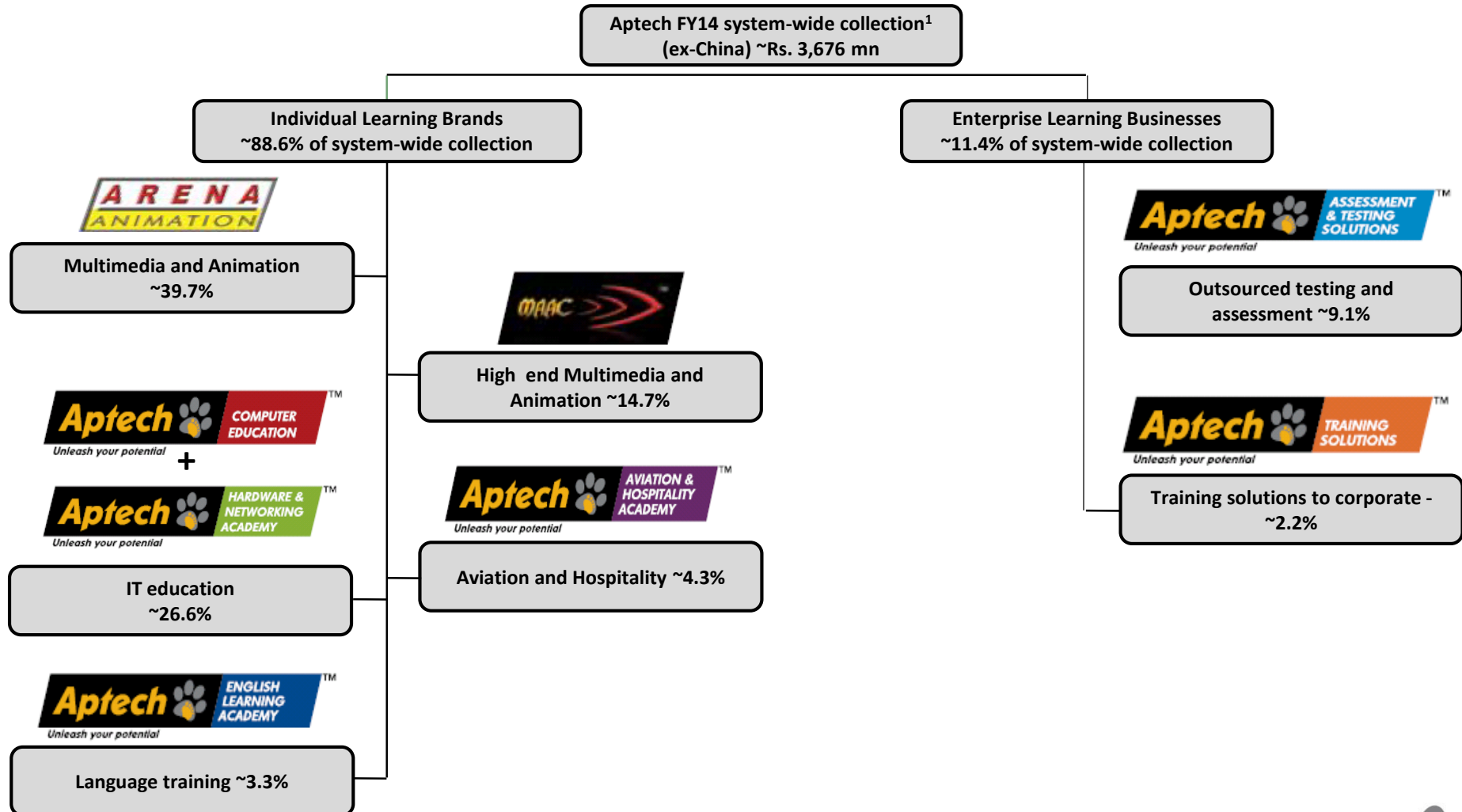
1	Direct franchise – eg: India, Mali
2	Master franchise – eg: Russia, Vietnam (Aptech Computer Education)
3	Limited investment – eg: Poland
4	Joint Venture – eg: Philippines
5	Owned centers – eg: India, Malaysia

## Multi-geography approach

- Aptech has a **presence in 42 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

~4.9% of the total revenues are contributed by miscellaneous businesses/projects which have been categorized under respective brands based on training subject

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

← INDIA → ← INTERNATIONAL →

	<ul style="list-style-type: none"> <li>▪ Career courses: 23-33 months</li> <li>▪ Graphics and Web design: 12 months</li> <li>▪ Game art and design: 15 months</li> <li>▪ Short term courses: 2 weeks -6 months</li> </ul>	<ul style="list-style-type: none"> <li>▪ Present in 20+ international markets</li> <li>▪ Focus is on the long-term career courses</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Career courses: 12-24 months</li> <li>▪ Short term courses: 2-7 months</li> <li>▪ MAAC mentor series: Only for MAAC ex-students</li> </ul>	<ul style="list-style-type: none"> <li>▪ Established first centres in Vietnam, Saudi Arabia and Syria</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Career Courses: 1-3 years</li> <li>▪ Professional and certification courses: 3-12 months</li> <li>▪ Basic foundation courses: 1-3 months</li> <li>▪ Specialized short term courses: 2-6 months</li> </ul>	<ul style="list-style-type: none"> <li>▪ Present in 35+ international markets</li> <li>▪ Focus is on offering career courses to supplement university education</li> <li>▪ Courses are customized according to the needs and dynamics of the country</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Career Courses: 6-22 months</li> <li>▪ Professional courses: 1.5-3 months</li> <li>▪ Foundation courses: 4- 8 months</li> <li>▪ In addition to its own certification courses, it offers programs in collaboration with internationally known brands like Microsoft and Red Hat</li> </ul>	<ul style="list-style-type: none"> <li>▪ Currently offered in Vietnam, Pakistan, Afghanistan and Myanmar, company plans to launch it in a few other countries</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Diploma in airport management, hospitality management</li> <li>▪ Certification in travel and tourism, ground Staff services and cabin crew services</li> <li>▪ Has recently launched courses in organized retail training in combination with airport management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Have set up first centers in Malaysia and Ghana</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Spoken English, Accent Training</li> <li>▪ Foundation course</li> <li>▪ Test preparation (TOEFL and IELTS)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Present in 12 countries such as Russia, Saudi Arabia, Sudan, Pakistan etc.</li> <li>▪ Significant demand for language training courses, expected to be a major growth driver</li> </ul>

# 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

## Illustrative list of clients of Assessment and Testing Solutions

### Government companies



### Large Private Companies



### Academic Institutions

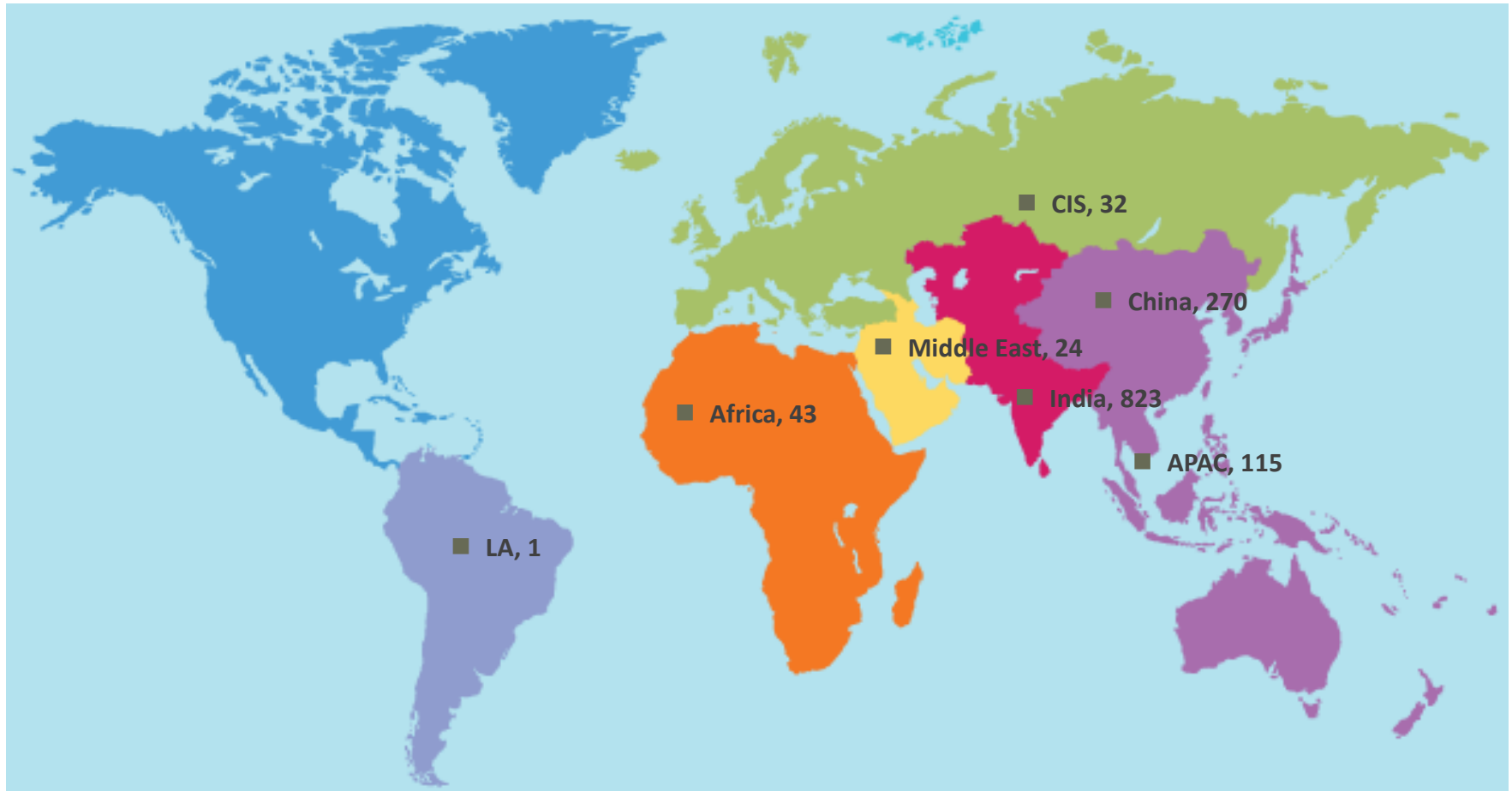


- Aptech Training Solutions was started in 1996
- The division customizes training content and provides training services to customers across automotive, BFSI, retail, telecom, IT, BPO hospitality, and education spaces
- It provides training modules in sales, customer services, soft skills, IT, and various 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 Training Solutions



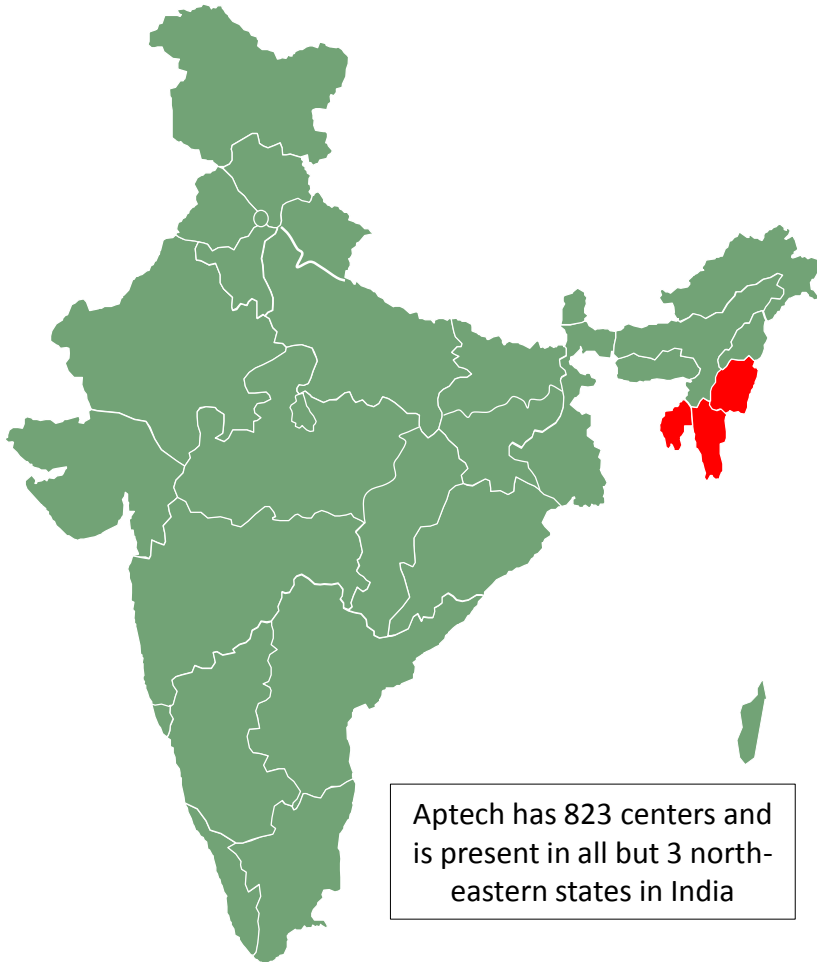
**Aptech presents a unique global platform with  
presence in 42 countries**











**With over 820 centers across all but 3 states in India, Aptech has one of the largest domestic networks among its peers**

### State-wide Presence



Aptech has 823 centers and is present in all but 3 north-eastern states in India

### Brand-wise distribution of centers

Brands	No. of centers
	237
	97
	296
	90
	48
	55
<b>Total</b>	<b>823</b>

## **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 2300 students from over 100 countries in this program
- Aptech's revenues from ITEC in FY14 stood at Rs. 186 mn, which constitutes ~ 16% 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 ~45% of its FY14 retail 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.
- ARENA is steadily building up its presence in the international presence. It has centers in 21 international markets currently. International revenues contributed ~ 24% of its total collection in FY14
- 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 Rs. mn)

Number of centers in India	237
Number of centers outside India	68
System-wide collection from the brand	1,459
% of system wide collection from international markets	24%
# of students enrolled in FY14	22,882
% of enrolments in international markets (FY14)	27%
Collection/Enrolment (FY14) in Rs. '000	64

### 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 career courses spanning 12-27 months, short courses as well as mentor series.
- MAAC currently operates through 97 centers in India and has signed up agreements with partners to foray into three international markets
- Recruiters for MAAC students include leading studios, TV/film content producers, media companies and gaming companies

#### BRAND SNAPSHOT (collection figures in Rs. mn)

Number of centers in India	97
Number of centers outside India	4
System-wide collection from the brand	539
% of system wide collection from international markets	-
# of students enrolled in FY14	8,421
% of enrolments in international markets (FY14)	-
Collection/Enrolment (FY14) in Rs. '000	64



# 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 12<sup>th</sup> 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 foreign universities.
- This division has a strong presence in the international markets. In FY14, ~69% 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 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 Rs. mn)

Number of centers in India	386 (296 of Aptech Computer, 90 of Aptech Hardware)
Number of centers outside India	126 (113 of Aptech Computer, 13 of Aptech Hardware)
System-wide collection from the brand	979
% of system wide collection from international markets	69%
# of students enrolled in FY14	56,341
% of enrolments in international markets (FY14)	27%
Collection/Enrolment (FY14) in Rs. '000	17

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 55 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 in partnership with an UK university
- Aptech has launched this brand in 12 countries in the last 5 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

### BRAND SNAPSHOT (collection figures in Rs. mn)

Number of centers in India	55
Number of centers outside India	15
System-wide collection from the brand	123
% of system wide collection from international markets	86%
# of students enrolled in FY14	5,700
% of enrolments in international markets (FY14)	21%
Collection/Enrolment (FY14) in Rs. '000	22

## 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
- 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 Rs. mn)

Number of centers in India	48
Number of centers outside India	2
System-wide collection from the brand	158
% of system wide collection from international markets	2%
# of students enrolled in FY14	1,783
% of enrolments in international markets (FY14)	2%
Collection/Enrolment (FY14) in Rs. '000	88

**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 26 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 ~ Rs. 370mn 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 22 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

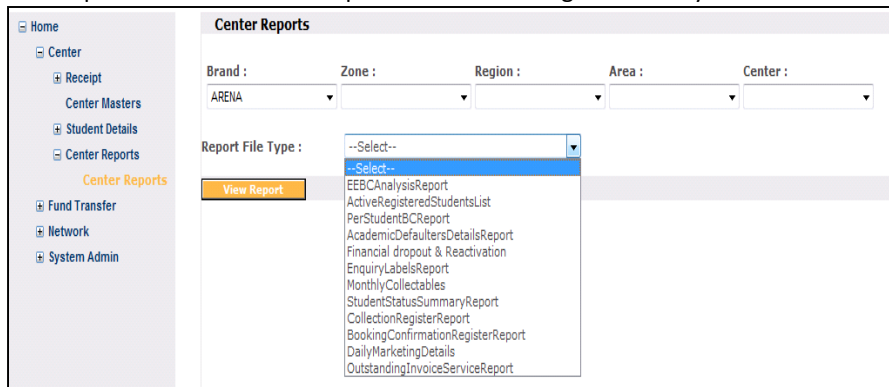
1999	<b>Ideation and identification of opportunity</b>	<ul style="list-style-type: none"> <li>Vietnam as a potential target was identified from the proprietary market identification model</li> <li>During that time, Vietnam was opening up to foreign companies. Vietnam's economic development seemed to follow India's growth trajectory with a time lag</li> </ul>
2000 - 2002	<b>Launch of ACE - selection of franchisee and starting up</b>	<ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul>
2002 - 2004	<b>Expansion of ACE throughout the country</b>	<ul style="list-style-type: none"> <li>After the concept of career education was popularized by Aptech in Vietnam, they decided to expand by appointing FPT as a master franchise</li> <li>After launching 6/7 centers in Hanoi and Ho Chi Minh City, Aptech successfully expanded to other cities in Vietnam</li> </ul>
2004	<b>Launch of ARENA to capitalize on brand equity</b>	<ul style="list-style-type: none"> <li>Post the success of ACE, Aptech launched ARENA in Vietnam through the direct franchise route</li> <li>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</li> </ul>
2008	<b>Replication of success – Launch of Hardware and Networking Training</b>	<ul style="list-style-type: none"> <li>Having successfully navigated the Vietnamese market for two of its flagship brands, Aptech launched the Hardware and Networking Training brand</li> <li>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</li> </ul>

**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



Home > Fund Transfer > View FT Report

Log Out

View FT Report

Filter By

Brand : ARENA Zone : Region : Area : Center :

Date From : 01/Oct/2011 Date To : 13/Oct/2011

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	39,036.99	4,021.01	43,058.00	8,612.19	34,445.81
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

## 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 module<sup>1</sup>, 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

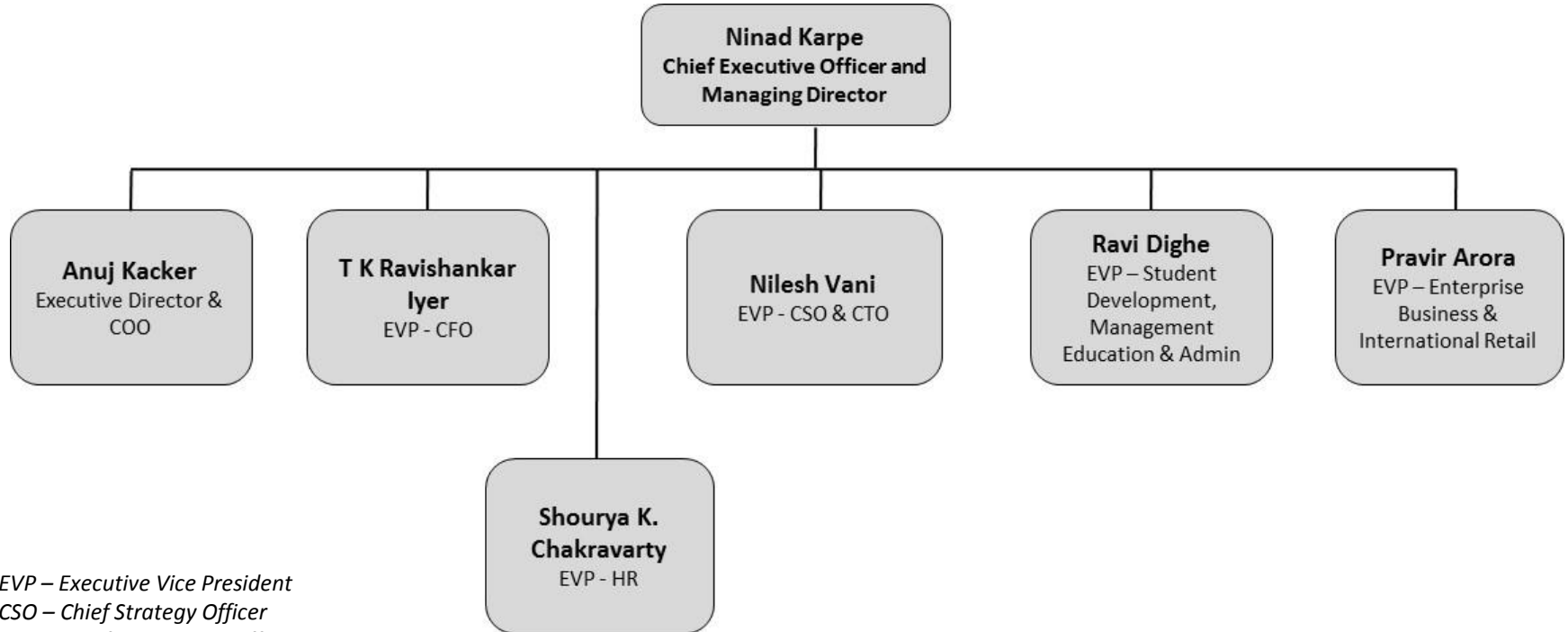
1. A course is divided into several modules depending on the content and duration



*Unleash your potential*

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

# Organization Chart



*EVP – Executive Vice President  
CSO – Chief Strategy Officer  
CTO – Chief Technology Officer*

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 >40 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 25 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 31 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

## 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)



- **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 Management Education and Administration function
- 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



- **Pravir Arora** was inducted into the Aptech family in the year 2011 to lead the Enterprise Business Group
- He also heads the International Individual Learning business across the globe
- He has ~19 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)

## Strong leadership team with strategic vision (3/3)



- **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



*Unleash your potential*

**Financial summary**

# Key Financials – Consolidated Income Statement (Reported)

Particulars (in Rs. Mn)	FY12	FY13	FY14
<b>Income</b>			
Income from Operations #	1,744	1,692	1,773
Dividend Income^	529	0	0
<b>Total Income</b>	<b>2,273</b>	<b>1,692</b>	<b>1,773</b>
<b>Expenditure</b>			
Employee Cost	364	382	406
Training & Education Expense	596	521	615
Marketing Expense	128	159	136
Administration Expense	416	363	310
<b>Business EBITDA</b>	<b>769</b>	<b>267</b>	<b>306</b>
Depreciation	97	88	80
Other Income (including Interest income)	96	130	132
Interest Expense	2	3	3
<b>EBIT</b>	<b>768</b>	<b>309</b>	<b>359</b>
<b>PBT</b>	<b>766</b>	<b>306</b>	<b>356</b>
Profit from Exceptional Items	(5)	80	-
Tax Expense ~	6	72	73
<b>PAT</b>	<b>755</b>	<b>314</b>	<b>282</b>
Less: Minority Interest	(6)	-	-
Add: Profit share from associates	(1)	(1)	(0)
<b>PAT after Minority</b>	<b>760</b>	<b>313</b>	<b>282</b>

# 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 received a dividend of Rs. 326 million in FY11 and Rs. 504 million in FY12 from its 22.4% investment in BJB Career Education Co. Ltd., China

~ The Company has tax assets (due to past net operating losses) leading to low taxes in FY12. In FY13, the Company has stopped recognizing MAT credit entitlement from April 2012 as a measure of prudence.



# Key Financials – Consolidated Balance Sheet (Reported)

Particulars (in Rs. Mn)	FY12 (31 Mar 2012)	FY13 (31 Mar 2013)	FY14 (31 Mar 2014)
<b>SOURCES OF FUNDS</b>			
Share holders funds			
Share Capital	488	488	399
Warrants and Stock Option outstanding	1	1	-
Reserves & Surplus	2,836	2,921	2,491
Loan funds			
Secured Loans	-	-	-
Minority Interest	-	-	-
<b>Total Funds Employed</b>	<b>3,325</b>	<b>3,410</b>	<b>2,890</b>
<b>APPLICATION OF FUNDS</b>			
<b>Goodwill on consolidation</b>	<b>662</b>	<b>656</b>	<b>656</b>
Fixed Asset			
Gross block	1,287	1,271	1,361
<b>Net block</b>	<b>342</b>	<b>320</b>	<b>339</b>
<b>Investments</b>	<b>1,130</b>	<b>1,109</b>	<b>1,108</b>
Current Assets, Loans and Advances			
Inventories	44	46	51
Sundry Debtors	238	256	329
Cash & Bank Balances	987	1,202	471
Loans & Advances	351	352	358
Current Liabilities & Provisions			
Current Liabilities	293	355	286
Provisions	135	177	137
<b>Net Current Assets</b>	<b>428</b>	<b>1,325</b>	<b>786</b>
<b>Total Funds Utilized</b>	<b>3,325</b>	<b>3,410</b>	<b>2,890</b>

## Key Highlights

- Completed a successful buyback program in Jan 2014 by purchasing 8.9 mn shares with a spend of Rs. 600 mn (~93% of total amount earmarked for buyback)
- Debt free company with a net cash (and cash equivalents) of more than Rs. 470 mn on its balance sheet
- Carry forward tax losses of ~ Rs. 1,458 mn as on FY2013 (FY2014 figures to be available after completion of filing of returns)
- Transparent financial system with effective monitoring and control through SAP

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

	GROWTH STRATEGY	RECENT INITIATIVES
1 Increase "DEPTH" - Strengthen position in existing brands	<ul style="list-style-type: none"> <li>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</li> </ul>	In the last 12 months (ending Mar, 2014), Aptech has added 97 centers in India and 26 centers of existing brands in its existing international markets
2 Increase "BREADTH" - Launch new brands in countries where Aptech has a strong presence	<ul style="list-style-type: none"> <li>Aptech has been able to successfully leverage on its strong brand equity to launch newer brands in countries where it has a strong foothold</li> <li>Success of ARENA in Vietnam is an example of Aptech benefiting from its strong presence in computer education in an international market</li> </ul>	In the last 12 months, Aptech has added English and Networking in Myanmar (1 each), Networking and Aviation in Ghana (1 each), MAAC in Nigeria (1) and Networking in Afghanistan (1)
3 Increase "LENGTH" - Enter new countries by leveraging on past track record	<ul style="list-style-type: none"> <li>Aptech's track record of foraying into 42 countries in 19 years puts it in a great position to successfully navigate through the teething problems that a market entry entails</li> <li>Aptech sees its entry into other large career education markets as a key growth driver</li> </ul>	In the last 12 months, Aptech has entered 2 countries (Gambia and Myanmar)
4 Enter new areas of vocational education by leveraging on its experience of creating successful brands	<ul style="list-style-type: none"> <li>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</li> </ul>	Aptech, in conjunction with TRRAIN has already launched a retail training initiative in Oct 2011
5 Capitalize on avenues of creating a recurring and sustainable revenue stream	<ul style="list-style-type: none"> <li>Aptech is looking to create recurring revenue streams by strengthening its enterprise learning business, and tying up with institutions to offer solutions</li> </ul>	Aptech is constantly adding to its clientele, especially in its testing business. The testing business has witnessed 23% YoY growth in its income in FY14