

# A global career education company

Aptech Limited • Annual Report 2009-10





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Aptech is an integral part of the global career education space. The Company has consistently evolved to reach the destination it stands at today. From being just an IT training company, Aptech is today a global leader in the career education space with leadership brands and an international presence that extends to 5 continents, 40 countries through close to 1,200 centres.

The Aptech of today is distinct from the Aptech of yesterday.

Aptech has carefully built the growth pillars to deliver a high ROIC in its business. This has been done through multiple strategic initiatives:

- Exit from the capital intensive ICT projects business

- Entry into high growth career education businesses like aviation and hospitality (AVALON) and English language training (ENGLISH EXPRESS) through acquisitions
- Dominating the animation training space through the acquisition of Maya Academy of Advanced Cinematics (MAAC)
- Re-engineering the corporate training business to make it profitable

And by strengthening the strategic strings, Aptech has created a business model that is asset light, de-risked, has high visibility and above all, high operating leverage.

Aptech is a global company. Currently, the international business contributes around 33% to the total retail revenues of the Company and we expect this to be 50%



by 2014. We are leaders in China through our investment in BJB Career Education Company Limited. We are serving the high growth BRIC and N-11 emerging economies like Brazil, Nigeria, Japan and South Korea. We are leaders in Vietnam, Russia and Nigeria. With ENGLISH EXPRESS, we have opened yet another massive opportunity to serve the English speaking needs of countries across the world.

We are constantly increasing our focus on career oriented courses. We are offering a range of career courses across our verticals. These courses are longer in duration, enable us to increase the booking per enrolment and earn better margins. These courses offer great prospects to the candidates as well. In 2009-10, 92.75% of the fresh bookings came from career

courses and we see this number growing in the time to come.

In our business, brand plays a critical role in attracting talent, and students alike. We are in the midst of a massive rebranding exercise that will reflect the new Aptech of tomorrow.

We are a young company with a lot of passion to lead our business, by thought, and by action. The last few years have been challenging and some tough steps were taken to emerge stronger, faster, and better. The business has seen a qualitative shift. And the next few years will demonstrate that.

Welcome to Aptech.

A global career education company.



# Chairman's Message



## Dear Stakeholders,

As we complete another year, the Management team at Aptech and I continue to learn newer nuances about the education business. I must admit that the effort to make Aptech a Scalable, Profitable, and Cash rich organisation upholding the best standards of propriety and corporate governance has turned out to be a far more time consuming and challenging journey than I had envisaged earlier. I believe Mr. Ninad Karpe, who is at the helm of affairs since February 2009, is making a big difference to Aptech and we are finally seeing light at the end of the tunnel.

I am happy to state that we have firmly positioned Aptech in a dominant position in the Animation and Multimedia training industry with the acquisition of Maya Academy of Advanced Cinematics (MAAC). With both the leading brands in our portfolio, Aptech will be able to cater to the needs of a wider student base. We are in the process of integrating MAAC in the Aptech family, and so far the process has been smooth. We shall keep looking for opportunities to establish leadership in career education verticals.

Last year, we introduced Degree programmes in alliance with a few universities. These programmes contributed significantly to our IT and Animation segment enrolments. I believe they will continue to grow in future. This is a significant shift in terms of bridging the gap between formal and non-formal education models. The focus on International roll-outs has paid rich dividends and will act as the cornerstone for the scalability of our model. We have attained leadership position in Vietnam, Russia and Nigeria and will continue to grow in emerging markets. Hence as a part of the three pronged expansion strategy of length (more countries), breadth (more brands) and

depth (more centres) in international markets, serious scale can be delivered only through strong focus on emerging markets. Our Chinese venture continues to be the market leader with extremely profitable operations, although there is uncertainty on the listing front.

As regards the opportunities in the non-retail space, Aptech has narrowed its focus to a few scalable and profitable segments. ATTEST is a leading domestic player in the academic testing segment and has the potential of becoming the overall leader in the online testing space. Other non-retail segments have been restructured or realigned to maintain focus on profitable growth.

Aptech will continue to strive for Leadership, Scalability, and Profitability. We shall measure each business segment against these long-term strategic objectives. We are committed to being a Positive Cashflow company with sustainable growth and prudent accounting. As I too have been a long-suffering shareholder of Aptech like all of you, without dividends for many years, I can feel your pain. You will be happy to know that Aptech has recommended a dividend of 10% for the fifteen month period ended March 31, 2010. It is a small beginning, but we look to the future with optimism and faith in our capital-light business model.

Before I conclude, I would like to express my gratitude to all our stakeholders for the support and trust they have reposed in us. We remain committed to creating strong, sustainable and value-accretive growth.

Yours sincerely,

Rakesh Jhunjhunwala



IT Training Company into a global career brand.





Aptech is today a truly transformed and evolved company with a de-risked and robust business model that has high visibility, ensuring consistent growth. Aptech represents the training opportunity in the IT, animation, English speaking, aviation, hospitality and corporate segments. The Company satisfies the training needs of both the retail consumer and the non-retail institutional customer.

The growth strategy implemented by Aptech comprises of investment in the distinct brand identity focused towards the user in each segment, the training and curriculum and adding scale to the segment through global reach. This results in significant operating leverage, better margins and incremental ROCE.

Aptech Computer Education is the Company's brand in the IT training space. The IT industry is growing at 11% with over two million direct employments. There is a shortfall of half a million skilled resources. Our addressable market is USD 187 million, and growing. Aptech Computer Education offers both short-term and career oriented courses. We are focusing on increasing career courses which offer longevity of revenue, better margins and good job prospects to the students.

ARENA is the Company's brand in the animation and multimedia space. Aptech is a leader by far in this business and has been dominating this space since inception. To further the domination, Aptech acquired MAAC's education business and has now emerged as Asia's largest animation education company. The animation training industry is growing at a CAGR of around 27% with the opportunity size currently at USD 67 million in India. Aptech through two distinct brands is well poised to lead and influence the market development and expand product offerings across all value points. Going forward, the Company will initiate the international expansion of MAAC. During the year, we also launched

ARENA POINT, an extension of the ARENA brand to take multimedia training to C and D category towns with customised course offerings.

ENGLISH EXPRESS is the Company's brand in the English language training space. English language training is the largest vocational training segment in India. ENGLISH EXPRESS has collaborated with the Cambridge University Press for English Language Teaching. Importantly, the ENGLISH EXPRESS platform complements Aptech's existing bouquet of services and facilitates cross selling. The ENGLISH EXPRESS brand has expanded its footprint to other countries like Pakistan, Iran, Qatar, Saudi Arabia, Sudan, UAE and Russia as well.

Around 30% of the IT training sector comprises of hardware and networking courses. Our brand N-POWER offers courses in this segment created by leading companies such as Microsoft and Cisco through 54 domestic and two international centres. We view this area as a huge opportunity in the time to come.

AVALON Academy offers courses in aviation, hospitality and travel and tourism. AVALON is the only aviation training academy that not only offers cabin crew training but also University Degrees & Diplomas (including BBA and MBA) in ground staff, aviation and airport management. AVALON has a strategic relationship with leading international and domestic airlines which offers 100% assistance in the job placement process. In view of the increasing demand for trained professionals in the hospitality and travel and tourism segments, AVALON has started offering courses that cater to these high growth segments as well.

We believe we are at the right place at the right time and are ready to participate and lead the attractive opportunity in the career education space in the time to come.

We have created a platform and delivery capability to service not just India, but the world.

